

*Leave of Absence*

*Friday, November 7, 1997*

**HOUSE OF REPRESENTATIVES**

*Friday, November 07, 1997*

The House met at 1.30 p.m.

**PRAYERS**

[MR. SPEAKER *in the Chair*]

**LEAVE OF ABSENCE**

**Mr. Speaker:** Hon. Members, I wish to advise that I have received communication from the Member for Tobago East (Dr. Morgan Job), who will not be present today and who has asked to be excused. He is excused.

**PAPER LAID**

Annual report of the National Insurance Board for the year ended June 30, 1997. [*The Minister of Social Development (Hon. M. Ramsaran)*]

**Hon. Manohar Ramsaran:** Mr. Speaker, I would like to make a statement.

**JOINT SELECT COMMITTEE REPORTS**

**Presentation**

**Equal Opportunity Legislation**

**The Minister of Planning and Development (Hon. Trevor Sudama):** Mr. Speaker, I beg to lay on the table the report of the Joint Select Committee of Parliament appointed to consider the working paper on Equal Opportunity Legislation and to submit recommendations to Parliament thereon.

**Public Accounts Committee**

**Mr. Kenneth Valley** (*Diego Martin Central*): Mr. Speaker, may I, first of all, apologize for being late.

I beg to lay on the table the report of the Public Accounts Committee on the question of payment to Maritime Life (Caribbean) Limited for assuming the obligations of the West Indian National Insurance Company Limited and Winsure, and the payment to the National Carnival Commission to liquidate debts to Northern Construction Limited.

Mr. Speaker, I ask that the Parliament have this report debated during its next session.

**The Attorney General (Hon. Ramesh Lawrence Maharaj):** Mr. Speaker, I would indicate to the hon. Members of Parliament that, in respect of both reports, the Government gives the undertaking that they will be debated in the new session.

**ORAL ANSWERS TO QUESTIONS**

**The Attorney General (Hon. Ramesh Lawrence Maharaj):** Mr. Speaker, the Government will be able, today, to answer only some of the questions. There are several questions on the Order Paper. We will answer questions Nos. 64, 68, 78, 79, 80, 81, and 82. To prevent these questions from being filed, if the Standing Orders permit and these questions can be put on the Order Paper in the new session, I would not mind giving the undertaking that we are prepared to waive the time to answer the questions. Most of the answers that are not being given today are almost ready.

**Mr. Speaker:** They cannot be carried over, but I am sure that you can look at ways and means of expediting the answers in the new session.

*The following questions stood on the Order Paper:*

**National Emblems on Copybooks  
(Approval for use)**

- 65.** (a) Would the hon. Minister of Foreign Affairs tell this House whether approval was granted by his Ministry for the use of the Coat of Arms and the National Flag on the copybooks being circulated to school children in the country, which bear the party symbol of the UNC?
- (b) If so, could the Minister indicate on what date such approval was granted?
- (c) If no such approval was granted, when does the Minister intend to take action to bring the offender or offenders to account for using on a publication these national symbols without the appropriate authority?
- [Mr. F. Hinds]*

**Caroni (1975) Limited  
(Professional Services)**

- 66.** (a) Would the hon. Minister of Agriculture, Land and Marine Resources indicate whether any Member of the Board of Caroni (1975) Limited has been engaged to provide professional services to the company?
- (b) If so, would the Minister state the date on which the board approved the engagement and the payment for these services?
- (c) Would the Minister further state:
- (i) When were the board members so engaged?

- (ii) Has he/she submitted a report?
- (iii) If so, on what date was the report submitted?
- (iv) The total cost to Caroni (1975) Limited for the services so engaged?
- (v) Whether any Caroni (1975) Limited personnel and material resources were utilized in the exercise? [*Dr. K. Rowley*]

**State Enterprises  
(Status of Board Members)**

67. (a) Would the hon. Minister of Finance state whether any board members of state enterprises, appointed since December 1995, have themselves secured contracts with the state enterprises on whose board they serve?
- (b) Would the Minister indicate whether such board members have assumed posts in the state enterprises on whose boards they serve?
- (c) If the answer is in the affirmative, could he give details of these and state whether the positions were publicly advertised?
- (d) If they were so advertised, would he state the total number of unsuccessful applicants who responded to advertisements for each position which was subsequently filled by board members?
- (e) Could the Minister give details of the remuneration packages involved in each case? [*Dr. K. Rowley*]

**Tunapuna Administrative Complex**

73. Would the hon. Minister of Works and Transport indicate:
- (i) the date when the contract was awarded for the construction of the Tunapuna Administrative Complex?
  - (ii) the date of commencement of construction?
  - (iii) the anticipated dates of completion and opening?
  - (iv) which departments of government are to be accommodated in the Complex? [*Mr. E. Hart*]

**La Mango Hard Surface Court  
(Work Stoppage)**

- 74.** (a) Is the hon. Minister of Works and Transport aware that work on the La Mango Hard Surface Court situated at Maracas, St. Joseph which was 80 per cent completed at the end of 1995, has since ceased?
- (b) Would the Minister state:
- (i) the reasons for the work stoppage?
- (ii) whether there is any intention of resuming work on this court?
- (c) If the answer to (b)(ii) is in the affirmative, can the Minister state the date on which work is expected to resume? [*Mr. E. Hart*]

*Questions, by leave, deferred.*

**WRITTEN ANSWERS TO QUESTIONS**

*The following questions stood on the Order Paper:*

**URP Construction Projects  
(Location of)**

- 76.** Would the hon. Minister of Works and Transport indicate, by regions, the location of all the 1995 URP construction projects which were discontinued and have not been resumed to date? [*Mr. J. Narine*]

**URP Projects  
(Status of)**

- 77.** (a) Would the hon. Minister of Works and Transport indicate the total number of URP projects in progress, by regions?
- (b) Can he indicate:
- (i) how many are construction projects?
- (ii) how many are sanitation projects? [*Mr. J. Narine*]

*Questions, by leave, deferred.*

**ORAL ANSWERS TO QUESTIONS**

**Distribution of Copybooks to Schools**

- 64. Mr. Fitzgerald Hinds** (*Laventille East/Morvant*) asked the hon. Minister of Education:

- (a) Would the Minister tell this House whether he is aware of the distribution of 100,000 exercise books into the nation's schools with the picture of the Prime Minister, the UNC symbol, the Coat of Arms and the National Flag?
- (b) Would the Minister state:
  - (i) whether he has given his approval for this distribution?
  - (ii) whether this practice is consistent with the policy of the Ministry of Education?
  - (iii) how he proposes to deal with this situation?

**The Minister of Education (Dr. The Hon. Adesh Nanan):** Mr. Speaker, in respect of part (a) of the question, the answer is yes. In respect of (b)(i), the answer is yes. In respect of (b)(ii), the answer is yes and in respect of (b)(iii), there is no situation with which to deal.

**Police Service  
(Cherokee Jeeps)**

**68. Dr. Keith Rowley** (*Diego Martin West*) asked the hon. Minister of National Security:

Would the Minister of National Security state:

- (i) The exact number of Cherokee jeeps which have been put into active duty by the police service as at August 31, 1997?
- (ii) The total charges incurred to date for the lease of the said Cherokee jeeps?
- (iii) The total charges incurred to date in the maintaining of the Cherokee jeeps?

**Dr. Rowley:** Mr. Speaker, question No. 68: Would the Minister of National Security state: (i)

**Mr. Speaker:** No. The rules do not permit you to particularize it like that.

**Dr. Rowley:** So he can just tell me (1), (2), (3), (4).

**Mr. Speaker:** No.

**Dr. Rowley:** I am not challenging you, Mr. Speaker. I am just anticipating the answer.

**Mr. Speaker:** I am sure that you are sufficiently resourceful to get around anything that he does, other than contravening the rules.

**Dr. Rowley:** I thank you for the confidence that you place in me.

**The Minister of National Security (Sen. Brig. The Hon. Joseph Theodore):** Mr. Speaker, this honourable House is advised that while at August 31, 1997, 33 Cherokee jeeps were put into active duty by the Trinidad and Tobago Police Service, 41 jeeps are at present in active duty.

The Rapid Response Emergency 999 System was first introduced in Port of Spain with effect from February 7, 1997 and in San Fernando with effect from July 6, 1997. Of the 41 jeeps in active service, 24 have been assigned to the respective police stations in the Port of Spain area, 15 in the respective southern stations, while the remaining two are on reserve.

Over the period February 7—September 30, 1997 in the Port of Spain district, 3,724 calls were received and were responded to within three to five minutes. The nature of the calls included reports of assault and battery, arms and ammunition, child abuse and domestic violence. Of these calls, 292 offences were detected and 274 arrests made.

Over the period July 6—September 30, 1997, 2,165 calls were received from the police stations in the southern districts, all of which were responded to within five to eight minutes. Of these calls, a total of 234 offences were detected and 155 arrests made.

It is proposed to extend the operations to eastern and central Trinidad by the end of November 1997, and to Tobago by the first week of December, 1997. This expansion will entail the utilization of an additional 43 vehicles. The remaining 16 vehicles will be deployed throughout Trinidad and Tobago to supplement those already in use by March 1998, when it is expected that the communications will become fully operational.

**1.40 p.m.**

With regard to part (ii) of the question, this honourable House is asked to note that while the purchase price of the 100 Cherokee jeeps is US \$2,896,433.00 the financial arrangement relative to their purchase is such that payment will not become due until March, 1998.

The records of the motor transport division of the Trinidad and Tobago Police Service have revealed that as of August 31, 1997, the sum of TT \$26,301.12 was

incurred for the maintenance of the 33 Cherokee jeeps which were put into active duty by the Trinidad and Tobago Police Service. The expenditure involved represented monthly servicing cost of all the vehicles and the supply of tyres, replacement of windscreen, disc pads and wheel alignment.

Thank you.

**Dr. Rowley:** Could the Minister indicate what the payment would be in March 1998 when the interest charges are applied to that figure which was just mentioned?

**Sen. Brig. The Hon. J. Theodore:** Mr. Speaker, I am afraid I cannot answer that question because I did not go into the details of the payment, be they monthly or in a lump sum because this is an arrangement with the bank and the Government of Trinidad and Tobago.

**Dr. Rowley:** Does anyone have an idea what the final cost would be to the Government of Trinidad and Tobago?

**Sen. Brig. The Hon. J. Theodore:** From the information which I received, the cost which I gave represents the total cost for the purchase of the vehicles which is US \$2,896,433.00.

**Dr. Rowley:** Is that the final cost that will be paid next year or is that the price at the time the negotiation was entered into?

**Sen. Brig. The Hon. J. Theodore:** I would not venture to answer that question, I will have to check that. I gave the answers based on the information provided to me on the question which was asked.

**Dr. Rowley:** So as of now, we really do not know what the final cost of each vehicle would be?

**Sen. Brig. The Hon. J. Theodore:** I would not say that we do not know. I am unable to state the exact cost right now. I am sure that my ministry knows, it is not that we do not know. This matter was not entered into by guess and if I am allowed to ask—*[Interruption]*

**Mr. Speaker:** Order please.

**Sen. Brig. The Hon. J. Theodore:** I did not seek to find out, Mr. Speaker.

**Agricultural Development Bank  
(Advertisement of post)**

**78. Dr. Keith Rowley** (*Diego Martin West*) asked the Minister of Agriculture, Land and Marine Resources:

- (a) Did the Agricultural Development Bank publicly advertise for applications for the position of Chief Executive Officer?
- (b) If so, was any member of the current Board of this company an applicant?
- (c) If the answer to (b) is in the affirmative, did that board member participate in the interviews of other applicants for the said position?

**The Minister of Agriculture, Land and Marine Resources (Dr. The Hon. Reeza Mohammed):** Mr. Speaker, I am advised that the post of Chief Executive Officer at the Agricultural Development Bank was advertised by the previous board of directors in November 1996, but the position was not filled. The present board took a decision to publicly advertise the post in April 1997. Seven applications were received by the deadline date of April 22, 1997 and two candidates were shortlisted and interviewed, one was found to be unsuitable and an offer was made to the other, who subsequently declined.

I am further advised that no member of the current board of the Agricultural Development Bank was an applicant for the position of Chief Executive Officer in response to the advertisement of April 1997.

I have been advised by the bank that after the deadline date of April 22, 1997, and the failure to fill the chief executive officer's position from the applicants received within that time, a decision was taken by the board not to re-advertise the post. Five further interviews were conducted from applicants which were received during the period May—August 1997, but these candidates were found to be unsuitable. The board subsequently took a decision at its meeting on September 10, 1997 to approach Mr. K. Gurusingh, a board member, to ascertain whether he was interested in applying for the position of Chief Executive Officer because he possessed the qualifications required for the post.

Mr. Gurusingh indicated his interest and submitted a formal application and was interviewed by a panel of four board members on September 15, 1997. He was found to be suitably qualified and was offered the position of Chief Executive Officer effective October 1, 1997. This appointment was ratified by the entire



board and is subject to a six-month probationary period. While Mr. Gurusingh did participate in interviews of other applicants for the post of Chief Executive Officer, these interviews took place before he was approached by the board to apply for the position.

**Caroni (1975) Limited  
(Loans)**

**79. Dr. Keith Rowley** (*Diego Martin West*) asked the Minister of Agriculture, Land and Marine Resources:

Will the Minister inform this honourable House:

- (a) How much money was borrowed from commercial banks in the name of Caroni (1975) Limited over the period 1996 to 1997?
- (b) Whether on every occasion of such borrowing prior approval of the Board of Caroni (1975) Limited was obtained?
- (c) If the answer to (b) is in the negative, could the Minister indicate how much money was borrowed without the approval of the Board and the respective date/dates of such borrowing?
- (d) Who was responsible for the unauthorized borrowing and what action has been taken to date against the offending party?

**The Minister of Agriculture, Land and Marine Resources (Dr. The Hon. Reeza Mohammed):** Mr. Speaker, the hon. Minister of Agriculture, Land and Marine Resources wishes to inform this honourable House and the Member for Diego Martin West that Caroni (1975) Limited borrowed \$920.5 million during the period 1991—1995. On nine occasions, a total of \$138.5 million was borrowed without board approval: in 1991, \$55 million was borrowed, \$25 million of this did not receive the board's approval; in 1992, \$88 million was borrowed, \$58 million did not receive the board's approval; in 1993, \$186.5 million was borrowed and the board's approval was not received for \$37.5 million.

**Hon. Member:** Under which Minister?

**Mr. G. Singh:** Rowley.

**Dr. The Hon. R. Mohammed:** It was under the stewardship of the Member for Diego Martin West.

In 1994, \$286 million was borrowed and no board approval was received for \$14 million; and in 1995, \$305 million was borrowed, and there was no board's approval for \$4 million.

Even in the instances where board approval for loans was obtained, the management would utilize its approval to obtain additional funds, or have those funds roll over for the following year as was the case where approval was given for a \$30 million overdraft facility in May 1994 which is now \$56 million with no board approval obtained for the increase.

Mr. Speaker, during the period January 1996 to October 30, 1997, Caroni (1975) Limited borrowed from the commercial banks both foreign and local, the sum of \$552.7 million. In 1996, \$294.2 million was borrowed and so far in 1997, \$258.5 million. It is to be noted that the present board was only responsible for \$13 million in 1996 since this board was installed by this Government in September 1996.

The previous board which was appointed by the PNM government was responsible for \$281.2 million of the \$294.2 million. In respect of board approvals for these borrowings, I am advised that the board's approval was not obtained in all instances.

**1.50 p.m.**

In 1996, there were two occasions where the board's approval was not obtained. On February 16, 1996, an insurance premium loan of \$3.5 million was obtained by management without the approval of the former board appointed by the PNM government. In May 1996, an overdraft facility was obtained for \$30 million, this time with board approval. However, Mr. Speaker, this sum was incrementally increased by the management up to \$56 million without the board's approval. On November 29, 1996, a demand loan of \$13 million was approved without the board's approval. On April 4, 1997, an insurance premium loan of \$1.9 million was obtained without the board's approval.

The present board of directors which was appointed by this Government, assumed office in September 1996. Shortly thereafter, it was discovered that the *modus operandi* of the company's management was to obtain loans on behalf of the company without always receiving the board's approval. Immediately upon discovering this unacceptable pattern of management's behaviour, the present board mandated the management that any loan requirement must first have the board's approval. Mr. Speaker, in one specific instance, because of the circumstances involved, the present board requested the assistance of the Fraud Squad to investigate the actions of management. I am advised that the Fraud Squad has not yet completed its investigations on this matter.

Mr. Speaker, it is important to note that many of the present borrowings are directly related to past actions by the company when the company literally mortgaged the future crop to pay for ongoing operational costs. In other words, the crop was pre-sold, starting in 1993, at a discounted rate before it was even harvested. This has been the *modus operandi* for several years, presided over by the former Minister of Agriculture and Member of Parliament for Diego Martin West, Dr. Keith Rowley.

Mr. Speaker, when this Government took office in November, 1995, one of the things we immediately sought to do, was to address the many inefficiencies which existed in most, if not all, the state enterprises; Caroni (1975) Limited was no exception. As the Minister responsible for Caroni (1975) Limited, I fully recognize the critical importance of this company and the sugar industry to the national community and the economy. Consequently, innovative policies and strategies were developed and are being implemented to make Caroni (1975) Limited a viable company.

Mr. Speaker, I thank you.

**Agricultural Development Bank  
(Debt Write-off)**

**80. Dr. Keith Rowley** (*Diego Martin West*) asked the Minister of Agriculture Land, and Marine Resources:

- (a) With reference to this Minister's reply in the House of Representatives on October 03, 1997 to question No. 59, would the Minister provide the specific details pertaining to the alleged irregular write-off of debts by the Agricultural Development Bank (ADB) between 1992 and 1994, which he stated was "contrary to the Bank's policies and procedures" and which was done to favour colleagues of the former Minister of Agriculture?
- (b) With reference to the ADB loan obligation attributable to the former Member of Parliament for Port of Spain North/St. Ann's West, which the Minister stated was irregularly written-off, is the Minister aware that there was correspondence from the ADB to this particular client dated June 23, 1997, wherein the Bank sought to recover outstanding liabilities?
- (c) Could the Minister provide any documentary evidence to substantiate his claim that persons, particularly Messrs. Wendell Mottley and Desmond Allum, have been relieved of debt obligations to the ADB?

**The Minister of Agriculture, Land and Marine Resources (Dr. The Hon. Reeza Mohammed):** Mr. Speaker, the Agricultural Development Bank's policy on write-off of losses on loans was implemented on December 31, 1988, and I quote from the Minutes of the bank's 346th board meeting dated December 08, 1988:

“Loans should only be written-off after all reasonable restructuring, collection and recovery activities in keeping with the Bank's Collection Policy have taken place, and the possibility of further recovery is considered by the General Manager to be remote. Approval in all instances must be obtained from the Board of Directors, based on recommendations from the Bank's Management. Write-offs do not constitute forgiveness of debts and the Bank will, therefore, pursue appropriate legal remedies to recover the amounts due.”

Mr. Speaker, I have been advised by the bank that their investigations have failed to reveal that policy guidelines and procedures were followed for the write-off of the debts of Mottley Limited or Allum and others. There is no evidence of the board's authorization for these write-offs. I have been advised by the bank that investigations were conducted to determine whether any such correspondence was written by the bank. However, their records indicate that no such letter was ever written by the bank.

Mr. Speaker, in replying to question No. 59 of the 1996/1997 session of Parliament to this honourable House on October 3, 1997, I never stated, and the *Hansard* records are there to show, that Mottley Limited and Allum and others have been relieved of debt obligations to the Agricultural Development Bank. Indeed, I indicated that I have been advised by the bank that their loans were written-off the books of the bank, contrary to the bank's policies and procedures. At no time did I use the term “debt relief” or “debt forgiveness” and, therefore, the question of providing documentary evidence to substantiate any such claim does not arise. Let me make it abundantly clear that according to the bank's policies, write-offs do not constitute debt forgiveness and the bank can, therefore, pursue appropriate legal remedies to recover the amounts due.

Further, Mr. Speaker, it is interesting to note that the accounts of Mottley Limited and Allum and others were removed from the books of the Agricultural Development Bank on June 30, 1992. Is it not ironical that both accounts were written-off on the same day? More than that, in the case of Mottley Limited, I am advised that even though the Agricultural Development Bank granted permission to the Directors of Mottley Limited to sell the two trawlers with the understanding that the receipts of sale must be paid into the account, to date no receipts of sale

have been paid into that account. As a matter of fact, the questions that continue to remain unanswered are, firstly, what has become of the two trawlers; and secondly, whether these two loans were removed from the balance sheets of the bank so that they would not end up in Taurus like those of so many small farmers?

Mr. Speaker, various newspaper reports have quoted Mr. Wendell Mottley as having made it crystal clear that he never transacted any business with the Agricultural Development Bank. One particular editorial which appeared in the *Express* newspaper of Thursday, October 16, 1997 states:

“Let me make this crystal clear. At no time have I, Wendell Mottley, transacted any business with the ADB or taken any loan from the ADB.”

Mr. Speaker, I am advised by the bank that Mr. Wendell Mottley was a signatory to the loan application document as well as the loan agreement document, both documents dated September 1, 1977. To date, not one red cent has been repaid. How therefore, Mr. Speaker, could such an honourable gentleman, an exemplar of society under the PNM government and a former Minister of Finance, make a categorical denial that he never transacted any business with the ADB?

Mr. Speaker, I thank you.

**Dr. Rowley:** Am I to understand the Minister in his long presentation, saying that the authority for writing-off loans in the bank according to the bank's procedures is laid with the general manager and the board's approval? Is that what he said, that it was the general manager who would first recommend write-off and then seek board approval?

**Dr. The Hon. R. Mohammed:** Mr. Speaker, I would just like to repeat the Minutes of the bank's 346th board meeting. It said:

“Loans should only be written-off after all reasonable restructuring, collection and recovery activities in keeping with the Bank's Collection Policy have taken place and the possibility of further recovery is considered by the General Manager to be remote. Approval in all instances must be obtained from the Board of Directors, based on recommendations from the Bank's Management. Write-offs do not constitute forgiveness of debts and the Bank will, therefore, pursue appropriate legal remedies to recover the amounts due.”

**Dr. Rowley:** If in the context of what the Minister has said, that he was not referring to write-off as debt forgiveness, why then did he say that Mr. Mottley, as Minister of Finance, had a fiduciary requirement to protect state's interest rather than convert it to his own use? If the hon. Minister understood then that write-off was being used in the context of no forgiveness, why did he say that Mr. Mottley converted state funds to his own use?

**Dr. The Hon. R. Mohammed:** I do not ever recall having said that Mr. Mottley converted state funds to his own use.

**Solid Waste Management Company  
(Award of Contracts)**

**81. Mr. Colm Imbert** (*Diego Martin East*) asked the Minister of Local Government:

- (a) Has the Minister visited the offices of the Solid Waste Management Company anytime in 1996 and 1997?
- (b) If the answer is in the affirmative, could the Minister indicate whether on any of those visits he discussed with the officers of the company the award of contracts?
- (c) If so, could he state the nature of the said contracts?
- (d) Is it a fact that subsequent to the Minister's visit, the company changed its decision pertaining to the said contracts?

**The Minister of Local Government (Hon. Dhanraj Singh):** Mr. Speaker, yes, the Minister of Local Government did visit the offices of the Solid Waste Management Company Limited on two occasions—1996 and 1997. The first visit was in 1996 when the Minister was on a familiarization tour of the company and the second was in 1997 when the Minister was invited to meet the Canadian delegation.

The Minister of Local Government did not discuss any matters pertaining to the award of contracts.

Part (c) of the question is not relevant.

The Minister is unaware that subsequent to any of his visits to Solid Waste Management Company Limited, the company had changed its decision regarding the award of contracts.

**NATIONAL INSURANCE BOARD  
(REPORT OF)**

**The Minister of Social Development (Hon. Manohar Ramsaran):** Mr. Speaker, in accordance with section 13(2) of the National Insurance Act, Chap. 32:01, which requires the National Insurance Board to submit a report of its proceedings and of the operation of the Act within three months of the end of each financial year, the Minister shall within two months of the receipt of the report, lay it before Parliament and section 25(2) to (4) of the National Insurance Act, Chap. 32:01, which stipulates that a copy of the audited statements of accounts and auditor's reports shall be laid at the same time as the report of the board, I wish to present to this honourable House, the annual report of the National Insurance Board for the period July 1996 to June 1997 which was received on September 30, 1997. The financial statements of the National Insurance Board are contained in pages 21 to 33 of the report, while the auditor's report by Ernst & Young, Chartered Accountants who were appointed auditors for the period under review, is at page 20.

**2.05 p.m.**

Mr. Speaker, at the time of the laying of the previous report of the National Insurance Board on October 18, 1996, I outlined the improvements made by the board in the areas of administrative efficiency, customer service and financial management. At that time I also listed a critical recommendation of the ministerial committee appointed to review the operations of the board and communicated this Government's commitment to enacting the necessary legislative amendments to ensure the effective management of our social service system.

As I present to this honourable House the Report of the National Insurance Board for the financial year just ended, I am pleased to report that, as a result of the actions taken by this Government, the Board has realized its best year of operations ever.

During the period under review, the board collected Contribution Income of \$267.2 million, a 10.6 per cent increase over the last year. Of the sums collected, arrears amounted to \$37.6 million. This was achieved through the retirement of debt in the state and private sectors and increased compliance by employers. At the same time, a record number of recipients accessed benefits under the National Insurance System to a total pay-out of \$222.7 million.

Another key indicator of the Board's outstanding performance, came from the management of its investment portfolio. Investment Income amounted to \$431.1

*National Insurance Board*  
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million, representing an increase of 30.8 per cent over the income realized in the previous financial year. Total assets now stand at \$3.9 billion and, for the first time, yields at both gross and net levels crossed 11 per cent.

I am happy to report that the fifth actuarial valuation of the National Insurance System as at June 30, 1995, was completed during the last financial year. The findings revealed that the system is financially sound. The actuary reported, however, that it is at risk of being completely marginalized if contribution and benefit provisions are not substantially revised.

Critical recommendation of the actuary include:

- (1) increase benefits;
- (2) raise the ceiling of insurable earnings;
- (3) increase the number of earning classes; and
- (4) extend coverage to the self-employed.

The report is currently under review by the ministerial committee.

I take this opportunity to reiterate this Government's intention to take whatever action necessary to ensure that the people of Trinidad and Tobago benefit from an efficient and relevant social insurance system.

I wish to state also that we have already begun to address the needs of our migrant population with the signing of two reciprocal agreements with Caricom and Canada. The Caricom Reciprocal Agreement came into effect from April 1, 1997, while the agreement between Canada and Trinidad and Tobago was signed in April 1997. Agreements such as these would ensure that our citizens who journey to foreign territories as part of a global exchange of skills will not sacrifice their social security benefits.

Finally, Mr. Speaker, the year 1997 marks the 25th anniversary of the National Insurance System and the National Insurance Board. I invite you and the Members of this honourable House to join me in wishing all the stakeholders in the National Insurance System a happy silver jubilee and a heartfelt wish for continued success.

Thank you.



*Caroni (1975) Limited*

*Friday, November 7, 1997*

**CARONI (1975) LIMITED  
(STRATEGIC PLANS)**

**Dr. Keith Rowley** (*Diego Martin West*): Mr. Speaker, I beg to move,

*WHEREAS* state-owned Caroni (1975) Limited, as a producer of sugar, is an essential part of the national agricultural effort;

*And whereas* the efficient production of sugarcane and sugar is a desirable component of the national economy;

*And whereas* the Tripartite Agreement of 1992 was a consensus attempt aimed at re-creating Caroni (1975) Limited as a viable bankable entity requiring minimal state financial support;

*And whereas* the ongoing financial deficit of Caroni (1975) Limited is a matter of great concern to the national community:

*Be it resolved* that the Government implement the Tripartite 1995—1998 Strategic Plan with necessary modifications as required in order to save the sugar industry, and act immediately to minimize the financial exposure of the national Treasury to the operations of Caroni (1975) Limited; and

*Be it further resolved* that the disposal of any state assets in the restructuring of Caroni (1975) Limited be done with the utmost transparency through processes which are fair and equitable to the citizenry of Trinidad and Tobago.

Mr. Speaker, the name Caroni (1975) Limited is a household name in Trinidad and Tobago and it is also a very significant part of the agricultural effort in the country. Being a state-owned company it has also had access to considerable resources from the national Treasury.

I want this matter brought before the national community because since 1975 this state company, one can say, has been a problem for the people of Trinidad and Tobago. By way of background, one must go back to the early 1970s when the sugar industry was in private hands. There were a number of independent estate owners who operated the industry for many decades. But one of the consequences of the decolonization developments was that colonies like Trinidad and Tobago and our Caricom neighbours for whom sugar was an integral part, if not the mainstay, of the economy, as we got control of our affairs and moved toward independence we lost the secure markets of the so-called mother country.

As Britain turned inwards toward Europe and away from the colonies economically, whereas before sugar producers like Trinidad and Tobago could

*Caroni (1975) Limited*  
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have a guaranteed access to the British market for all that we produced without competition from non-Commonwealth sources, as we became independent in the 1960s, that picture changed. The end result was, as we were called upon to paddle our own canoe in that international environment, the sugar industry was a completely different one, and the world economics had changed to the extent where, in many situations, the sugar industry collapsed.

Mr. Speaker, there are many things to recommend a sugar industry in a place like Trinidad and Tobago, the most important of these desirable effects is the creation of jobs. The preparation of land, the growing and caring of cane and the production of sugar is a labour intensive industry and, therefore, in a place like Trinidad and Tobago where job creation is important, it is important for us to maintain an industry even in difficult circumstances because we want those jobs.

Also, arising out of the developments I mentioned earlier which followed the decolonization process, was the question of select and protective quotas. Countries like Trinidad and Tobago have access to a certain volume of raw sugar in Europe, for which we get a higher than normal price. We have quotas in the United States and Europe where we earn foreign exchange from the sale of raw sugar. This is one way of earning foreign exchange.

As you know, one of the priorities of our economy is to be able to earn foreign exchange, to buy the things we need from outside of Trinidad and Tobago for which we must pay with dollars, pounds and so forth. Thus, the earning of foreign exchange is important.

The area under which cane is grown in this country, because of the soil type and the drainage conditions, it is very difficult to find a substitute crop or any activity for that matter, in the agricultural sector which could make use of such large acreage of land and find a market for the product. Therefore, it is important to use this land which is suitable for cane growing because we do not know of any other crop with which to easily replace sugar. Insofar as we produce sugar for our own consumption it means that we ought not to be importing that much.

**2.15 p.m.**

So, Mr. Speaker, those are the positive sides of the sugar industry, but as the international market changed, countries like Trinidad and Tobago had to respond. In a place like Antigua, the industry died completely. If you go to Antigua now, you would not find a single sugar-cane patch, the economy has been completely changed from sugar to something else. If you go to Barbados, you will find the

sugar industry is in the private sector, but struggling. Having gone bankrupt once, they refinanced the following year, and so forth—in the private sector.

If you go to Jamaica, you would find a sugar industry which has been completely restructured. The government has come out of that industry, divested its interest and supported a restructured sugar industry, and it is going quite well. If you go to Guyana, you will find a prospering sugar industry where they are managing the inputs, especially the labour inputs. In Australia, another Commonwealth country, they responded by going to almost 100 per cent mechanization, because they did not have that demand for the job creation that we had, given the population's concerns. In Mauritius, there is a different response—a mix of mechanization and good management of labour. But, in Trinidad and Tobago, our response was the Government seeking to protect and preserve the attributes I just mentioned, those positives I just mentioned from a sugar industry.

The Government of Trinidad and Tobago bought all the failed sugar estates in Trinidad and Tobago, and in 1975 created a state company called Caroni (1975) Limited. While there is a lot to be said in support of that decision, one cannot say that it has been a rosy picture for the people of Trinidad and Tobago since 1975. What did the Government end up with? At the end of the day, we have a state company which has 30,000 acres under cane, 2,500 acres under rice, 2,400 acres under livestock, 500 acres of land under residential squatters, 5,000 acres under agricultural squatters, and 14,000 acres of unutilized land in some forests and so forth. That is the basic resource picture of Caroni (1975) Limited, but having made the expenditure to buy into the industry, it was the expectation of the people of Trinidad and Tobago that not only would we preserve some of the sugar industry, but we expected some return to the national Treasury.

For a variety of reasons, not the least of which is that unlike other Commonwealth territories where they either went out of the industry, left it in the private sector to find its way like any other company, in Trinidad and Tobago, the sugar industry became a pawn of the political arena, contrary to all economic commonsense. The end result is that by 1992 we were looking at an industry which had been financed by the Treasury to the tune of \$2.3 billion, and that did not change the picture of liability of that company at all. It is one thing to have spent that kind of money. It is another to be told that having spent that kind of money, the situation is worse than it was before. That is why it behoves all the people of Trinidad and Tobago to not be partisan about this issue. Let us put this issue on the front of the national agenda and see how we could treat with a solution which is palatable to all the people of Trinidad and Tobago.

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Mr. Speaker, that is why in 1990, as we were approaching the general election, cognisant of the problem that was Caroni (1975) Limited, dating back to the previous decade, we thought that the time had come or long passed to confront this issue that is the state-owned Caroni (1975) Limited. We put in our manifesto a specific section on Caroni (1975) Limited, recognizing its importance and committing ourselves to dealing with the problem of Caroni (1975) Limited. We said that the PNM believes that the future of Caroni (1975) Limited must be the subject of agreement between government and the relevant trade unions and we went on to put in place a commitment to deal with Caroni once and for all. We won the election in December of 1991, and by February of 1992, we had embarked on this exercise. By July of 1992, we had a tripartite agreement signed by all the stakeholders, including the person who is today the Prime Minister of Trinidad and Tobago.

Mr. Speaker, permit me to back up a bit and place the sugar industry in its international context in 1987. The NAR government, facing this problem of the sugar industry, sought to approach it by trimming the industry down to the size of only local consumption requirements. It was the position of the NAR between 1986 and 1991 that its policy was to head in a direction to close down one of the factories and reduce Caroni's sugar production to 75,000 tonnes per annum to meet local needs.

The PNM had a different point of view on that matter. Our point of view was rather than reduce Caroni's production and trim the industry down to 75,000 tonnes, because of the international quotas we have, we believed that we should have produced at least 120,000 tonnes of sugar, keep both factories operating and continue to supply our 45,000 tonnes per annum in Europe, and 12,000 tonnes per annum in the United States, and slim down the industry to continue to produce the local requirements. When one added those two things together, subsequently, it came to pass that the European quota was temporarily increased, and we then said the target should be 140,000 tonnes per annum and we should have an industry of 140,000 tonnes per annum. That was the PNM's position, and we set about to do that, but we were fully cognisant that we had to make changes in the industry.

Yes, we want a sugar industry, but we do not want it to bankrupt the Treasury of Trinidad and Tobago. Yes, we want as many jobs as possible in the sugar industry, but we do not want it to be a "jobs for the boys" and "jobs for union" and "jobs for the party" arrangement, because that is very expensive for the people of Trinidad and Tobago.

So, the tripartite agreement was put in place in 1992, and then we looked at the international environment and we saw the sorts of prices we were getting in the EC quota. We were getting \$3,871 per tonne in the EC. That is the highest price per tonne we were getting. We get \$2,660 per tonne in the US market, and we need that money, but there is a danger in relying on these quotas, because the world economic climate has changed. In 1995, the GATT agreement came into being against all pessimism, and today in 1997, the World Trade Organization exists. As you will know, Mr. Speaker, the sugar industry and the importation of sugar is the only protected agricultural item in the economy of Trinidad and Tobago, and that is a temporary arrangement.

In Europe, moves have already started to have discussions with a view, firstly, of reducing the price that is paid for the European quota, so while the volume might remain for a while, every indication is that the price will fall and the projections are by 2.5 per cent per year, and also, another view is that given the kinds of pressures which have been brought to bear on our competitors and market-place, it is possible that by 2010 the whole question of the Lomé sugar protocol could completely evaporate and there will be no protection for ACP countries like ourselves who export sugar. That is the EC side of it.

### **2.25 p.m.**

On the US side, with the coming of NAFTA, Mexican sugar has had the effect of reducing any possibility of increase in the US quota. As President Castro gets older and older, the American Congress is waiting for his demise so that there will be a change in the US/Cuba relationship and that means more companies for sugar in the US market which will have the effect of reducing our current quota and, as a matter of fact, giving us no chance of getting an increase in the US quota. So those two quotas which are the lifeblood of the industry at the size that we have it, it behoves Trinidad and Tobago to prepare itself to have a sugar industry that is lean and mean, that is bankable and viable. So what has been the situation in response to that?

One would have thought that having gone through the consensus approach as we did in 1992—1993, we would have moved full speed ahead regardless of which Government is in office. If we were concerned, not about ourselves and our party, but about the national interest, and what was in the pipeline to deal with Caroni (1975) Limited, we would have proceeded full speed ahead to ensure that we put the company on a long-term and viable footing.

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Mr. Speaker, let me give you some financial statistics relevant to Caroni (1975) Limited and you will see why I am concerned. The 1990 financial statement of Caroni (1975) Limited, which is what triggered us to put into our manifesto that we just cannot go on this way, we have to deal with that problem. When we saw the 1990 financial position of Caroni (1975) Limited we said it had to be a manifesto item, because in 1990 the financial statement of Caroni (1975) Limited showed that the company posted a loss of \$279 million. By 1992, the gross loss picture, as I mentioned, was \$2.5 billion.

In 1992, Price Waterhouse, on the instigation of the previous Government, completed a detailed study of Caroni (1975) limited and created two huge volumes which I am sure the Minister is familiar with, the *Price Waterhouse Diagnostic Review* dated March, 1992. It was delivered at a time when we were going with the tripartite agreement. Let me tell you what that report shows.

It shows that Caroni (1975) Limited had loans on its books of \$2,000 million. On those loans there were interest liabilities of \$850 million; there were arrears of COLA, salary and wages of \$130 million; there were liabilities owing on PAYE and health surcharge of \$113 million; there was an NIS liability, unpaid, of \$8 million; there was a VAT liability, unpaid, of \$19 million and there was a pension liability, unpaid, of \$16 million. Mr. Speaker, the company that we knew as Caroni (1975) Limited, as of the March 1992 report, had liabilities of \$3,000 million which it could not discharge. Therefore, that was the basis by which we moved so urgently to treat with this situation. Needless to say, in seeking to correct this situation the Government of Trinidad and Tobago had to eat all of this debt. The Government had to pay all of this debt—write off what was owing to the Government and pay off what was owing to others. That was done in 1992.

Mr. Speaker, we did not only do that, and we did not only rely on Price Waterhouse, an accounting firm, to give us a picture of the finances of the company and its accounting future, but we brought in from England one of the world's leading sugar manufacturing companies which had worked and had a history in the region, and knew the culture and economics of the region. In 1992 we brought into this country, Booker Tate, to do an engineering appraisal of the situation. So we had the Price Waterhouse accounts side of it and Booker Tate was going to give us an engineering side of the industry. When Booker Tate came in, it did a strategic review and outlined a restructuring proposal. Just as Price Waterhouse found in 1992, as it had found in 1995, Booker Tate found in 1992 as well, that Caroni (1975) Limited is technically insolvent. That was the professional

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finding of all these firms. Every time you look at Caroni (1975) Limited, one thing comes to you from all the professional assessors, Caroni (1975) Limited is insolvent.

Booker Tate also made observations that other ACP countries are making reasonable returns even in the current difficult situation. They also said that Trinidad and Tobago can make reasonable returns, they do not have to be in this position, but they have to make proper restructuring of the industry. Booker Tate, like Price Waterhouse in 1992 and 1997, identified that Caroni (1975) Limited's problem is its cost structure. Booker Tate also went so far to say that inaction will inevitably lead to the collapse of the company—that was recorded by Booker Tate in 1992. Inaction! Between 1992 and 1995, having had the consensus of the tripartite, we proceeded to take the required action, because, we too agreed that inaction would lead to an untenable situation.

Subsequent to the change of government in 1995, one of the things that caused me to bring the Motion here, is that I heard all kinds of murmurings from the Government, but I have not heard from the Government what it has been doing about this problem in the two years since it has been in office and how it intends to proceed from here on. I accept that a new Government has come into office and it is not duty-bound to follow any previous Government. It can review, revise, chop and change, but I hope in this Motion that spokespersons for the Government will tell us, for information sake, what the Government has been doing so far and how it intends to proceed with this matter. I hope it would not degenerate to a point where we are talking about how my mother made me and what happened under my tenure. I hope that the Minister will tell the country, how this country and its treasury will deal with this multibillion-dollar crisis. That is what I want to get out of this Motion.

Mr. Speaker, in 1997, having listened to the Government in an effort to hear what is happening with Caroni (1975) Limited and having a concern because I, as a state officer for four years, was privy to the details of this company and had the responsibility for treating with it; I had an interest in following what was happening with Caroni (1975) Limited. When I received information the Government had and it was saying and doing nothing, I went public, saying that there was a crisis at Caroni (1975) Limited and the Government must act and tell the country how it proposes to act. What was the reaction? The reaction by the Minister, who by now everybody knows, whenever he says anything—before you get up and clap, wait and find out if there is something else to come.

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When I spoke about the crisis at Caroni (1975) Limited, two spokesmen from Caroni (1975) Limited jumped in to respond to me; one, the Minister and two, the chairman. Interestingly enough, on a programme one night, there was the Minister being presented first, saying that he had not seen any report from Price Waterhouse in 1997, but he knows that the Ministry of Finance has a copy of the report and the Ministry of Finance is dealing with it. I take it to mean he was viewing this as a financial matter and the first priority was the Ministry of Finance. So, here was the country being told in this multimillion-dollar disaster by the Minister, a state official, saying, "I have not had my copy as yet. Unfortunately, the Opposition has a copy, but the Ministry of Finance has a copy and that ministry is dealing with it."

Immediately after the Minister, on the same news programme, on comes the chairman to say, "No report, I do not know what he is talking about. We are doing some work and there is no report." That was the first week of September. The Chairman of Caroni (1975) Limited came on national television and told the country that there was no Price Waterhouse report after his own Minister had been there seconds before saying that the Ministry of Finance had one copy and was dealing with the matter.

**2.35 p.m.**

You understand, Mr. Speaker, why we were told here this afternoon how Caroni (1975) Limited operates. It operates in such a way that it can be borrowing millions of dollars and if the board does not know about it, how can the Minister know about it? When you come to the Parliament to try to give the impression that it was something under my tenure, that is not the point. The point is that we have a runaway train that is out of control and which is causing this country billions of dollars. That is the point I want to make. If money is to be borrowed to the tune of that size without even the courtesy of board approval, because it is the board that reports to the Minister and if the board does not know, how can the Minister know?

I have in my possession, Mr. Speaker, a document which the chairman must have had because this document is dated July 10, 1997. The chairman was on television in the first week of September saying he knows nothing about any Price Waterhouse report. Let me quote for you what the Price Waterhouse July 10 letter says—I do not have the specific quotation that I want to make but the point is that this report was issued to the board as early as July. But the first week in September we were getting denials of the report and I wonder if it is the content of the report that caused that reaction.



What the Price Waterhouse analysis showed, Mr. Speaker, is that over and above the situation I mentioned earlier where between 1975 and 1992 Caroni (1975) Limited, being supported by the state for all the good reasons, had accumulated a debt of \$2.5 billion which we thought we had discharged and which we thought we had put mechanisms in place—to quote a friend of mine who is now at the Central Bank—“to prevent a recurrence of that.” The Price Waterhouse report of 1997 showed that already Caroni (1975) Limited had run up \$0.7 billion in debt and if no corrective action was taken, whereas before it took from 1975 to 1992 to run up a \$2 billion debt, the accounting firm of Price Waterhouse has shown that it will take only six years for Caroni (1975) Limited to rebuild a new \$2,000 million debt. That might be the reason the chairman disowned any knowledge of the report because, Mr. Speaker, that is a frightening situation.

We heard yesterday from the Minister of Education. He pointed out that one of the problems that this country is facing is the fact that our entry into secondary school has declined from approximately 80 per cent to approximately 60 per cent, even at the junior secondary schools which are working two shifts. He made the point that we are in short supply of approximately 50 schools. These schools have to be staffed and teachers have to be paid. In that scenario, where a country in this world of technology and computers, with the Internet and so forth, is short-changing its population in terms of schools, but we are accepting, without even a debate, the re-creation of an unnecessary, unwarranted \$2,000 million debt. I say unwarranted and unnecessary because, Mr. Speaker, it is possible to grow sugar in this country, employ people, earn the same foreign exchange and support the economy without the present arrangement at Caroni (1975) Limited. Those arrangements have to change and they must change.

The PNM Government has shown how it proposed to change it. We are out of office. The new Government is in place; it must tell us how it proposes to change it. What we are not going to accept at all, Mr. Speaker, is any situation where the Government says that it will maintain the *status quo* and pay this \$2,000 million from the Treasury. We are not prepared to accept that. [*Desk thumping*]

I have no problem with the people on the other side having their political support in central Trinidad and their union support being used as a political base, that is normal all over the world. In England, the Labour Party has its support in the union and there is no shame or problem with that. What I am concerned about is how you will make decisions in the national interest or how you will not make

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decisions in the national interest, because you believe those decisions are too hard to make; they will affect your political base. That is unacceptable. What we expect to hear from the Government is a statesmanlike discourse on the problem in the sugar industry with workable solutions that will take a humane approach to bringing Caroni (1975) Limited to a position where we can have a sugar industry with a long-term perspective. Not that you do what you want as we heard this evening.

I sat here and listened to the Minister describe, going back to 1988, 1989 or whatever, how much money was borrowed without board approval. He sought to make it look as though it was something I had to account for. But what struck me with that is that here, in this country, you could have a situation where everybody knows that there are inefficiencies at Caroni (1975) Limited but somehow we seem to be impotent to deal with it and some people seem to fly in the face of reason. While the Treasury is forking out billions of dollars, down there somebody seems to be doing what he or she wants. You want \$10 million, \$20 million, \$30 million or even \$100 million, you go to the bank and at the end of the day it is paid for by the Treasury of Trinidad and Tobago. What I am calling for, Mr. Speaker, is that we continue on a road to put this into a perspective of proper order and control. What we are saying is that we must return to the position where Caroni (1975) Limited puts efficiency, bankability and viability as its true watch words.

The Minister seems to have a problem with the period when I was in office where Caroni (1975) Limited was made to borrow money and finance its crop and pay back its debt. Well, I can tell him, Mr. Speaker, if that is a charge then I am guilty. I told Caroni (1975) Limited, "having written off your \$2 billion debt, having written off your \$200 million debt in the local banks, having paid off your debt to the country to the tune of \$2.5 billion, now you go like any other company in this country, like McAl or Neal and Massy, or anybody else and borrow your money from the bank." That was the objective. If a company is trading, producing a product for sale and it cannot approach a bank to finance its operations, then it is in the wrong business or should be out of business. But he prefers, apparently, that Caroni (1975) Limited banks in the Treasury. That is where we differ. I have no problem with treasury support to a reasonable level to keep the sugar industry going, because we need it. What is reasonable? Is it \$10 million, \$30 million, \$40 million? Industries all over the world get some measure of support if they need it, but not as a result of inaction, inefficiency, arrogance and bombast. It cannot be that. We cannot take it that it is business as usual so whatever Caroni (1975)

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Limited wants—like I hear the Minister saying, Caroni (1975) Limited asks for a hundred and something million so it expects to get that. Of course, you will get that but we are going to change the situation. It cannot be *ad infinitum*.

What Price Waterhouse is saying, is that if we do not do anything about Caroni (1975) Limited now, starting this year Caroni (1975) Limited will need over \$200 million. It already got, as we were told in this Parliament by way of answers to my questions, \$30 million over and above what the Parliament had approved. There is a request, as the Minister also told this House, for approximately \$170 million. Therefore, already for this year Caroni's hand is in the Treasury for over \$200 million. Price Waterhouse has pointed out that this is the trend that is going to continue at an increasing level in the years to come, and worse than that, even after Caroni (1975) Limited has accessed \$211 million, \$220 million, \$240 million, it is still going to be in an unviable position. That is the problem, Mr. Speaker. The Government has been given some options. This problem faced us before.

**2.45 p.m.**

What I am saying here is not new to anybody, because, you see, going back to the 1980s there were those who gave the impression that what Caroni (1975) Limited had to do, since Caroni (1975) Limited could not make money with sugar and since it could not make money with rum, to get away from its predicament, it should diversify—this magic word, “diversify”—and that will somehow deal with its problem.

It was “Cro Cro” who said, “if yuh business at home going down, you cannot open a business in town.” If Caroni (1975) Limited cannot grow sugar properly or efficiently to manufacture sugar efficiently, do you really believe that cattle, cocoa and coffee will make Caroni (1975) Limited's future? Do you know what it did? In response to this magical “diversify, diversify, diversify” call, Caroni (1975) Limited experimented with a number of options. So Caroni (1975) Limited went into rice.

I am sure to the uninitiated on the other side, they will get up in the debate and say, “Caroni (1975) Limited is producing rice. Fine, it is good to produce rice, but understand why Caroni (1975) Limited was producing rice. It was not because we were hungry, because we can get as much rice as we want from Guyana or the private sector. State-owned treasury money to produce rice was not the real objective; the objective was to find something profitable to offset the losses to which Caroni (1975) Limited has become accustomed in a chronic situation. So over and above the moneys from the Treasury and the local banks, Caroni (1975) Limited borrowed money from Caribbean Development Bank to go into the rice industry.

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I want to look at the Caribbean Development Bank Draft Project Completion Report of 1992 and to quote from it. It says:

“Looking for a financially viable alternative to sugar has not been achieved.”

This is the Caribbean Development Bank talking about rice, as a diversification, has not been achieved. There was one positive aspect of that rice excursion. It was that our rice production, as a country, because of Caroni (1975) Limited's involvement in it, moved from 3 per cent of our requirement to 25 per cent. We still had to import 75 per cent of our rice, but we were producing 25 per cent of our needs; up from 3 per cent in 1986 to 25 per cent in 1991.

What did the Caribbean Development Bank have to say about it? That this also turned out to be another loss-maker to add to the sugar losses. It says:

“The surpluses generated will be able to meet the interest expenses of the CDB loan but not the principal repayment.”

So while it is good to grow rice and to increase the production for national consumption, and so forth, the economics of it is that the enterprise was only being able to service its interest charges. Of course, what that means is that the principal is there to either continue earning interest for the bank or the Treasury will have to pay the principal at some time. The bank itself noted that. The bank says in its report:

“This will have to be met by the Government of Trinidad and Tobago.”

It is that kind of understanding that whatever losses Caroni (1975) Limited incurs is really a loss for the Government of Trinidad and Tobago and it is that realization that should drive us to say, this has to change. Caroni (1975) Limited is a company under the Companies Ordinance, owned by the state, 100 per cent. It has no propriety right on the Treasury. So when the Caribbean Development Bank says the loss of Caroni (1975) Limited will have to be borne by the Government, it is because the Government guarantees that. That is the only way.

Even when the Government does not guarantee it in local banks, as the Minister has told us this afternoon—even then there is no standing Government guarantee—the management of Caroni (1975) Limited can go to any local bank and just pick up \$20 million, \$30 million or so, unbeknownst to the board—whether it is my time or your time. That is what is going on there. I am saying that cannot be right in a situation where the rest of the country is being asked to carry the charge.

Mr. Speaker, how much more time do I have? If you can assist me in that I will be grateful.

**Mr. Speaker:** You have been speaking since 2.10 p.m.

**Dr. K. Rowley:** So you understand the situation. That was the rice story. The Caribbean Development Bank concluded that the project is not economically viable. It went on to do a further economic analysis to show how that project fits into the national economy and concluded, as I said, even though it was good to grow some more rice, it represents a net loss to the national economy, of \$84.4 million. That was in 1992. I have good reason to believe that it has worsened since.

In that scenario, we have a situation where, as my good Friend pointed out yesterday, so far, from the Minister of Agriculture, Land and Marine Resources, we have had four innocuous bills for two years in office, but this pivotal matter of a multibillion-dollar crisis, we hear nothing, and I hope that this afternoon we will hear something useful and usable from the Government's spokespersons.

I want to take a few minutes to tell you what Price Waterhouse told the Government, because the Government has not told us what Price Waterhouse told them. I left Caroni (1975) Limited in November 1995 and just before I left, I seem to recall—and I am subject to correction here, but I think my memory is good enough—in monitoring Caroni (1975) Limited's situation, the last figure I got on that company's labour force, sometime about mid-year August/September, was 9,051. It was scheduled to fall by a further 150—200 by attrition. As I told you, Mr. Speaker, all the professionals who assess Caroni (1975) Limited come to one conclusion, that the company is overstaffed and that its cost structure renders it unviable.

We were set to bring about that reduction as per the Tripartite, initially, by attrition, but knowing full well, as recorded here in the Tripartite, that other measures may be required if the targets are not met. I am assisted by my colleague here: in 1993, the labour force was 9,446 and by 1995, I can recall it coming down to 9,051. It was 9,898 in 1994; it went to 9,826 in 1992, the year of the Tripartite; it went to 9,446 in 1993 and I think it was down to 9,051 by 1995.

I was then surprised when I saw this paragraph in the Price Waterhouse draft report, at page 3, which reads as follows:

“Labour is the largest element of cost, yet significant and largely inexplicable discrepancies exist between payroll, organisation charts and physical headcount

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reported by managers. Payroll records as at April 1997 included over 12,000 employees...”

I hope the Minister could clarify that for us this afternoon, because one of the things this Government did, even before the Prime Minister was in office—he is a signatory to this Tripartite Agreement; his name is here, signed, and one of the objectives of this was to reduce Caroni (1975) Limited’s labour force. As I have just pointed out, it was coming down by attrition initially and steps were being taken that if we did not reach the required targets by attrition, we would have had to take other measures to get to those targets to allow the company to survive.

**2.55 p.m.**

Mr. Speaker, I want this Government to explain to the country what Price Waterhouse encountered down there which could cause them to report here, that they were receiving from any aspect of management, figures of 12,000 people at Caroni (1975) Limited. If it is an error, say so. Prove that! But, that is what the draft report had.

The report went on to say:

“Despite repeated requests, no reconciliation or clarification or payroll figures were performed. Cost management of labour, as the single largest element of cost, is compromised by the substantial discrepancies in payroll and headcount numbers.”

This is April, 1997. I would like the Minister to explain what Price Waterhouse meant by that. Price Waterhouse goes on to tell the Government:

“Caroni’s costs have been increasing. Given that revenue is projected to remain static or decline based on the findings of our market review, operating deficits are predicted to increase every year.”

That is what the Government paid for this year and that is the advice it got. I ask the Government: What is it doing about this? It is not sufficient to be silent and when one speaks, one does not tell the truth. Tell the country so it can all know what is happening to Caroni (1975) Limited.

You have to pay Price Waterhouse, they did a job for the Government. It painted three scenarios, none of which is rosy. The least rosy of them all was a scenario which it calls “as is”, which means if you do nothing like you are doing now, this is what is going to happen. This is what Price Waterhouse told the ministry which paid for this report:

“Cash deficits will continue to be funded by GORTT”

Of course, if you do nothing by the year 2002, which is only five years away, the deficit at Caroni (1975) Limited which Price Waterhouse highlights as total commitment of the Government of Trinidad and Tobago will be \$2,037 million. Do nothing and expect to find \$2,037 million in the National Treasury over the next five years to maintain the current and viable *status quo* to stand up in the same place; not to fix the industry, but to stay in the same place or worse.

Scenario two:

“Support of the GORTT will remain in excess of \$211m each year...

The situation is not sustainable.”

It also painted what it calls scenario two. Scenario two tells the Government that there are some things it can do so as to reduce that deficit projection from \$2,037 million to \$1,600 million. It boggles one's mind.

Mr. Speaker, it looks as if you are going off to sleep but to think of \$1000 million, then \$600 million more and even after you spend that you have not fixed it, it is still there to eat up more. Price Waterhouse paints scenario two that to reduce that exposure on the Government, in scenario two, it would have to make changes in a 1998 programme to the year 2000 aimed to produce 140,000 tonnes of sugar and do what the Tripartite said, let canefarmers produce more of the cane. A fact that we know, which is part of the Tripartite Agreement which Booker and Tate put in record for us is that cane farmers produce cane cheaper than Caroni (1975) Limited. Here is a serious financial crisis in a company that is chronically bankrupt but you know of a solution. Its main raw material is too expensive inhouse. Let private farmers produce more of the cane and get the Treasury out of cane production. Instead of that, what is the Government doing? The chairman is promising to raise more cattle so the Treasury can milk more cows. Because, every cow that exists at Caroni (1975) Limited, which they are milking or getting beef from, is basically being paid for by the Treasury. There is no reason why the Treasury of Trinidad and Tobago should pay to have cows milked at Caroni (1975) Limited. Caroni (1975) Limited must do what Price Waterhouse said in 1997 which is, to return to its core business of sugar and rum.

I am saying, if after that, Caroni (1975) Limited cannot make it viable with reasonable state support in the business of sugar and rum, then the people of Trinidad and Tobago should have no difficulty in taking the drastic action which

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Price Waterhouse notes here, which includes closing it down. There is no law which states that you have to produce sugar at a price you cannot afford.

Mr. Speaker, I know sugar can be produced, people can get jobs and the economy can thrive without the excesses at Caroni (1975) Limited. Price Waterhouse says in its report that the labour force has to be rationalized, manpower to be reduced by 535 staff members and 2,880 daily-paid workers that should be over a four-year period starting in 1998.

It also says that cane farmers should produce about 75 per cent of the cane. Even after you do that, you would still lose \$1,600 million over the five-year period. That is scenario two.

Scenario three which is the one they recommend, shows that if the Government does certain things, Government's exposure can be reduced, over that same five-year period, of \$1,338 million, where the annual losses would decline from 1997—\$128 million; 1998—\$93 million; 1999—\$50 million; 2000—\$8 million; and 2001—\$18 million and 2002—\$23 million. Those are figures any treasury can swallow. When I say that Treasury support can come with support from everybody—some reasonable amount. That is scenario three. But, how do you arrive at scenario three given where we are at now?

Price Waterhouse, talking in the middle of 1997, has recognized that we have lost 1996, we have lost 1997. Of its three scenarios, it is saying as a recommendation to this Government to commence the Strategic Plan of the Tripartite Agreement 1995—1998. The only reason Price Waterhouse could be saying to this Government now is because Price Waterhouse has now acknowledge, like everybody else, that given the difficult situation facing us, the tripartite approach was the most feasible and the programme for 1995—1998 called "Strategic Planning for Tripartite" was not implemented by 1997. It is saying to the Government, implement it by 1998.

I see the Minister grinning, "gill, gill." In 1995, the Implementation was on the way. I will tell you what Price Waterhouse had to say. The Minister has a problem with the truth so he goes about—

**Dr. Mohammed:** A draft report.

**Dr. K. Rowley:** This is a draft report so the final report will change all the figures, bank exposures, all the loans, all the employees! The same report you did not know about is a draft report now. The Treasury has no draft dollars to support



this. He has a habit of telling people—because he is a man who does not know what is the truth—that the previous government did not implement—

**Mr. Speaker:** That is about the third time you slipped it in. Please!

**Dr. K. Rowley:** I withdraw that, Mr. Speaker. The Minister has a habit of telling the country the reason Caroni (1975) Limited is in the present position is because the previous government did not meet its requirement in the Tripartite Agreement.

**3.05 p.m.**

I must find it, because it is important that he does not carry on with this misconception. I want to give it in their words. I must admit that a couple of things were outstanding. Contrary to what the Minister would have you believe, the previous government had largely discharged its responsibilities, not the least of which was the writing off of that money to Caroni (1975) Limited to clean up its books. A series of things had to be done.

I would go by memory. The Government of Trinidad and Tobago had written off the \$2 million debt; assumed responsibility and paid off \$220 million owed to local banks; released the company's asset debentures; paid off the VAT, health surcharge, PAYE and all those accumulated losses. The government also increased the pension from \$300 to \$500. At the point of negotiating the long-term contributory pension plan, the government was changed. The plan for the government to take steps to shift cane production from the company to farmers was on the way. The government was in the process of giving farmers new varieties of cane.

We were creating a land division to ease workers out of Caroni into cane production. We had identified two sections, Williamsville and Picton, which should have been closed down. As a company, Caroni (1975) Limited would have stopped growing cane and those two areas would have moved into the private cane-farming sector, thus relieving Caroni (1975) Limited of that cost of production. Professional persons have shown that the private canefarmers produce cane cheaper. That was our direction when the government changed.

When Price Waterhouse came at the request of this Minister, this is what they had to say. Members on the other side could assume how much of it would change in the final report. In this report, government means the PNM government because this Government has done nothing tripartite-wise. Page 7 states:

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“Government has largely honoured its commitments to Caroni (1975) Limited under the terms of the Tripartite Agreement.”

This is Price Waterhouse and not any friend in a bank across the street that the Government owns who can tell them what they want to hear. This is Price Waterhouse, an international distinguished company that they cannot get to say what they want to hear. The report continues:

“It has facilitated financial restructuring which has had a favourable impact of approximately \$2,500 million on the company’s balance sheet through debt write offs, assumption of loans, (including \$220 million in long term loans due to Fincor and Republic Bank Limited), settlement of statutory liabilities, provision of capital investment funds and release of asset debentures. In addition Government increased the price of local sugar by 15%.”

Even Price Waterhouse had an error here. We had increased the price of sugar by 15 per cent twice, in the budgets of 1992 and 1993.

Caroni (1975) Limited, on the other hand, had problems implementing a few of the recommended changes. Price Waterhouse has said that the government, as part of the Tripartite Agreement had largely kept its part of the bargain. It was left for the company to keep its part of the bargain. That is why this Government is having difficulty. This Government has taken the position that since any drastic action like restructuring Caroni (1975) Limited would have a negative impact on its constituencies, it would not do it. The Government would follow the “as is” scenario of Price Waterhouse and fund it by \$2,000 million from the Treasury. This country must not accept that because too many persons in this country have an interest in that.

Whenever the price of sugar is increased everybody in the country pays to support Caroni (1975) Limited. A point of view is being put forward by a union member down there, that Caroni (1975) Limited is in difficulty because the government fixes the price of sugar and does not allow the company to sell the sugar at an economic price. What baloney! The second highest price for sugar that this company gets is from the local market and the highest price is for 45,000 tonnes on the EEC market.

When Caroni (1975) Limited does not produce enough sugar to refine for the local market, it imports raw sugar which it buys at the world price, much more than what it sells abroad; refines it here and sells it to the people of Trinidad and Tobago at a higher than normal price. To allow that to continue as a support for

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the company, we negotiated to have the company as a protected industry. That is why sugar is a protected item in this country. Sugar cannot be brought into the country, at least for now, but in the era of liberalization that will end soon. It is baloney to say that the reason Caroni (1975) Limited is suffering is because the price of sugar is too low.

I heard a government spokesman, I am not sure who it was, talk about increasing the price of sugar. I say, "no!" We have already increased the price of sugar twice as part of the settlement of the problem. When the Minister says that we did not do it, it is either he does not know what he is speaking about or he does not know the truth. It was done! An increase in the price of sugar is not an option. The option is to grasp the nettle and reduce the cost. We have been told that the cost structure is largely as a result of overstaffing, and lest you think that I am an advocate or a zealot for retrenchment, the Government has a responsibility to all the people of Trinidad and Tobago. When we were in government we faced the same situation. Caroni (1975) Limited is the force now because the agricultural sector was given the most time to adjust. It was the last area which was being reformed. The other sectors were reformed and in that reform period we had to reduce staff at Public Transport Service Corporation (PTSC). Do you know why? It was because the assessment was shown that PTSC was overstaffed. No amount of throwing the Treasury's money behind PTSC would have solved that problem. We put mechanisms in place to reduce the staff at PTSC.

It was the same thing at the Water and Sewerage Authority, British West Indian Airways, the Port, and Printing and Packaging Company Limited. We did what had to be done in all these state sector areas that were a drain on the Treasury and functioning inefficiently. That is what the country is calling on the UNC Government to do with respect to Caroni (1975) Limited. Up to this time the Government has done nothing. It has stopped a corrective process which was in place and has created a worse situation.

This Government is faced with further reductions at WASA. How is the Government treating with that? The Minister of Public Utilities said that the Water and Sewerage Authority has to be "benchmarked" according to international standards; it is so many households per employee. I like his phrase, "international benchmark"! As if he was talking out of turn, which he did not do, and in case he was not heard, the Prime Minister came in as if the Minister wanted a backup. He is the same person who signed the Tripartite Agreement and is now stopping the process. The Minister can speak for himself.

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The Prime Minister said that WASA is not there to provide jobs. WASA is there to supply water. I ask the Prime Minister and the Member for Caroni East: Why are we not internationally benchmarking Caroni (1975) Limited? [*Desk thumping*] Caroni (1975) Limited has a higher number of workers per tonne than any other sugar industry in the Commonwealth. Whereas in Barbados there is a certain number of persons per tonne of cane, Caroni (1975) Limited has three or four times the amount. Whether it is Barbados, Jamaica, Mauritius, Australia, or St. Kitts, Caroni (1975) Limited is the featherbed.

While this Government is stopping a corrective process at Caroni, one Minister is internationally benchmarking WASA and the Prime Minister is saying to the workers at WASA that they have to expect benchmark because they are not there for producing jobs.

**3.15 p.m.**

I say that the Prime Minister is right! I do not often say this. He did not even know he was right. No enterprise exists or will exist for long if it has as its main vision the creation of jobs. Its vision must be to do something else, and in trying to do those things, it requires bodies and jobs are created. That is why I asked how Price Waterhouse could talk about 12,000 employees at Caroni when as recently as 1995, there was a reducing number of employees as per all the economic recommendations.

I would like the Government to say openly whether it is its intention to do nothing and incur those excessive liabilities, pay them from the Treasury at the expense of the capital programme, the school construction programme and medicine in the hospital. If my memory serves me right, the amount of money budgeted for the entire country for medication for people who go to the public institutions was to the order of \$40 million. One hears every day that people go to hospitals all over the country and cannot get the basic requirements such as dressing, or even Panadol. While that is happening, I would like to know whether it is the Government's intention, side by side with that situation, to encourage the inefficiencies as pointed out by Price Waterhouse, and the kinds of liabilities that will occur if the Government does not take urgent action at Caroni (1975) Limited.

The Government must say if it will take corrective action, what those actions are and what it expects the outcome to be. The Government must say so! It is too silent on Caroni (1975) Limited. It took a question to the Parliament to find out that they have funded Caroni (1975) Limited \$30 million more than what was approved, but that is normal. A certain amount is approved, but the situation is

such that they come to you and say they need more money and the Treasury has to deal with that. We are saying that the Treasury must be insulated from that kind of approach. The objective is that Caroni (1975) Limited should be bankable and viable.

While this is going on, Mr. Speaker, the Minister can also take the opportunity to tell us whether it is this Government's intention to do nothing with Caroni (1975) Limited and lead the entire country back to a situation of deficit spending. This is a situation where one is facing endless losses, a situation where Caroni (1975) Limited has to be bankrolled on a large scale, and a situation where we are already having problems with the availability of foreign exchange and where the Minister of Finance has difficulty explaining to us from time to time how he will fund his budget deficit or borrowing programme.

The reason I raised that, Mr. Speaker, is that in order to maintain the Caroni (1975) Limited *status quo* to lead us back to deficit financing, that would require Government inaction. When the Government does that, what effect would deficit financing have on the national currency? The currency is at \$6.2999. When the Government goes back to open deficit financing to maintain the *status quo* at Caroni (1975) Limited, for the benefit of a small number of persons who will have opportunities in the rest of the economy, what effect will that have on pensioners, small businesses, single-parent households, who are mortally afraid of any movement in the exchange rate?

The poverty level in this country is rising and will leap upwards if and when this Government goes back to deficit spending. The minute it does that and begins to use dollars in the way that our friend described, we will end up with a runaway currency crisis very much like our Caribbean neighbours, and back to the IMF. We are already at the door of the IADB because this Minister, reviewed a proposal he met there, agreed with it, signed it in June of last year and took a drawdown of a portion of the IADB money. There are conditionalities with that loan. One of those conditionalities is to reduce the operating cost at Caroni (1975) Limited. I have just told him that Price Waterhouse has confirmed that rather than have a reducing cost situation, Caroni (1975) Limited's costs are increasing. Already, the Government is at variance with its international partner in the international multilateral agency.

Where are we headed? Do we intend to draw down the rest of the IADB loan? If we do, how are we meeting the conditionalities? We were supposed to move a certain number of Caroni (1975) Limited workers out of Caroni (1975) Limited

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into cane-farming. Are we going to do that? If not, how are the rest of the people in the country to survive without the injection of foreign exchange because you took a decision that my constituency will not be affected, so that the US \$60 million will not come in because I am not going to go through with this kind of problem?

Is that the situation? If that is your position, you must say so. Silence is not an option. Tell the country where we are, because by the Minister's silence and his inability to grasp the issues, he is threatening the country's financial stability, he is threatening the social stability. He is threatening increased poverty across the country and all the things that flow from deficit spending, if the Government takes on board the kind of deficit spending that Caroni (1975) Limited is threatening to bring to the national Treasury.

While he is there in silence, what are the newspapers carrying? While this is happening, I cannot hear from the Minister, so I have to rely on the *TNT Mirror*. What does the *TNT Mirror* say on Friday, September 26? "Caroni director lands \$150,000 deal". In a company that could hardly pay for a dinnermint on its own accord, a director, who has gone to do public service, has landed a \$150,000 deal. Let me read for you:

"A Caroni (1975) Ltd. Board member has been paid \$150,000 for performing a task for the said Board.

He is Dr. Mahfouz Aziz, a qualified veterinarian...

According to an invoice submitted to Caroni Ltd., by Aziz' Veterinary Hospital Ltd. of 148 Bhim Street, Ramsaran Park, Chaguanas, dated September 9, 1997, the actual cost of the research and preparation of the document is \$175,000...

Sources told *TnT Mirror* that one of the reasons why Aziz took nine months to submit his official claim was because of the dissatisfaction it caused among certain Board members when payment was first raised.

'Certain Board members were disgusted with the request for payment,'"

I saw that in the newspapers, so I asked my colleague in the Parliament to tell me whether Caroni (1975) Limited had any of its board members do such a thing. Of course, that was a simple question to a simple Minister, but today we are told that he cannot find the answer. However, he can find Allum's business, Mottley's business and the bank's business, but he cannot find the answer to this, where billions of dollars are at risk.

**Mr. Speaker:** I advise you that you are two minutes away.

**Dr. K. Rowley:** I thank you, Mr. Speaker.

In the face of that, out of the blue, suddenly, over and above all of its normal traditional problems, comes a froghopper crisis at Caroni. I am not talking about my colleagues on the other side, I am talking about real power. I would like to read into the record an article, by Suzanne Sheppard, which appeared in the *Daily Express*. It is headlined:

“Caroni fails to heed scientists’ warning

Four months ago scientists warned officials at Caroni (1975) Limited that there was insufficient scientific data to support a complete switch to bio-insecticides in the company’s pest eradication programme.”

**3.25 p.m.**

So Caroni (1975) Limited experimented with a bio-insecticide that is now threatening to cost the Treasury of Trinidad and Tobago more than it is already costing us, because any losses due to the froghopper, one may rest assured that it is going to bounce back to the Treasury of Trinidad and Tobago. Everybody in Caroni, including Mr. Pulwarty, who is a senior official there, is saying that they do not know how this is done because it should not have been done, especially this year. While Mr. Sam Maharaj is saying that it is the worst froghopper crisis in the country's history, Mr. Aziz is quoted as saying in the *Trinidad Guardian* of Monday, October 27, 1997 the following:

"But speaking with the *Guardian* yesterday, Coordinator of the Pest Control Monitoring Committee, Dr. Mahfouz Aziz said there has been 'a lot of exaggeration' over that issue."

So Caroni has a co-ordinator of the pest control monitoring committee, Dr. M. Aziz who says that this is "a lot of exaggeration". That is his perspective.

While I am concerned, on behalf of the rest of the country, about Caroni (1975) Limited's run-away cost which is seemingly out of control; the absence of a vision from the Government; the risk of a \$2 billion debt in five years; and the significant losses to this year's crop, this particular board member is saying it is no big thing.

While our reports have shown that cattle industry is not for Caroni (1975) Limited, and it incurs losses, the company's chairman is promising to expand the

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herd; and while all the experts are saying that the company is overstaffed, he is promising to create 2,000 jobs. I am saying that this madness and lack of direction of Caroni (1975) Limited must stop.

I end by saying if we are to survive through a long future, we must stay in contact with our past. The past that we have had at Caroni (1975) Limited has not been very pleasant. We had taken steps to rectify it and until this Government could put forward a superior proposal, it is duty-bound to put aside political and other considerations and treat with the economic matters of Caroni (1975) Limited. It is not a geographical matter for the people of Trinidad and Tobago, nor is it a racial matter, but an economic matter which must be handled humanely and with economic good sense.

I call on the Government to tell the country what is the position of Caroni (1975) Limited, and how the Government proposes to rectify the situation as we move to the year 2000 and beyond.

*Seconded by Mr. Colm Imbert.*

*Question proposed.*

**Mr. Manning:** Talk the truth eh.

**Mr. Speaker:** May I say to the Member for San Fernando East, please. It came through loud and clear: "Talk the truth eh."

**The Minister of Agriculture, Land and Marine Resources (Dr. The Hon. Reeza Mohammed):** Mr. Speaker, like any good Christian, I would forgive the Member for San Fernando East. I assure this honourable House that this Government remains committed to the Tripartite Agreement which was signed in July 1992.

The exercise which was conducted by the firm of Price Waterhouse in 1997 basically said the same thing in 1992. What has happened with Caroni (1975) Limited is that whilst there was a debt hanging over the head of that company, what took place between the signing of the Tripartite Agreement in July 1992 to 1997 is that a plaster was put on that sore. It appears as though the company was allowed to take an analgesic for a headache which was caused by an intestinal parasite. I say this because even as early as 1992 when the then Government received a report from Price Waterhouse, it was made very clear that the company was financially strapped and it was allowed to accumulate a debt, under the PNM



administration, to the tune of \$2.1 billion. All this debt which they claimed was written off, but which in fact was the subvention to the company, was allowed to accrue under the PNM regime. That is why the company found itself in that financial predicament and as early as 1992 the Price Waterhouse report to the then government indicated the deficiencies and the former regime did not focus on the management of Caroni (1975) Limited. That is why I say it is like taking an analgesic for a headache which is provoked by an intestinal bug. The headache was gotten rid of, but the bug was still there, and as soon as the effect of the analgesic died off, the headache came back and that is what this Government is faced with today.

**3.35 p.m.**

Mr. Speaker, when this Government came into office, we looked at the Tripartite Report again and the strategic plan that was developed, which emanated from the Tripartite Report and when the new board of the company was put in place in September 1996, my first mandate as the Minister responsible for that institution, was to revisit the strategic plan of the company. My instruction was to maintain the guidelines set out in the Tripartite Agreement that was agreed to but we needed to visit or revisit the strategic plan of the company.

Mr. Speaker, Caroni (1975) Limited is not only about money; there are social consequences with respect to Caroni (1975) Limited. When we looked at the figures and the strategic plan that evolved out of that Tripartite Agreement, we recognized that, and because of the evolving international sugar market, we realized that certain modifications were necessary as far as a strategic plan of Caroni (1975) Limited was concerned.

We continue to hear from the other side that this Government has no intention of following the dictates as laid out within the Tripartite Agreement. I assure the Members on that side that this Government remains committed to the Tripartite Agreement, our hon. Prime Minister having been a signatory to that document. The hon. Member questioned what this Government has done with respect to Caroni (1975) Limited and what we are doing with respect to the dictates of the Tripartite Agreement since coming into office. The Member referred to the draft report which he claims was put into a mailbox and read that section of the report which spoke about the Government having done certain things with respect to the Tripartite Agreement. Mr. Speaker, I want the Member to realize that the Government referred to in that Tripartite Agreement does not only refer to the former PNM government, it also refers to this present Government.

**Dr. Rowley:** Would you please give way?

**Dr. The Hon. R. Mohammed:** No, I am sorry. You had your turn.

**Dr. Rowley:** You are not speaking the truth. *[Interruption]*

**Mr. Speaker:** Gentlemen, what has just happened is that the Minister was on his legs and the mover of this Motion asked him to give way. Rightly or wrongly, the Minister did not give way and he is, indeed, entitled as in the Standing Orders, not to give way. We must accept that; we might be able to deal with it in other ways but I do not think it is helpful that Members would thereafter shout across to the Minister such as has just been done, or cause the Minister to take his seat. Would the Member please continue?

**Mr. Manning:** Mr. Speaker, I rise to apologize for shouting across the floor but I did so because I am concerned about the standards of conduct in this Parliament. This is my 27th year here and I am not prepared to sit and tolerate that.

**Mr. Speaker:** The hon. Member will know that there are ways in which such issues could be discussed. To get up and apologize for having done something that is wrong—*[Interruption]*

I was just responding to the Member for San Fernando East, having addressed me, and I stopped because the Member for Diego Martin West was engaging in conversation while I was speaking. I am just making the point that there are ways in which one could deal with what one believes is a procedure which is not right. We could always talk about it and I would prefer if in the future, Members do not try to deal with it in that way. Would the Minister continue.

**Dr. The Hon. R. Mohammed:** Mr. Speaker, I was referring to the report submitted to Caroni (1975) Limited by Price Waterhouse in 1992. The hon. Member for Diego Martin West took the initiative to compare the contents of—

**Mr. Valley:** Mr. Speaker, just for clarification, did the Minister say 1992 or 1997?

**Dr. The Hon. R. Mohammed:** I said 1992.

The hon. Member for Diego March West took the initiative to compare what was reported in that document in 1992 and 1997. Mr. Speaker, I was saying as well, when I was interrupted, that between 1992 and 1995, the Tripartite Agreement having been signed in July 1992, whilst the former regime may have

focussed on the debt that was accrued by Caroni (1975) Limited and took measures to remove that debt in whatever form or fashion, it is apparent even today, that what was necessary in what this Government has started doing and what we are presently focussing on, is the management of Caroni (1975) Limited.

In response to question No. 79, I was able to inform this honourable House of the borrowings of Caroni (1975) Limited and the manner in which the board and management of the company, prior to 1975, went about its business of acquiring loans for the company, the majority of which was without board approval as I indicated in my answer to question No. 79. That is the crux of the matter. Whilst we may remove the debt from Caroni (1975) Limited and the Member made it very clear that he mandated the boards which served under him during his tenure in the office of the Ministry of Agriculture to go out there and secure funding, perhaps it is the management of Caroni (1975) Limited that found that modum to go to the banks and use the sugar production for the following year to guarantee those loans.

Mr. Speaker, what has happened as a result of that, is that when one adopts the principle of future-crop financing and one sells the sugar, it means that a significant portion of the receipts of that sale does not come back to the company; it goes to the bank. As a result of that, it was necessary for Caroni (1975) Limited to come from time to time to seek funding from the Treasury, in order to keep day-to-day cash flow going. In view of the fact that receipt of sales on sugar goes to the bank and funding is required on a daily basis to continue the operations of the company, and given the very nature of the company, the company found it necessary from time to time to approach the Ministry of Finance—the shareholder—for financing.

The procedures that were used by the management may be questionable in that a lot of the borrowings did not have board approval. My understanding is that it is only when broad approval is obtained that the Government guarantees that sum of money. All those borrowings where board approval was not received were not guaranteed by the shareholder. The sums of money that Caroni (1975) Limited went out and borrowed without board approval—of course they would have to be paid—and how the company managed its affairs, again it goes back to management problem. This is where the focus of attention in this entire matter is concentrated, the management of the company; how the management went about its business; whether the previous government developed policies as directives to the boards which fell under those governments so that the fiscal management of the company can be restructured or tightened. That is where the Price Waterhouse Reports of 1992 and even 1997 focus its area of attention.

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Mr. Speaker, this Government, since coming into office, and the new board which became active as of September 1996, have taken the necessary measures to ensure that the management or affairs of the company are managed in such a way that the accumulation of these debts as they accrued in the past, would not happen in the future. Again, I wish to reiterate that this Government remains committed to the Tripartite Agreement and to making Caroni (1975) Limited a viable company.

Mr. Speaker, there are other things which are done by Caroni (1975) Limited which require financing and, perhaps, it does not have much to do with the actual production of sugar. I am aware that the company is responsible for maintaining secondary roads, drainage, recreation grounds and a whole range of activities which are funded by the finances of the company. One of the things this Government has done is to look at all those things which are not directly related to sugar production. We have come up with a policy now which says that all those secondary roads should be put under the Ministry of Local Government. The major roads will be put in the hands of the Ministry of Works and Transport and let those respective ministries come up with the funding and financing.

**Mr. Manning:** Mr. Speaker, I thank the hon. Minister of Agriculture, Land and Marine Resources for giving way. I ask, the decision that the Minister says his Government has taken to take away from Caroni (1975) Limited, the responsibility for issues such as roads and playing facilities which form no part of Caroni's core functions, what is the cost of the conduct of those functions? In other words, how much would the company save by not discharging those functions?

**Dr. The Hon. R. Mohammed:** Mr. Speaker, I am advised that a savings of between \$26 million to \$30 million per annum will be incurred if Caroni (1975) Limited did not have the responsibility to maintain those secondary roads, playgrounds and drainage. I hope that adequately answers the question asked by the hon. Member for San Fernando East.

Mr. Speaker, the other thing we keep hearing is that farmers in the private sector can produce sugar cane cheaper than the estate, Caroni (1975) Limited.

I wonder if the 50 per cent subsidy on fertilizer by private farmers was removed and we also consider removing the pest and management programme which is funded by Caroni (1975) Limited to the private sector, how much it would cost the private canefarmer to produce a tonne of cane? We cannot continue to make the statement that the private sector can always produce the sugar cane cheaper than the estate and forget—perhaps conveniently—that 50 per

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cent of the fertilizer cost to the private sector is borne by Caroni (1975) Limited. The entire pest management programme in the private sector is also funded by Caroni (1975) Limited. We forget that conveniently and yet continue to say that the private farmers can produce sugar cane cheaper than the estate. Factor these costs into the production of sugar cane in the private sector and you would see what will happen. *[Interruption]*

The hon. Member should have said that in his contribution.

**3.50 p.m.**

**Dr. Rowley:** You should have known that.

**Dr. The Hon. R. Mohammed:** I will not allow myself to be intimidated by the babbling of the Member for Diego Martin West. I sat quietly and listened to him. I think he should do the same as a matter of good parliamentary practice.

On assuming office, this Government sought to address the many inefficiencies, particularly as far as the management of Caroni (1975) Limited is concerned. We have taken a critical review of the Tripartite Agreement together with its associated strategic plan. As I indicated earlier in my contribution, one of my first mandates to the new board was to revisit this plan with a view to finding solutions to restructure Caroni (1975) Limited. Management cannot continue to go to the bank for money as they so desire. There must be some degree of control. Again, in answering question No. 79, I was able to indicate what is this Government's policy on borrowing on the part of the management of Caroni (1975) Limited.

On the international scenario—and as the Member for Diego Martin West rightly said—there have been changes in the international market for sugar. He spoke about the European and US markets and alluded to Lomé. We do not know what is going to happen as far as sugar protocol and the Lomé is concerned or what changes are going to take place. What I do understand, however, having met with the ECP representative Dr. Bolai, recently, is that whether you have a Lomé V or whatever, there will still be sugar protocol.

After my discussions with Dr. Bolai, I understood that there would be a percentage market share under the sugar protocol irrespective of whether Lomé V comes into being or not. I think we can continue as a company producing sugar to look towards that sugar protocol even though our quota may be shifted slightly.

Arising out of the review of the company's operations, a transformation plan has been developed. This plan has adopted the initiatives to which I have already

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alluded and to which this Government remains committed. The major strategic initiatives, as far as this plan is concerned, are:

- (1) Changes in the estate/farmer cane production ratio. The Tripartite Report states that 75 per cent of the cane is produced by the private sector and the rest by the estate. As a Government we would continue along those lines;
- (2) re-assignment of the labour force consistent with the estate/farmer ratio;
- (3) cost reductions consistent with the out-sourcing of identified services that are going out by way of contracts, whether it be for land preparation and so forth;
- (4) increases in the direct delivery of sugarcane to the factory by farmers; improvement in the quality of cane delivered to the factories to the establishment of the new cane payment system. This will be based on the quality of cane supplied;
- (5) improvement in the processing efficiencies through the upgrading of factories. Work has already started and has gone a long way with respect to the Ste. Madeleine Sugar Factory as far as engineering works are concerned.

At the end of the day it is hoped that we would be able to enhance the throughput of the quantum of cane going through that factory, increasing its output to approximately 350 tonnes of cane per hour and moving away from the present rate of 240 tonnes per hour. This improved milling extraction is expected to yield an additional 7,500 tonnes which has an approximate value of \$50 million.

Additionally, the inefficient No. II tandem would be mothballed which would result in a saving estimated at \$2.5 million per annum. Further, the installation of a new crystallizer processing facility at Brechin Castle is likely to enhance the final molasses recovery and improve the factory recovery. As a result, it is expected that approximately 1,200 tonnes of sugar valued up to \$3.5 million, will be produced on the same quantum of cane.

Where variety is concerned, the company has taken a decision to develop an integrated pest management programme for the froghopper. The hon. Member from Diego Martin West read a newspaper article written by an editor named Suzanne Sheppard. I would point out that at no time was any decision taken to completely remove ourselves from the use of chemicals and immediately begin

using a biological control agent. An integrated pest management programme is basically a combination of chemicals and a biological control agent.

Venezuela, Guyana and Mexico, have gone that way. By using the same organism we have developed here, metarrhizium, which is a fungus, requires a certain level of humidity to be effective against the froghopper. The objective of the exercise is to reduce, significantly, the quantity of chemicals being poured into the environment.

**4.00 p.m.**

We continue to pour larger quantities of toxic material by way of insecticides into the environment. If the former government was serious about the froghopper situation, it would not have only concentrated its efforts on the adult stage of the froghopper, and this is where this Integrated Pest Management Programme presently being developed under this Government is heading. We are not only targeting the adult stage of the froghopper; we are also targeting the nymphal stages, as well as the eggs.

Mr. Speaker, it was calculated in developing this programme, a certain percentage loss. I am advised by the management and the board that roughly 4,000 acres of cane would have been lost during the development of this froghopper programme whereby we are moving to reduce the quantum of insecticides, and increase the quantum of biological control agents.

**Mr. Manning:** I wonder if the honourable Minister would be kind enough to give way. I thank the honourable Minister once again. I wonder if he would be kind enough to tell us, as a result of—as he puts it—4,000 acres being affected adversely by the froghopper, how would that affect the quantum of sugar produced in 1998?

**Dr. The Hon. R. Mohammed:** My answer to you would be very simple, Sir. I would like you to await the results of the sugar production for 1998, then we shall see whether the programme that is being developed by the company, which is intended to impact upon the froghopper, had any significant impact on the final quantum of sugar produced in the 1998 crop.

**Dr. Rowley:** Would the Minister give way to a question? I would like him to assist me.

**Dr. The Hon. R. Mohammed:** Please, let me continue. Mr. Speaker, factored into the equation in developing this Integrated Pest Management Programme was a certain percentage loss.

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There are other ancillary developments to this concept of the Integrated Pest Management Programme which, perhaps, lie outside of the issue of the frog hopper. That is the supply of chemicals by the chemical supply companies. We know that the system that was developed by Caroni (1975) Limited for the acquisition of the chemicals went through a tender procedure, and that agents for chemicals applied for those tenders and they were awarded tenders. Now, since there is a realization that there would be a small requirement for chemicals because of the Integrated Pest Management Programme being developed by the company, with a view to using larger quantities of the metharrhizium, there seems to be a very strong lobby coming from the suppliers of chemicals.

The way the management of the company is dealing with this, I am to be advised by the board of the company, but there are all indications that as soon as the decision was taken to develop an integrated pest management system for frog hopper, certain things started happening with respect to the sugar cane that belonged to the estate of Caroni (1975) Limited. If one drives in certain areas, there are two fields of cane separated by a ten-foot wide road. On one side of road the canes belong to the private farmer, and on the other side of the road the canes belong to Caroni (1975) Limited. One observes the browning of the leaves of the canes belonging to Caroni (1975) Limited, and the canes just opposite—10 feet away—are lush green. That tells us something.

If we were to look at the sanitation of the cane fields as far as the removal of the weeds is concerned—and this is why I go back to that Price Waterhouse report of 1992 and 1997—the management. The sanitation levels in the fields of Caroni (1975) Limited were of the standard which was required. Then what is happening, and what is being purported to be the result of frog hopper infestation, may not have been as manifest. If one goes to the private farmers to look at their cane fields and the level of sanitation, one would realize that something is wrong with the sanitation of Caroni (1975) Limited. Why is that so? It goes back to the management.

While the Price Waterhouse report of 1992 says basically the same thing as the Price Waterhouse report of 1997, I think what was necessary then, and what we have identified now, as far as a major deficiency with respect to the liability of the company, is the management of the company. The management of its financial affairs, its field engineering exercises, and the whole management—all of these areas within Caroni (1975) Limited which need a particular level of management. The management system in Caroni (1975) Limited has augured well for moneys to



be expended in such a way that the expected results would not have been forthcoming.

If one were to look at the audited accounts of the company, I am advised that the last audited account of the company was done in 1990. The finances of the company, I am told, were not audited from 1991—1995, and it is when the new board of this company came into being in September, 1996 it took the necessary steps to have the finances of the company audited. I continue to ask the question, Mr. Speaker, when we are told that \$2.1 billion was written off the books of Caroni (1975) Limited to clear the debts, I ask myself, “On what basis did they come up with a value of \$2.1 billion?”

We are hearing from across the floor, subventions again. If one were to take all those parcels of land which were passed from Caroni (1975) Limited to the state, for which Caroni was not paid, we would understand how—

**Dr. Rowley:** That is not true!

**Mr. Speaker:** I should say to the hon. Minister that one may misunderstand your sitting as being finished, so if you are asking for protection, I will protect you. I would say to the Gentlemen, I quite frankly feel there must be a certain amount of give and take, but if it is too much and you really cannot take it, you are entitled to the Speaker's protection and I would appreciate if you ask for it. I would certainly do it. Someone actually wanted to get up to speak. So, gentlemen, I would simply say again, it is quite clear that the Minister wants my protection in terms of what he may regard as harassment in terms of his presentation. I ask you, please, to perhaps restrain yourselves. Please continue.

**4.10 p.m.**

**Dr. The Hon. R. Mohammed:** Thank you, Mr. Speaker. I came into this Parliament some two years ago and I thought that, perhaps, the way we speak to one another in this Parliament would have been different. To hear my colleague sitting on the other side of the floor and shouting at me in a manner that leaves me shattered—

**Mr. Manning:** You came here shattered. *[Laughter]*

**Dr. The Hon. R. Mohammed:** What he was attempting to do is frighten me into submission, but I want to let him know very clearly, that with all of his antics, none can affect me. He came and made his case, rightly so; I gave him the opportunity, we all gave him the opportunity on this side, and we never behaved in that manner.

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I go back to the morning of July 28, when my friend, the hon. Member for Diego Martin West was on *Morning Edition*. A question came from a caller, and if my memory serves me right, the caller was from his constituency. The caller asked what the honourable gentleman did for agriculture during his tenure in office. If my memory serves me correctly again, the response was to this effect, that the PNM government concentrated its efforts on the energy sector and not on the agricultural sector. Mr. Speaker, that is a clear admission by a former Minister of Agriculture, Land and Marine Resources—he answered the question himself—that he did not carry out his responsibility as a Minister, he did not carry out his mandate. He said it himself.

Mr. Speaker, nonetheless, the hon. Member spoke about the Inter-American Development Bank (IADB) loan which was signed by this Government, and he wanted to know what this Government was doing with respect to the loan agreement. I came to this House and responded to question No. 56 and this question was again asked by the hon. Member for Diego Martin West. It was with regard to the agriculture sector loan and the cost reduction and operations of Caroni (1975) Limited. Even at that early stage I pointed out to him, and I want to reiterate what I said at that point in time with respect to the second tranche and the disbursement and what Caroni (1975) Limited is doing with respect to acquiring that second tranche.

I made it clear to the hon. Member that, firstly, the testing of the three core sampling machines during the 1998 crop was completed and operational. Further to this, we have put in place in 1997 that independent authority which has the mandate to ensure that the new pricing system, using the core sampler system, would become active in 1998, again, put in the framework of the Tripartite Agreement. Also, that the essential characteristic of the new system is—in this case—quality drilling.

Mr. Speaker, the independent authority was established this year, 1997, by this Government and my information is that the authority is making significant progress with respect to the mandate it has. So that, concomitant with the new pricing system being developed, significant investments have also been made in equipment, the machinery for testing the quality of the cane. Additionally, capital investments were made to upgrade the refinery, in addition to the factory.

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

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

*Question put and agreed to.*

**Dr. The Hon. R. Mohammed:** Mr. Speaker, I wish to thank the hon. Member for San Fernando East for having my speaking time extended, as well as Members on my side, of course.

Going back to the second tranche of the Inter-American Development Bank (IADB) loan, I would like to refer to the scheduled labour force reduction and the retirement programme, if I may consult my notes here. During 1996—1997, 30 salaried and 160 daily-rated employees have so far accepted the voluntary separation package that was offered. There are 251 applications presently being reviewed for acceptance. Additionally, 171 daily-rated employees and 26 members of staff left the company's employment through attrition during the period 1996—1997. This demonstrates that, in keeping with the Tripartite Agreement as far as attrition and voluntary separation is concerned, this Government is continuing along those lines.

Other aspects of the loan agreement and, in particular, the programme comprising of 200 to 2,000 acres of lands for lease; these lands were identified. However, the company is awaiting the enactment of the revised Agricultural Small Holdings and Tenure Act. Mr. Speaker, in my capacity as Minister responsible for Caroni (1975) Limited, I have taken the necessary measures to complete the drafting of that Bill. It is expected that during the new session of Parliament, this Agricultural Small Holdings and Tenure Bill will come before this Parliament to be debated.

The reduction in production costs 1995—1996 was not achieved due to the delayed implementation of the critical components of the Tripartite Agreement which was signed in 1992. Under this agreement the capital investment programme, the attrition programme and the pension and retirement programme were to be implemented as early as 1993. For whatever reasons, these aspects of the programme were delayed. So that, we started off with delays in the implementation of certain items as agreed to under the Tripartite Agreement.

All governments, irrespective of which political party is in power would encounter problems. This Government has been in office for two years. The Member for Diego Martin West probably expects that having been in office for two years we should have been able to complete all the agenda items of the

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Tripartite Agreement. I want to let him know that his allegations that this Government is using that base for its political presence, and that, we as Government are not prepared to take the necessary actions which would effect the changes in Caroni (1975) Limited are wrong.

**4.20 p.m.**

I want to also let him know, Mr. Speaker, that as far as the management of the company is concerned up to today, if I am not mistaken, the restructuring exercise that is going on as far as optimizing or enhancing the efficiency of the management of the company is concerned, certain actions have been taken by the board of the company and by the management of the company to ensure that the fiscal aspect and the financial management of the company are brought in line so that in the medium term, perhaps, the company will be put on a viable footing.

The other aspects of the company, other different divisions of the Ministry, be it field engineering, the farming operation and so forth, the management has been mandated to tighten up on certain things whereby the management of Caroni (1975) Limited will be focussed for a little while yet. We hope that as we progress with the agenda items under the Tripartite Agreement, Caroni (1975) Limited would, in fact, become a viable entity.

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

**Mr. Patrick Manning** (*San Fernando East*): Mr. Speaker, one informed observer of politics once said that the first responsibility of a leader is to select his ministers well, and if he erred in that process he erred in his first responsibility. You and I know, Mr. Speaker, the significance of a careful selection of ministers and perhaps I may be in a better position to say than you, Mr. Speaker, that it is as critical as that informed observer once said. And as I did it, others may, I am sure, do it differently. I sought whenever engaging in such a process to ensure that no minister is put in a position where there is some conflict between him and the responsibilities that will devolve on his shoulder. For example, it would have been most unusual for me to identify as a Minister of Education somebody who currently was either a teacher or serving in the education system. The negative is that such a person comes to the job with some prejudices, however well-intentioned that person might be; that is human nature. So, to protect against that, one normally would allow some period of time to elapse before one does something of that nature. Prime Ministers need to have information before and that is why they seek to have information as they engage in an exercise of that nature.

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Far be it from me to impute any improper motive to my friend the hon. Minister of Agriculture, Land and Marine Resources and Member for Princes Town, but I have heard it said that the Minister of Agriculture, Land and Marine Resources has problems with the management of Caroni (1975) Limited because he sought, unsuccessfully, on two occasions to be employed by that company. I am in no position to say whether that is right or wrong, or whether there is any substance to it. What I can say is that in this debate I took note of the fact that the Minister of Agriculture, Land and Marine Resources seems to be particularly severe on the management of Caroni (1975) Limited in circumstances where the issues that are before us are not so much issues for the management but more issues for the Parliament [*Desk thumping*].

Mr. Speaker, perhaps the hon. Minister was not around in 1987, 1988, 1989, 1990 or 1991. Perhaps the hon. Minister was not around when some significant debates were taking place in the national community, by the government of the day in the Parliament on the direction of Caroni (1975) Limited. Perhaps the hon. Minister of Agriculture, Land and Marine Resources is unaware of the fact that there was conflict in the government that preceded us and in the event that he did not know, the NAR was in office from 1987 to 1991. It seems to have slipped him as he made his contribution in this honourable House. Mr. Speaker, well do I remember—and I am sure it would not have escaped your attention—that there was a Ramlogan Plan, we remember that, and there was a Dookeran Plan, and there was a this plan; everybody had a plan for Caroni (1975) Limited. Because that government was a coalition government there was a difficulty in resolving these different currents of thought conflicting as they indeed were.

What eventually emerged, if I am to put it in political terms, was that those of the NAR who had come from the ONR were of the view that the day of sugar was dead and that steps should be taken to close down the sugar industry and go into some other form of productive agriculture. Those who came from the ULF were of a different view. Perhaps they were of a different view because of their association with the trade union movement in that industry; I am in no position to say. What I do know, Mr. Speaker, is that at the end of all of those arguments which took place initially, in a Government of which the hon. Member for Couva North, hon. Basdeo Panday, was an integral part, the hon. Member for St. Augustine and now acting Prime Minister was an integral part, the hon. Member for Tobago West, Pamela Nicholson, was an integral part, the hon. Member for Oropouche was an integral part of that Cabinet for all of one day—

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**Mr. Sudama:** Leave me out of that if you do not mind because you will force me to speak.

**Mr. Valley:** We want you to speak.

**Mr. P. Manning:** Mr. Speaker, it has been reported, since the hon. Member for Oropouche wishes to threaten, that he walked around with a resignation letter in his pocket for five years. I wonder if he still has it. Mr. Speaker, all of those hon. ladies and gentlemen—

**Mr. Sudama:** It is your own they want. All of them want your own. Why do you not write it?

**Mr. P. Manning:** Mr. Speaker, I think you have given the advice this afternoon, there must be give and take. I can take as much as the Member can give and when my turn comes I am always ready to give far more than he can take. But let us press on.

We are talking about sugar. We are talking about Caroni (1975) Limited. We were talking about the conflicts in the government of the day and we were saying, Mr. Speaker, that the conflicts arose out of the coalition nature of the government or whatever it was. Certain Members who are critical in the current Government of Trinidad and Tobago were also important in the government of the day—the Members for Couva North, St. Augustine, Oropouche and Tobago West. The way those conflicts were resolved, as they relate to the sugar industry, was a plan which was eventually identified as the Dookeran Plan, he being the Minister of Planning and Development at the time. Essentially, what that plan called for was a scaling-down of the sugar industry. It was Mr. Dookeran, an essential part of the NAR government that preceded us in 1992 who advocated, and it was accepted by this Government, that the sugar industry should have been reduced in size, that we should now target as the Dookeran Plan called for, a production level of 75,000 tons of sugar on an annual basis and that one of the two factories should be closed down. In short, what Mr. Dookeran was saying was that this essentially was an interim step, that we must produce enough sugar only to satisfy domestic demands and to satisfy our contractual obligations under preferential treaty arrangements. That is what he was saying and the implications of that would have been a substantial reduction in the levels of employment in the sugar industry.

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

**5.02 p.m. :** *Sitting resumed.*

**Mr. P. Manning:** Mr. Speaker, when we took the tea adjournment, I had been talking about the background to the sugar industry in the medium past, a background with which, clearly, the hon. Minister of Agriculture, Land and Marine Resources was not familiar, and a background which is relevant to any proper consideration of the issues involved in the sugar industry. The NAR government settled on the Dookeran Plan—Mr. Dookeran being the Minister of Planning and Development at the time and the minister responsible for Caroni (1975) Limited—which called for the reduction of sugar production in the country, to 75,000 tonnes per year and the removal of one of the two factories that now exist. The factory at Brechin Castle would have been removed and the factory at Usine Ste. Madeleine would have been the only one that would have been sustained in the context of the diversification plan which had been put in place.

The 75,000 tonnes, if I am to correct an earlier point, which the government of the day targeted, was meant to satisfy essentially the domestic demand. The government at the time, opted to pursue a course of action that would have taken Trinidad and Tobago out of the international sugar markets at a critical time in this country's history, when foreign exchange was a major consideration in determining the standard of living of the people of Trinidad and Tobago.

Permit me to go back just one step, to the point where I had indicated that the Minister of Agriculture, Land and Marine Resources was particularly severe on the management of Caroni (1975) Limited in circumstances where the issues involved were those of policy and not really directly related to the management itself. The penchant of the Minister of Agriculture, Land and Marine Resources to interfere in Caroni (1975) Limited and other statutory authorities coming under his portfolio is now legendary.

It is bad enough for such a development to take place, the Minister not properly understanding his role *vis-a-vis* a board of directors of a company, even if the Government is a 100 per cent shareholder, it is catastrophic when the Minister involved does not understand the issues of the day. I sat here in amazement—I consulted my two colleagues, both the Members for Diego Martin West and Diego Martin Central—when the hon. Minister of Agriculture, Land and Marine Resources and Member for Princes Town made the point that he recently had lunch, I think it was, with one of the directors of the international agencies. What the hon. gentleman said to him was this: that whether there would be a Lomé V or no Lomé V, there is going to be a sugar protocol.

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The implication is clear. What the hon. Minister was saying is, it does not matter what happens in the negotiations for a new Lomé arrangement, which is an arrangement that includes, among other things, preferential treatment for the African, Caribbean and Pacific countries in relation to access of certain products to the European market: it does not matter whether you have it or you do not have it, there is a sugar protocol.

Perhaps it is an appropriate time to advise hon. Members opposite that in 1991, after a very long and drawn-out discourse in Montevideo, in Uruguay—I think it was December 15, just days before Christmas in 1991—the people assembled in a particular building rose and applauded. Do you know why they applauded? Because they had just come to an agreement in respect of the Uruguay round of trade negotiations and that had set the stage for completing the international agencies whose existence was negotiated after the Second World War, and which gave rise to the International Monetary Fund and the World Bank; and that dissatisfaction had been expressed all over the world that since the International Monetary Fund and the World Bank had such beneficial effects on the financial affairs of governments of the world, that it would have been advantageous to have a similar arrangement in agriculture; agriculture being identified, not only as an area that impinges on the lives of so many people around the world, but as an area of very great contention, an area in which many countries, governments, business organizations and people are of the view that the playing field was not level.

Arising out of the Uruguay round of negotiations in 1995, in a city called Marakesh—the hon. Minister of Foreign Affairs was present; at that time he was here on our side—they set up the World Trade Organization and the hon. Minister of Agriculture, Land and Marine Resources of the Government of Trinidad and Tobago seems to be quite oblivious of such a significant development.

If the hon. Minister had the opportunity, as I have had, and as several of us on this side have had, to sit in Caricom meetings, he will understand that notwithstanding the significance of bananas to the people of St. Lucia and other countries in the Windward Islands: Dominica, St. Vincent, and so forth, it did not prevent the World Trade Organization recently from coming to a decision that would adversely affect those countries in favour of the banana-producing countries of Central America, which, incidentally, have a structure that is different from the structure of banana production in the Windward Islands—a structure of banana production by large companies which essentially are owned by United States' citizens.



**5.10 p.m.**

The Minister of Agriculture, Land and Marine Resources does not seem to understand that there is a banana protocol and that was how it started. That did not prevent the World Trade Organization from saying something else and, therefore, if the Minister of Agriculture, Land and Marine Resources of Trinidad and Tobago is of the view that any sugar protocol is going to save Trinidad and Tobago, notwithstanding the fact that Lomé may not come to an agreement, I advise the Prime Minister of Trinidad and Tobago to make alternative arrangements for overseeing of the agricultural policy in this country. [*Desk thumping*] If I am to recommend, I am sure that the hon. Member for Tabaquite would do a better job than the hon. Member.

Mr. Speaker, in 1997, I cannot imagine that a Minister of Government is prepared to take policy decisions in the sugar industry based on the existence of a sugar protocol where all the signs seem to indicate that it is a question in due course, and not so long, of every tub sitting on its own bottom. If the hon. Member does not understand it, God help us all.

I am sorry I do not have my *Bible* with me because I would commend it to the hon. Minister of Agriculture, Land and Marine Resources—the Book of Proverbs. Mr. Speaker, do you have yours with you? I would have much preferred to use yours but I understand it might be non-existent; I do not know, Sir.

Mr. Speaker, just allow me to deal with the things the hon. Minister has been saying before I get to the meat of this issue since he is talking about froghopper. The Minister said that 4,000 acres of cane have been grossly affected by the froghopper disease. I will tell the honourable House the facts in a few minutes. I asked the Minister if 4,000 acres of cane have been destroyed by the froghopper disease, what is the anticipated adverse effect it will have on the level of sugar production in Trinidad and Tobago? The Minister would have us believe that we ought to wait on the outcome of the sugar crop next year before we come to a conclusion. That is because he suspects, as the Minister suggested to this honourable House, that it may not be what we think it is. Let me tell the honourable House the “skull” that is being planned. They forgot that we were in Government before them.

When the shortfall of sugar takes place, they plan to buy sugar on the world market at a price that is significantly lower than the price at which we sell sugar either domestically, or at the price we get for our sugar in Europe, and then they would satisfy our obligations either domestically or outside of Trinidad and

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Tobago, whichever would give the higher price on the basis of sugar required at costs that are significantly below the cost of production in Trinidad and Tobago. In other words, when the accounting takes place at the end of the year, the company would look a little better than it should, having regard to the development. Fortunately, there are those of us on this side who have passed that way before, and who understand well some of the tricks that those who are so minded engage in, when they wish to hoodwink the people of Trinidad and Tobago.

*Holy Bible brought in for the hon. Member.*

Mr. Speaker, I am grateful to you that I now have a copy of the *Holy Bible*. May I draw the honourable House's attention to the Book of Proverbs, 19:9. It seems to be particularly appropriate in these times when one sits and listens to Ministers of Government and one is not so sure what is truth and what is not, particularly in this debate, it is important that I draw the attention of the Minister of Agriculture, Land and Marine Resources to Proverbs, 19:9 which reads as follows:

"A false witness shall not be unpunished, and he that speaketh lies shall perish".

The King James version.

Mr. Speaker, let me repeat it, and they could scoff at it if they wish. That is for them. I am quoting from the *Holy Bible*. I dare the Member for Couva South to return to his seat.

"A false witness shall not be unpunished, and he that speaketh lies shall perish".

Not might, not may, but "shall perish." The Member is a lawyer, and he should understand that.

We return to the considerations that were taking place in 1991 in respect of the future of the sugar industry in Trinidad and Tobago and we return to the Dookeran Plan. We return to the conflicts which were taking place in the government and the fact that those conflicts were resolved with the Dookeran Plan which, as we had indicated before, recommended 75,000 tonnes of sugar and one sugar factory. It was against that background that the PNM wrote its 1991 manifesto for the general elections. What we had to say is instructive, and with your kind permission I would like to quote from page 17 of the manifesto under *Caroni (1975) Limited*:

"The PNM recognises the critical socio-economic importance of *Caroni Limited* and therefore is committed to preservation of the company and its growth and development as a fully diversified agro-processing company. The

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PNM believes that the future of Caroni Limited must be the subject of agreement between the Government and the relevant trade unions.”

In effect, we were saying that we were not satisfied that the conflicts, the different shades of opinion and the issues were properly resolved in the Dookeran Plan. We did not agree with that plan and, we felt perhaps, on the basis of a different approach such a plan might emerge but that the process by which that plan was arrived at, was a process in which we did not have confidence. Therefore, we articulated in our manifesto a different approach which we hoped would have come to a conclusion that was acceptable to the major stakeholders in the industry itself; consensus, agreement.

“It is clear however, that the diversification efforts which began in 1983 must continue and will be intensified.

The range of products and operations of a fully diversified Caroni Limited will include the following ...

As Caroni Limited continues to produce sugar, the PNM sees an expanded role for the cane farmers as the company concentrates on sugar manufacturing and the diversification process.

Given the expertise and other resources of Caroni Limited, the PNM sees the company to be of strategic importance and therefore it will be in a position to play a major role in the execution of national agricultural policy.”

For those who did not understand the significance of strategic importance, that formed part of our economic policy, and it formed part of a state enterprise policy which says that if we consider an industry to be of strategic importance, then it is an industry in which the state will participate.

**5.20 p.m.**

It is of strategic importance and the state has a role to play. We saw Caroni (1975) Limited in that context.

It was a credit to my colleague from Diego Martin West, that not long after we got into government, following a visit of the Prime Minister to Caroni (1975) Limited, the Member for Diego Martin West who was the Minister of Agriculture, Land and Marine Resources sat down with the members of the company and the relevant trade unions, including the All Trinidad Sugar and General Workers' Trade Union headed by Mr. Basdeo Panday; the stakeholders sat around a table and began to negotiate. An agreement emerged from that negotiation which called

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for a number of things, the essential elements of which were that we should go to a target of 120,000 tonnes of sugar and we should shift the ratio and pattern of production from company to private sector. In other words, there should be a programme of land distribution to enable the cane farmers to expand their production at the expense of the production of Caroni (1975) Limited.

It recognized that overstaffing was the big problem in the industry and, therefore, we had to commit ourselves in a humane way to a reduction in the level of staffing at Caroni (1975) Limited. That is to say, that we first allow it to take place by attrition and, if that was unable to meet the targets we had set, other means would have had to be employed. The agreement was signed by the government, the company and the trade unions. Today, the signature of Basdeo Panday, as President General of the All Trinidad Sugar and General Workers' Trade Union stands as testimony to an endorsement of a process of democracy to which we are all committed. It is here!

The men were Raffique Shah, Basdeo Panday and incidentally, Sam Maraj. We would come back to that name in a few minutes. The other persons were the financial controller, Mr. Nurse; Winston Rudder, Permanent Secretary of the Ministry of Agriculture, Land and Marine Resources; Mr. Wotherspoon, General Manager of Caroni (1975) Limited; Mr. Pantin, an economist at the University of the West Indies; Mr. S. N. Maraj from ATAS; Mr. Foster Bissessar from the All Trinidad Sugar and General Workers' Trade Union; Mr. H. Mohammed from TICFA and Mr. W. Daniel from the Ministry of Finance. We were proceeding with that.

It is scandalous for the hon. Minister of Agriculture, Land and Marine Resources to tell us about some transformation plan *vis-a-vis* the Tripartite Agreement. What is this transformation plan? When I heard it, I wondered if the Government had shifted its policy away from the agreed policy between state company and workers. As the Minister indicated what this plan was all about, I could see it was only rehash of the tripartite agreement, except that it took them two years to come to that conclusion and \$700 million more as subsidy to Caroni (1975) Limited. One of the key decisions in this tripartite arrangement was that we would write off \$2,100 million of the company's debt, in an attempt to give it a chance to return to financial health and play an important and significant part in the agricultural sector of the country.

The point was made by my colleague for Diego Martin West. We retrenched at the Port, Water and Sewerage Authority, Public Transport Service Corporation

and all companies with headquarters in parts of this country where the PNM draws the bulk of its support. We did not do it in Caroni (1975) Limited. That was the company sited in a part of the country from which the PNM does not draw the bulk of its support. The PNM was ultra cautious and determined to pursue this issue in a manner that would take it out of the cut-and-thrust of politics; that it was clear, and manifestly so, and the issue was not one of race, political affiliation or support, class, creed or religion or any of those subjective consideration. It was an economic question.

Earlier this year there was the Sugar and Energy Festival in Central Trinidad, where Caroni (1975) Limited representing sugar, got together with the companies of the Point Lisas Industrial Estate, most of which are energy based. The Minister was present at its closing stage. When this festival was being brought to a close, in a public discourse the hon. Minister made the point that he was concerned about the environment, as we are. He said he was so concerned about it that Caroni (1975) Limited would move from a situation of control by insecticides which has an adverse impact on the environment, to pest control by biological means.

When I heard that announcement I said to myself, that there are those among us who feel that the conduct of public affairs is best done on the basis of sensationalism. More than that, I could not help but come to the conclusion that a little learning was a dangerous thing. Everybody is talking about the environment, the Minister decides to jump on the bandwagon and he said that too, except that he is in a position to do more than that. He is in a position to act in a circumstance where we have already demonstrated this afternoon, that he interferes unduly with the companies under his control, particularly so with Caroni (1975) Limited. We note that statement made against that background.

For the benefit of hon. Members opposite, it is all well and good for people who do not have the responsibility for the conduct of the affairs of any country to talk in this way. Perhaps, the society needs such people. The objective of any government and people is sustainable development. Therefore, there are trade offs which must take place as between the need to preserve the environment and the need to ensure that your people have an acceptable standard of living. Ministers of government must understand that.

A plethora of plants is under construction at Point Lisas. It is not because of anything this Government has done. This Government was the inheritor of a policy that the last PNM government pursued in the energy sector, that has led to the construction of a number of ammonia and methanol plants at Point Lisas. Do you

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know why that is so? One of the reasons is that the environmental lobby in the United States has become so strong, that the authorities of the United States are no longer able to authorize the construction of an ammonia or methanol plant in the United States. We have benefited from it, but we must learn!

**5.30 p.m.**

One of the things we must learn is that we must not make the mistakes made in countries like the United States in respect of methanol and urea. We must seek to take some other middle road, recognizing that our objective is the sustainable development of the people of Trinidad and Tobago.

Those are basic concepts. If people do not understand them, they will err. They should not get carried away by these lobbies. [*Interruption*] He does not qualify to talk. He lasted one day in the last Cabinet, how long will he last in this one?

The Minister of Agriculture, Land and Marine Resources, therefore, made that announcement. It was already clear that Caroni (1975) Limited had been experimenting with a new biological agent. The name of that agent was metarrhizium. The action was that if one releases the fungus metarrhizium into the canefields where there are froghoppers, that biological agent will feed on the froghopper, kill it and, therefore, the extent is controlled.

In the field test that was done in Trinidad and Tobago, the technical management of Caroni (1975) Limited knew and advised the authorities that it could not have been done in one year purely on the basis of a biological agent. The technical people recommended putting a programme in place where metarrhizium is introduced, and continuing control, using insecticides, until they are satisfied that they could draw down on the use of insecticides, the biological agent having demonstrated its ability to control the level of froghopper disease.

Caroni (1975) Limited went one step further—it might have been the Government who did this one—and convened a conference on froghopper, in Trinidad, and brought people from industries all over the world. What emerged was that in Trinidad and Tobago we have more experience in the control of froghoppers than any other country present at that conference. Therefore, far from us learning much from them, they came to learn from us the methods we were using that had been so successful over the last 40 years in the control of the froghoppers.

The consensus was that the technical people agreed with the recommendations of the management of Caroni (1975) Limited. However, we have a Minister of Agriculture, Land and Marine Resources who is Minister, veterinarian, and who

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specializes in dictating. He believes that he knows it all and, therefore, seeks to dictate to the company.

Look at what was done! A gentleman named Dr. Mahfouz Aziz was put in charge of this biological control programme. The first thing is that Dr. Aziz is a veterinarian. The second thing is that he is a member of the board of directors of Caroni (1975) Limited—a public servant—and he is put in charge, by the Minister of Agriculture, Land and Marine Resources, of the biological programme to deal with froghoppers.

In the absence of information from the Minister, we have to be guided by what we have. This is the best we have and more than that, since this has been published over a month ago, there has been no refutation of it by any source that is authoritative. As you know, Mr. Speaker, when the question was asked in Parliament, we received no proper answer. This is what the *TnT Mirror* dated Friday, September 26, 1997, had to say:

“A Caroni (1975) Ltd. Board member has been paid \$150,000 for performing a task for the said Board.

He is Dr. Mahfouz Aziz, a qualified veterinarian.”

They have not sued the *TnT Mirror* yet.

“Aziz’ task involved the preparation of a Livestock Master Plan for the company.

According to an invoice submitted to Caroni Ltd., by Aziz’ Veterinary Hospital Ltd. of 148 Bhim Street, Ramsaran Park, Chaguanas, dated September 9, 1997, the actual cost of the research and preparation of the document is \$175,000.

But Caroni benefitted from a generous \$25,000 discount, while Value Added Tax carried the final figure back up to \$172,500.

The money is reportedly being paid to Aziz in tranches.

He has already reportedly received \$50,000.”

**Mr. Speaker:** The hon. Member’s speaking time has expired.

*Motion made,* That the hon. Member’s speaking time be extended by half an hour. [*Dr. K. Rowley*]

*Question put and agreed to.*

**Mr. P. Manning:** Mr. Speaker, I continue:

“Sources told *TnT Mirror* that one of the reasons why Aziz took nine months to submit his official claim was because of the dissatisfaction it caused among certain Board members when payment was first raised.

‘Certain Board members were disgusted with the request for payment,’ said a source close to the Board.

‘In fact, a smaller Board was formed from among the original members to determine if the money should be paid.’”

Mr. Speaker, those of us who engage in public life must have a proper concept of right and wrong, and if we do not have that concept, we have no right in public life. This is improper, as indeed, it is improper for the Member for Point-a-Pierre to walk into the Solid Waste Management Company and browbeat the General Manager and the board of that company to give him figures in relation to contracts, one of which was a contract involving someone with whom he is in *loco parentis*. Persons who enter public life must have a proper concept of right and wrong. Too many of the hon. Members opposite do not seem to understand that. *[Interruption]* I was very careful to leave the back door open, Sir, to see which rat will run out, of course.

This is improper! Let me tell you what they did at Caroni (1975) Limited. I do not know what is the role of the board in all this. Let me straightaway call for an investigation into what has taken place at Caroni (1975) Limited with respect to the direction of the 1998 sugar crop by the froghopper disease. It should not have happened because we have been dealing with that for so many years.

**5.40 p.m.**

Mr. Speaker, it is a straight case that the public has a right to know. A company that wrote off \$2.1 billion in subventions to bring it into a position where it could breathe, has now run up debts of \$700 million and anticipated \$211 million for the 1998 crop and on top of that, there is froghopper.

Mr. Speaker, the experts tell me that Caroni discovered when metarrhizium was put in the field, there was a gestation period of 3—5 days before it could take effect and during that time, the froghopper got out of control. They did not have a contingency plan because of the instructions they had and there was no insecticide available. When it was realized that the froghopper was getting out of control, they then hastily sought to buy other things, but by that time it was too late.



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The hon. Minister of Agriculture, Land and Marine Resources tells us that 4,000 acres have been destroyed, but that is not true, Mr. Speaker. I compliment TV 6 for renting a BRIKO Air Services aircraft and touring Caroni (1975) Limited and its cultivation which was shown on television.

**Hon. Member:** That is your station.

**Mr. P. Manning:** Yes, it is my station. You could say what you want, as long as they take a position to fend for me, it is ours.

I have been in contact with people of Caroni (1975) Limited and they told me it is 8,000 acres which were completely destroyed by the froghopper disease, which is not insignificant when one takes into account that the total acreage under cane cultivation is 28,000 acres. This means that one-quarter of the crop has been destroyed, but that is not the total story. Some other fields have been affected to various extents where the sucrose content of the cane has been reduced and the tcts ratio as it is called (Tonnes Cane to Tonnes Sugar) which they were striving to bring to 10 would be significantly higher than that in some of the fields that have not been destroyed by froghoppers, which nonetheless, had been adversely affected by it. Those are the facts, and I do not know why the Minister does not want to tell us.

One only has to drive up the Solomon Hochoy Highway and one cannot fail to see it. I live just outside the cane area, and that is how I first knew of it. May I suggest to hon. Members of Parliament who have not seen it to do so. Members would not believe. This has come about because of irresponsibility in the conduct of public affairs.

The *Trinidad Guardian* of Monday, October 27, 1997 says:

"300,000 hit in sugar belt

Froghopper infestation 'worst in living memory'"

It goes on to say:

"President General of the All Trinidad Sugar and General Workers Trade Union (ATSGWTU), Sam Maharaj..."

He signed the Tripartite Agreement on behalf of the union, Mr. Speaker.

"...has said that approximately 140,000 tonnes of Caroni (1975) Limited's sugar canes have been destroyed by the froghopper infestation.

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Describing it as the 'worst in living memory,' Maharaj said that thousands of acres of farmers canes have also been badly damaged, spelling disaster for more than 300,000 people in the sugar belt."

This is Sam Maharaj speaking, who is a ranking member of the All Trinidad Sugar and General Workers' Trade Union. It goes on:

"Furthermore it is estimated that during the next crop, over 13 tonnes of canes would be required to produce a tonne of sugar instead of the normal 11 tonnes."

This is the tcts ratio here. The cane samplers are buying cane based on quality because they are trying to get the tcts ratio down to 10 and putting an incentive to increase the quality of the cane so that less cane is used to make one tonne of sugar. It was 11, we were aiming for 10 and Sam Maharaj says it is heading for 13.

He says:

"This means that for every tonne of sugar produced over two tonnes of canes would be lost.

Speaking with the *Guardian* yesterday, Maharaj said that correspondence has already been sent to the Chairman of Caroni (1975) Ltd, Joe Ramkissoon, for a committee to investigate the individual or individuals responsible for the infestation and for action to be taken."

The PNM supports the action taken by the union on behalf of the workers. [*Desk thumping*] We join the All Trinidad Sugar and General Workers' Trade Union and we make a special appeal to the President General of that union, Mr. Basdeo Panday, to set up an investigation into this sordid affair and let us know exactly what happened and who is culpable in something which should not have arisen in the first place.

It goes on:

"Some of the consequences, he said, which may result during the next crop season due to the infestation include a substantial decline in sugar production in the 1998 crop; the loss of approximately 70,000 man-days to cutter bundlers and thousands more to cane haulage and transport personnel; substantial increase cost of sugar production in 1998; and derailment of the company's plans for achieving viability and extricating itself from the dependency syndrome."

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This is Sam Maharaj who is talking, not me. One would think it is a PNM politician saying this, it is not. This is coming from the Secretary General of the All Trinidad Sugar and General Workers' Trade Union, Mr. Panday's union. It goes on:

"Maharaj said, 'We believe that this situation will not only adversely affect the company but will have similar effects on all those individuals and organisations with whom the company has linkages—farmers, contractors and suppliers'.

Acting General Manager of Caroni (1975) Limited, Herman Pulwarty who toured the areas hit by the froghoppers earlier this week, said the infestation has been far worse than experienced and sugar production would be significantly reduced."

Yet the Minister of Agriculture, Land and Marine Resources, when asked a question this afternoon, said that we should await the outcome of the crop.

**5.50 p.m.**

Where Reeza, he gone?

**Mr. Valley:** He gone looking for froghopper. He froghopped!

**Mr. P. Manning:** I continue:

"He said that the company had stepped up its pest eradication programme...

But speaking with the *Guardian* yesterday, Coordinator of the Pest Control Monitoring Committee, Dr. Mahfouz Aziz..."

Dr. Mahfouz Aziz, the same gentleman—

"...said there has been 'a lot a lot of exaggeration' over that issue."

I do not need to read anymore of this. The company is concerned, the union is concerned, but Mahfouz Aziz who is controlling the programme on behalf of the company, says it is an "exaggeration". He said it is exaggerated but Herman Pulwarty, the General Manager, said it was the worse infestation and Sam Maharaj said, the "worst in living memory". Dr. Mahfouz Aziz has something else to say.

Our call for an investigation is not, as the hon. Members opposite would have you believe, a political call to gain political mileage. If they wish to feel so let them go ahead. They do not have a proper concept of right and wrong, anyway. We have been in Government for a long time and would be again. One of the things we

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do in the Opposition is observe carefully how the Government conducts its business, carefully sift what we believe it is doing right, and try to correct, in our own minds, what we feel it is doing wrong.

"Caroni fails to heed scientists' warning" says the *Express* of Friday October 31, 1997 in an article by Suzanne Sheppard. In other words, they were warned. Caroni was warned by the scientists! Caroni in this case is Dr. Mahfouz Aziz, the hand-picked functionary of the Minister of Agriculture, Land and Marine Resources. The article states:

"Four months ago scientists warned officials of Caroni (1975) Limited that there were insufficient scientific data to support a complete switch to bio-insecticides in the company's pest eradication programme."

The first paragraph tells you that!

"That concern was backed up..."

[*Interruption*] Mr. Speaker, it is too important to allow the asides to detract from our contribution. Put it all on the record. It is significant. In years to come when researchers look through the pages of *Hansard* of the proceedings of this House, they must be able to see clearly that we debated as fully as we could have, this critical issue that is likely to spell the demise of sugar production in Trinidad and Tobago. That is the reality of it.

"...by data gathered during inspection of a field treated with the biological agent *Metarrhizium*. Although the fungus had been applied just a few days before the inspection, there was an infestation rate of over 120 adult froghoppers for each cane stool in the field."

It is so bad that people living in central Trinidad, tell you that the froghopper which is attracted to light, is now invading their homes.

The article continues:

"With this information in hand, entomologists and crop scientists advised that an integrated pest management programme would be the best option for the cash-starved company.

All this came out during a froghopper consultation organized by Caroni, which took place last July 17 and 18, at the Learning Resource Centre, Couva.

A report on the session was sent to the *Express* on Wednesday.

According to that document the approach recommended by the scientists got strong backing from Herman Pulwarty, who is currently Caroni's acting

general manager. In his contribution to the consultation, Pulwarty, then the company's operations manager, declared that while there was a role for *Metarrhizium* in the company's pest control programme, it should not be 100 per cent and 'definitely not in 1997'.

He objected on two grounds: There is a role for metarrhizium but it should not be 100 per cent and not in 1997.

Mr. Speaker, the actions taken in 1997 in seeking to introduce a biological control agent, 100 per cent, to control the froghopper, has now resulted, against the advice of the experts, in the destruction of 8,000 acres, approximately one-quarter of the sugarcane acreage in this country and the adverse effects on a significant acreage which would have the effect in 1998 of reducing the sugar crop.

**Mr. Sudama:** You finished and nobody applauded you?

**The Minister of Trade and Industry and Minister of Consumer Affairs (Hon. Mervyn Assam):** Mr. Speaker, thank you for giving me an opportunity to intervene briefly in this debate on a Motion which I think was very skilfully piloted by the Member for Diego Martin West.

Unfortunately, the Member for San Fernando East spent almost 70 minutes rehashing the information that was given to us by the Member for Diego Martin West. I began to wonder who was the real leader of that party because it reminded me of his master's voice. He spent so much time reading the newspapers that he actually distracted me from my thoughts.

**Mr. Valley:** Do you have any?

**Hon. M. Assam:** I do not wish to be confrontational this afternoon and I am not going to be adversarial either, because I wish to take a different angle and introduce a different dimension to the debate.

I do not wish to go through all the statistics and details of the Ramlogan Plan versus the Dookeran Plan, the 1992 Price Waterhouse report versus the 1997 report, nor the Tripartite Report and all these things.

**Mr. Hart:** You are not prepared.

**Hon. M. Assam:** All these things, to a large extent, are historical documents and what we are dealing with is Caroni (1975) Limited in 1997 and beyond, and the role of the state, vis-à-vis, Caroni (1975) Limited.

I have listened to all these gentlemen opposite and, to a large extent, many of them do not understand management and sociology.

**Mr. Hart:** Only he understands.

**Hon. M. Assam:** They always try to put a political twist to everything without recognizing first principles. They will say I am going back in history, but between 1975 to 1995, except for a short break, it was that party to which the Member for Diego Martin West belonged that was in charge of the fortunes or misfortunes of Caroni (1975) Limited. Therefore, if in 1992 they wrote off the debt and took care of all the various obligations of income tax, health surcharge and NIS, they were responsible for that accumulation and those liabilities and all the bank debts whether local or foreign. So to come today and parade these facts and figures, in my respectful view, would not solve the problem of Caroni (1975) Limited in 1997 and beyond.

**6.00 p.m.**

Mr. Speaker, more than that, one must understand the role of culture in any organization, society or country. If Caroni (1975) Limited had a certain culture in 1992 when those debts were written off and when the liabilities were removed, the fact of removing the debts and the exemption of the liabilities cannot, *ipso facto*, remove the culture from that organization. Cannot! Therefore, the time horizon of five years that was offered in the Tripartite Agreement, seems to me, to have been a very short horizon when one considers—[*Interruption*] So what is wrong with Mr. Panday signing it? It was, in my view, good intent on the part of a trade union leader to recognize that there was a problem and try to come to terms with it in collaboration with the state. It was good intent. You cannot deny that. He acted and negotiated in good faith. You should recognize that. There are few trade union leaders who would have done that; to sign an agreement that will create, through attrition or otherwise, the reduction in the work force of that very company where you say he has his political base.

Mr. Speaker, there was a culture that one had to deal with. Not only the culture of Caroni (1975) Limited, it was the culture of state enterprises, a culture that was, in fact, started and reinforced by that party while it was in government. Because, it is no secret that the way state enterprises operated, from time immemorial when they were started by that government, is that they can do as they like. The directors and management can do as they like. They can borrow as much money and travel as they like; they can do whatever they like because, in the final analysis, as so well put by the Member for Diego Martin West, the Treasury would absorb all the costs, all the overruns, all the deficits. That was a fact. So that you

are dealing with a serious problem of culture; culture in Caroni (1975) Limited and culture in the state enterprise system. That is what one has to come to terms with.

When this Government came into office in 1995, it recognized what had taken place and that there was a Tripartite Agreement in place. This Government is committed to any agreement whether local, regional or international that was negotiated or signed by a previous administration. Totally committed. I want to have that written into the record of this honourable House, that this Government is committed, totally and unequivocally, to the honouring of any obligation or any agreement entered into by any previous administration locally, regionally and internationally. That is the first point I want to make, as a matter of principle.

Mr. Speaker, I want you to know that during the two years we have been in office, we have wrestled with a philosophical position about the role of the state and the state enterprise system. We have recently come up with a position with respect to the role of the state and the role of the state enterprise system. Our position is unambiguous and clear. That position is, that the Government will pursue an economic policy which ensures that the private sector is the engine of growth of this country. Secondly, that Government will not participate in economic activity unless it is absolutely necessary for the economic well-being of this country, and that Government will continue to ease out and wean itself from any state enterprise in which it is now involved.

**Mr. Manning:** That is our policy of 1988.

**Hon. M. Assam:** In 1988 was not the PNM, it was the NAR, 1986—1991. They are always trying to say what they did, what they did not do, what they should and should not have done. Tell me what you have done, do not tell me what you ought to have done.

Mr. Speaker, I am telling you, this is the position of the Government of Trinidad and Tobago at this point in time and we are committed to that economic policy and that philosophy. We see absolutely no distinction in terms of our treatment of WASA, T&TEC, Caroni (1975) Limited or any other state enterprise in terms of certain fundamental positions that we are going to take in terms of rationalization, efficiency, cost reduction, and all the other management principles associated with running a business in a manner in which the Treasury will not be involved, except where it becomes absolutely necessary to support a particular situation in reasonable terms.

The Member for Diego Martin West accepts that. He accepted a level of support that perhaps a certain state enterprise may be given by the Treasury from

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time to time. He has accepted that principle. So to come this afternoon and move a Motion in which he states:

"BE IT RESOLVED that the Government implement the Tripartite 1995—1998 Strategic Plan with necessary modifications as required in order to save the sugar industry, and act immediately to minimize the financial exposure of the national Treasury to the operations of Caroni (1975) Limited;"

is actually speaking to the converted and pushing at an open door. This is precisely the position of this Government. I want to advise this honourable House and, by extension, the national community, that notwithstanding some of the innuendoes that have been issued here this afternoon—particularly when it was suggested that the Minister of Public Utilities was doing a certain kind of benchmarking for WASA, and why this benchmarking is not applied to other areas simply because there is a political base in those areas—are certainly not correct. It is certainly not correct and Caroni (1975) Limited will receive no preferential treatment over other state enterprises.

**Mr. Valley:** Mr. Speaker, I just want to understand the Minister clearly. Is he saying that Caroni (1975) Limited is going to be benchmarked based on international standards also, as advocated in the case of WASA?

**Hon. M. Assam:** Mr. Speaker, we have had people from India come to Trinidad and Tobago—because the sugar-cane industry in India is very efficient and successful—in order to indicate to us ways and means of improving the efficiency, productivity, quality, yields and the cost reduction of the operations of Caroni (1975) Limited. So therefore, we are actively involved in ensuring, not only saving, but enhancing and developing the sugar industry to meet world standards and to compete on the international scene and, therefore, Members opposite have nothing to worry about. This Government is committed to fiscal prudence, the highest management systems, to a nation of quality, to competitiveness because as I read the *World Competitive Report*, one day before long, Trinidad and Tobago will be featuring in the first 10 on that competitive list.

**6.10 p.m.**

#### ADJOURNMENT

**The Attorney General (Hon. Ramesh Lawrence Maharaj):** Mr. Speaker, I beg to move that the House do now adjourn *sine die*.

**Dr. Rowley:** Mr. Speaker, I was on my feet before the Attorney General stood up. Do I have your permission?

**Mr. Speaker:** Yes.



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**Dr. Rowley:** I thought I was going to ask the Minister and he would be in a position to answer, whether in fact, when he said, “no preferential treatment for Caroni,” the relationship between the number of workers per tonne of cane and the international benchmarking arrangement are to apply to Caroni? I want to get a clear answer. I did not hear him on that.

**Hon. M. Assam:** Before the Leader of the House adjourns the House—because he just moved a motion—I would merely say that each industry is different, and each benchmarking would be different and, therefore, I give him the assurance that this Government will apply all the management standards available to it, and all the latest techniques and technology available to it to ensure not only the survival, but the development and prosperity of Caroni (1975) Limited.

**Dr. Rowley:** You said we have brought people from India to tell us about sugar, but are you aware that we brought people from, Severn Trent, London to tell us about water, and they told us about benchmarking? I wonder whether in fact the coming of the professionals from the Indian sugar industry would not also contribute to a similar kind of assessment as Severn Trent had done at WASA, which is to show us what we need to do with respect to international standards in the respective industry.

**Hon. M. Assam:** If the sugar industry has been successful in India and in Mauritius, and we are going to model our sugar industry on these countries, obviously some kind of benchmarking with respect to the success of these countries would be taken on board.

**ADJOURNMENT**

*Question on adjournment put.*

*The House divided:*      Ayes    13                      Noes    9

AYES

Maharaj, Hon. R. L.

Persad-Bissessar, Hon. K.

Lasse, Dr. The Hon. V.

Khan, Dr. F.

Assam, Hon. M.

*Adjournment*

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Nanan, Dr. The Hon. A.  
Partap Hon. H.  
Singh, Hon. G.  
Singh, Hon. D.  
Ramsaran, Hon. M.  
Rafeeq, Dr. The Hon. H.  
Sharma, C.  
Ali, R.  
NOES  
Valley, K.  
Manning, P  
Rowley, K.  
Draper, G.  
Imbert, C  
Hart, E  
James, Mrs. E.  
Joseph, M.  
Hinds, F.

*House adjourned accordingly.*

*Adjourned at 6.16 p.m.*