

THE
PARLIAMENTARY DEBATES

OFFICIAL REPORT

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AND TOBAGO WHICH OPENED ON NOVEMBER 27, 1995

SESSION 1999—2000

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HOUSE OF REPRESENTATIVES

Friday, November 26, 1999

The House met at 1.32 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 Naparima who has asked to be excused from today's sitting. He is out of the country on official business. The leave of absence which he seeks is granted.

PAPERS LAID

- 1 The Trinidad and Tobago Solid Waste Management Company Limited Financial Statements for the year ended December 31, 1998. [*The Attorney General (Hon. Ramesh Lawrence Maharaj)*]
- 2 The Petroleum Company of Trinidad and Tobago Limited Financial Statements for the year ending September 30, 1998. [*Hon. R. L. Maharaj*]
Papers 1 and 2 to be referred to the Public Accounts (Enterprises) Committee.
- 3 The Environmental Management Authority Annual Report 1998. [*The Minister of the Environment (Dr. The Hon. Reeza Mohammed)*].

**TOBAGO HOUSE OF ASSEMBLY
AUDITOR GENERAL'S INVESTIGATION**

The Minister of Finance and Planning and Development (Hon. Brian Kuei Tung): Mr. Speaker, I have been authorized by Cabinet to make the following statement. I wish to apprise this honourable House of the alleged investment of \$12,260,152.15 of funds of the Tobago House of Assembly in ADDA Limited, without the requisite approval of the Assembly.

Mr. Speaker, you would recall that information on this investment appeared in the daily newspapers. On the basis of this public information and as the Minister of Finance and the Minister of Planning and Development became aware of the use of the Tobago House of Assembly's funds to purchase securities of Barclays Capital (Cayman) Limited, with ADDA Limited as the beneficial owner of these securities.

Mr. Speaker, who and what is ADDA Limited? On February 5, 1998, the Tobago House of Assembly and a company called Financial Consortium (FiCon) established an international business corporation by the name of ADDA Limited, incorporated in the Bahamas. ADDA has a shareholding of 5,000 shares; the Tobago House of Assembly holds 51 per cent or 2,550 shares, and Liberty Investments Limited, which is a subsidiary of FiCon, holds 49 per cent or 2,450 shares. The Directors are:

- (i) Alan P. D'Arcy, Senior Managing Director and Chairman, FiCon;
- (ii) Dexter James, appointed by the Tobago House of Assembly.

Mr. Speaker, those are the two directors.

On February 27, 1998, the Chief Secretary of the Tobago House of Assembly, Mr. Hochoy Charles; the Chief Administrator, Mr. Allan Richards and Mr. Allan P. D'Arcy, Director and limited partner, signed a general agreement. This general agreement between the Tobago House of Assembly and FiCon provides for the following:

- (i) FiCon will provide private expertise in creating capital for any worthwhile issue or project, public or private in Tobago.
- (ii) Each project will be structured under an international business corporation, with the Tobago House of Assembly owning 51 per cent of the shares of the international business corporation. The first such international business corporation was ADDA Limited.
- (iii) The Tobago House of Assembly will provide guaranteed cash or credit facilities to the international business corporation on an annual basis.
- (iv) The Tobago House of Assembly will provide funds amounting to one per cent of the transaction as capitalization costs and fees, as well as establish any required bank accounts in any venue or jurisdiction. The minimum capitalization shall be US \$50,000 in any instance, which falls below the normal one per cent requirement.

- (v) For each and every transaction or project which has received the assistance and underwriting of the Tobago House of Assembly through said cash or credit facilities, the Tobago House of Assembly shall be compensated with 10 per cent of the full amount of said underwritten process, with funds distributed at least annually, upon expiration of any such cash or credit facility and guarantee. Capital shall be paid by the international business corporation into any account or nominee account of the Tobago House of Assembly upon instructions to the international business corporation.

Mr. Speaker, the Constitution of the Republic of Trinidad and Tobago is the supreme law of our country and the provisions of the Tobago House of Assembly Act 40:96 are subject to the Constitution. Given that the investment involved public moneys appropriated by Parliament for the use of the Tobago House of Assembly for specific purposes, as Minister of Finance and Minister of Planning and Development, I took steps to investigate the matter. The Minister requested the Auditor General to ascertain whether the alleged investment had been incurred without the authority of the Tobago House of Assembly and in particular:

- (i) Whether the sum of \$12,620,152.15 formed part of the Tobago House of Assembly Fund in 1998;
- (ii) Whether the said sum of \$12.6 million was used in 1998 to acquire securities of Barclays Capital (Cayman) Limited;
- (iii) What were the terms and conditions of the investment and who is the beneficial owner of the security;
- (iv) Whether the prior approval of the Tobago House of Assembly was obtained for the investment;
- (v) Whether the investment was made in accordance with the Tobago House of Assembly Financial Rules or any provision in any other written law.

Mr. Speaker, on the basis of the Report of the Auditor General, I will like to inform this honourable House of the following facts:

The sum of \$12,620,152.15, the equivalent of US \$2 million, formed part of the Tobago House of Assembly Fund Account in 1998.

- (a) On the instructions of the Chief Secretary for Finance of the Tobago House of Assembly, the First Citizens Bank Limited, Scarborough, Tobago blocked funds in the amount of US \$2 million to the benefit of ADDA Limited.

- (b) On May 8, 1998, the Chief Administrator of the Tobago House of Assembly advised First Citizens Bank, Tobago:

“...to forward, instant, the sum of USD\$2,000,000.00 being settlement of the acquisition of a security instrument with Barclays Capital (Cayman) Limited...The beneficial owner of this instrument is ADDA Limited...We request the immediate wire transfer of the sum of USD\$2,000,000.00 in settlement of the above security instrument...”

- (d) On May 14, 1998, the Tobago House of Assembly Fund Account at the First Citizens Bank, Tobago was debited by an amount of TT \$12,620,152.15, and a cable transfer by order of the Tobago House of Assembly to the Chase Manhattan Bank, New York of an amount of US \$2 million was effected. The beneficiary was Brown Brothers Harriman, New York, for LCF Edmund De Rothschild Securities.

1 40 p.m.

The account debited was the Tobago House of Assembly Fund Account.

Mr. Speaker, the issue in this matter is not utilization of unspent balances as provided for in section 48 of the Act which states:

“Notwithstanding section 42 of the Exchequer and Audit Act, monies appropriated by Parliament to the Fund for the service of a financial year which remain unexpended at the end of that financial year shall be retained in the Fund and utilized for the purposes of capital investment.”

What happened here is that the Tobago House of Assembly took US \$2 million out of the Tobago House of Assembly Fund and used it. What is striking at this point is that the FCB, as bankers to the THA, advised the chief administrator that:

“...out of the multiplicity of parties in varying jurisdictions, the frequent changes in instructions that we have received from persons who have no right giving us instructions we urge you to exercise extreme caution in consummating this transaction.”

Despite this advice, Mr. Speaker, the Chief Administrator instructed FCB, Tobago, to proceed with the transaction. A proper due diligence was not done with respect to FiCon nor Liberty Investment Limited nor Alan P. D'Arcy. The THA did not use the capability and resources resident in the Central Bank and other institutions within the Republic of Trinidad and Tobago to secure the best available information on the multiplicity of parties with which it was negotiating to put

taxpayers' money in their care. This unauthorized use of public funds cannot be condoned.

By fax dated May 26, 1998 a company called Experta BIL confirmed to the FCB, Tobago that it:

“...had received a Barclays Capital (Cayman) Limited Rolling Equity Protected Note due 14 May 2003 to the value of US \$2,000,000.00 which will be placed into the Account of ADDA Limited, there to be held in keeping with the terms of a Custodial Agreement entered into between ADDA and Experta BIL.”

Experta BIL also confirmed that it held irrevocable instructions from ADDA Limited to deliver the bond to FCB for the account of the THA on the 379th day after receipt into the account of ADDA or on an agreed earlier call. This bond should have been delivered to the FCB, Tobago for the account of the THA on May 14, 1999. No evidence has been produced to confirm that the bond was, in fact, received or is being held by the First Citizens Bank, Tobago for the account of the THA.

Mr. Speaker, while there is abundant evidence to show that the sum of US \$2 million was transferred to the Chase Manhattan Bank, New York, for the beneficiary, Brown Brothers Harriman, New York, for LCF Edmund De Rothschild Securities, no evidence has been seen of the asset that accrued to the THA or ADDA as a result of the transfer of US \$2 million. Like the US \$2 million, the bond just seems to have disappeared into thin air. Furthermore, the requirements of section 51 of the THA Act No. 40 of 1996 were not complied with in that no approval was sought or given for this investment of funds totalling US \$2 million. Audit officers of the Auditor General's Department were advised that a matter concerning the investment of TT \$12.6 million was discussed by the executive council of the THA at a special meeting held on Wednesday, February 25, 1998. The minutes of that special meeting of the executive council have not been obtained by the Auditor General.

Mr. Speaker, the investment of the \$12.6 million was contrary to and in contravention of the provisions of section 35 (i) of the THA financial rules 1990 which state:

“The Clerk may, with the written approval of the Chairman, place on short-term deposit at such bank as the Assembly so determines monies standing to the credit of the Fund Account, the Contingencies Account, or any of the operations accounts as are not for the time being required for the effective financing of the day to day operations of the Assembly, except that the Clerk may not cause any amount of the said monies to be invested in any other manner unless the Finance and General Purposes Committee approves.”

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There was no legal authority for the investment of \$12,620,152.15 in long-term foreign securities.

What is even more fascinating is that on January 18, 1999 the Chief Administrator of the Tobago House of Assembly gave to Mr. David Armstrong of Quality Systems Services of Leesburg, Georgia, full and exclusive authority for the recovery of funds due to the THA in this matter as well as the power of attorney over the relationship previously held with Alan P. D'Arcy, FiCon, Liberty Investments, ADDA and any of its associates. This matter concerning the US \$2 million is now before the courts in the state of Florida in the United States. The plaintiff, Mr. Speaker, is the THA. The defendants are, Mr. Speaker, and I have to list them all:

ADDA Limited	The THA is the majority shareholder and <i>de jure</i> principal owner.
Liberty Investments Limited	A shareholder in ADDA limited and a subsidiary of FiCon.
Alan P. D'Arcy	A senior managing director of ADDA Limited and chairman of FiCon.
Global International Inc.	A subsidiary of FiCon.
Stephen Payne	A senior management advisor in Liberty Investments Limited.
David Armstrong	The person who introduced Alan P. D'Arcy to Stanley Beard and Dexter James at a meeting held in Tampa, Florida and who was granted power of Attorney, and full and exclusive authority to act on behalf of the THA.

Mr. Speaker, this apparent absence of transparency and accountability in the operations of the THA is not limited to the ADDA investment fiasco. It applies also in the case of overdraft borrowings by the THA. At September 30, 1999 most of the bank accounts of the THA, including the THA Fund Account, reflected overdraft balances totalling in excess of \$35 million. This unauthorized action of the THA resulted in teachers not being paid in September and public servants not being paid their increments. The Parliament of Trinidad and Tobago appropriated

money for this purpose. The THA, contrary to Parliament, misappropriated these funds without authority.

It would also appear that section 51 of Act No. 40 has been contravened in that the approval of the THA for the procurement of overdraft facilities was not obtained. Section 51 states as follows:

“The Secretary may—

- (a) with the approval of the Assembly, borrow by way of overdraft, such sums as the Assembly considers fit for the discharge of its functions; or
- (b) with the approval of the Minister, borrow sums by way of term loans for the purposes of capital investment.”

In the words of the Auditor General, it appears that the THA Fund has been, in effect, and this word is in quotations, Mr. Speaker, “mortgaged” to the First Citizens Bank Limited, Tobago. I will read that again, Mr. Speaker: “that the THA Fund has been, in effect, ‘mortgaged’ to the First Citizens Bank Limited, Tobago.

In light of the foregoing, the Auditor General has recommended the following:

- That the transfer of US \$2 million from the THA Fund, which is now a court matter, be referred with immediate effect to the Attorney General for legal guidance and support;
- that the legal, financial and administrative structure at the THA be strengthened or adjusted to prevent the further transfer of public funds by the THA in circumstances that do not promote transparency and accountability and consistency with the financial regulations and laws of the Republic of Trinidad and Tobago, namely the Constitution of the Republic of Trinidad and Tobago, the Exchequer and Audit Act and its financial regulations and instructions;
- that arrangements be made within the framework of the THA Act No. 40 of 1996 and financial regulations in force to reserve funds necessary for the payment of salaries to public officers;
- that the provisions of Part V of the THA Act No. 40 of 1996 be triggered so that the present state of poor financial management in the THA as evidenced by acute cash flow difficulties and a “touring”—that word, “touring”, being the Auditor General's words, Sir—US \$2 million would be corrected; and finally that
- a comprehensive audit of every aspect of the THA be commissioned.

The Government has a constitutional duty to protect the interest of the public and the Government intends to implement fully all the recommendations of the Auditor General. In any event, Government has a duty to refer this matter to the Public Accounts Committee. I thank you, Mr. Speaker. [*Desk thumping*]

GOVERNMENT'S ENVIRONMENTAL AGENDA

The Minister of the Environment (Dr. The Hon. Reeza Mohammed): Mr. Speaker, having laid on the Table earlier today the 1998 Annual Report of the Environmental Management Agency, the fourth State of the Environment Report in this honourable House for negative resolution, I wish to take this opportunity to apprise Members of this House and the national community of the achievements and priorities of this Government on matters of the environment.

Progress has been made, the benefits of which, however, given their long-term impact, will be realized and better appreciated by future generations. In order to address the piecemeal approach to environmental management which this Government inherited, a policy framework was established. A national environmental policy was formulated and laid in this Parliament in September of 1998. This policy provides a comprehensive framework for environmental management in Trinidad and Tobago recognizing the interdependence of all forms of life, the need to use knowledge, resources and skills effectively and the need for incentives and opportunities for effective co-operation at all levels.

The policy addresses a range of issues which include environmentally sensitive areas and species, protection of coastal and marine areas, sustainable management of forests and wetlands, water resources, mineral resources, energy and all forms of pollution. The policy emphasizes the importance of public awareness as a key factor in policy implementation and involvement of the citizenry in developing attitudes and behavioural patterns which are supportive of the overall national environmental management thrust.

The laying on the Table of this fourth State of the Environment Report bears fitting testimony to the success of Government's efforts in the area of capacity building. Mr. Speaker, the Environmental Management Authority has been vested with the authority and provided with the resources and wherewithal in order that it may effectively carry out its regulatory and implementation functions. In so doing, Government was mindful that capable and well-functioning institutions are one of the most important prerequisites for effectively implementing the national environmental agenda. The institutional capacities of all relevant state agencies involved in the environmental process are also been strengthened with the support of the World Bank.

In this regard, Memoranda of Understanding in keeping with section 32(2) of the Environmental Management Act 1995 have been signed between the Environmental Management Authority and 29 state agencies with environmental responsibilities. To facilitate the effectiveness of this mechanism, environmental officers have been appointed in these agencies to improve collaboration and enhance policy implementation with the EMA. These agencies and Government institutions, Mr. Speaker, are as follows:

- The Ministry of Agriculture, Land and Marine Resources
- The Ministry of Works and Transport
- The Ministry of Finance, Planning and Development
- Trinidad and Tobago Bureau of Standards
- The Ministry of Foreign Affairs
- The Ministry of Labour and Co-operatives
- The Institute of Marine Affairs
- The Ministry of Education
- The Ministry of Public Utilities
- The Port Authority of Trinidad and Tobago
- NIHERST
- CARIRI
- The Ministry of Energy and Energy Industries
- Trinidad and Tobago Solid Waste Management (SWMCOL)
- The Ministry of Trade and Industry
- The Ministry of Housing and Settlements
- The Ministry of Local Government
- The Ministry of Culture and Gender Affairs
- The Ministry of Consumer Affairs
- The Ministry of National Security
- The Water and Sewerage Authority

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- The Ministry of Health
- The Chaguaramas Development Authority
- The Ministry of Social and Community Development
- The National Housing Authority
- The Airports Authority of Trinidad and Tobago
- The University of the West Indies; and
- The Ministry of the Attorney General.

In order to provide leadership, policy direction and promote greater co-ordination to Government's environmental management thrust, Mr. Speaker, a Ministry of the Environment was established concomitantly with the instrument of appointment of a Ministry of the Environment effective October 22, 1999.

The legal framework, Mr. Speaker. Without a clear legislative framework and requisite institutions for implementation, well-conceived policies and other actions to address priority environmental problems cannot be translated into practice. Government is fully cognizant of this truism and has significantly advanced efforts to put in place an enabling legislative framework as well as implementing agencies for promoting sound environmental management.

1.55 p.m.

Major accomplishments in this regard include: legislation designating environmentally sensitive areas and environmentally sensitive species, which legislation is being drafted. The designation of environmentally sensitive areas is intended to preserve the biological diversity but the aim of sustaining the direct material benefits derived from them and regulating the use of the natural resources is contained within these areas.

The primary objective of the environmentally sensitive species legislation is twofold. It would ensure the sustainability of species that are indigenous to Trinidad and Tobago which have beneficial uses, as well as to regulate those species which may be threatened with extinction in order to maintain species abundance and diversity.

The rules governing procedures for the formal designation of species and areas, Mr. Speaker, have also been developed. These rules were put out for public comment in keeping with the requirements of section 27(1) of the Environmental Management Act, 1995.

The order and rules for certificates of environmental clearance have also been drafted. The certificates of environmental clearance process is intended to provide a systematic procedure for evaluating development projects with a view to identifying any possible negative environmental impacts and ensuring that mitigatory measures are incorporated and designed at implementation stage. The process involved the designation of a list of activities which require a certificate of environmental clearance.

The order designates the activities, which cover a wide range of human activity in different sectors of the economy, both private and public, inclusive of industry, construction, power generation, agriculture, mining and manufacturing. This list includes activities which experience has shown, tend to have adverse environmental impact. The rules outline the procedure in granting a certificate of environmental clearance. These rules, Mr. Speaker, were also the focus of public comment.

The review of the 100 odd pieces of environmental legislation was part of the process for the development of an environmental code. When completed by March 2000, the code will provide an integrated legal framework for environmental management and will address the present problem of overlapping and cross-jurisdictional legislation.

Another area, Mr. Speaker, which has been receiving the attention of Government, is that of the development of environmental standards. We are all aware that in the absence of standards, there can be no effective monitoring and enforcement. With respect to pollution control, the Environmental Management Authority, in collaboration with the Trinidad and Tobago Bureau of Standards, has developed national standards for liquid water effluent. These standards set upper limits on the quantity of pollutant that can be discharged in liquid effluents within the environment. Standards for noise and air pollution are in an advanced stage of drafting and are scheduled to be implemented by March 2000.

Mindful of the importance of environmental monitoring in the evolution and enforcement of environmental standards, Government has embarked upon several initiatives to improve access to up-to-date, accurate and reliable environmental data. The capacities of relevant agencies with responsibility for collecting and analysing environmental baseline data have been appropriately strengthened.

In this regard, I wish to draw attention to the role of the Institute of Marine Affairs in the continued assessment of the state of the marine environment. As a result of their research work, it is possible to identify any changes in

environmental conditions that are likely to have adverse impacts on coastal areas and associated natural resources.

The Institute of Marine Affairs, over the last few years, has conducted monitoring activities for coastal erosion, beach profiling and littoral process data at 81 beach stations in Trinidad and Tobago.

The dissemination of environmental information to the public was strengthened with the development of a computerized National Environmental Information System (NEIS) by the Environmental Management Authority and the launch, in 1999, of its home page and web site on the internet. The NEIS will assist in creating an environmental database for Trinidad and Tobago. This database is continually being updated and will track the environmental evolution of this country to be assessed by present and future generations.

Mr. Speaker, increasing public awareness on environmental issues is a necessary prerequisite for the success of efforts at promoting sound environmental management. Without fundamental changes in human values and attitudes, environmental policies would be largely ineffective.

Government, therefore, has always accorded the highest priority to public education and awareness in its environmental management thrust. In this regard, the Environmental Management Authority has been implementing a public education and awareness programme via the print and electronic media, in order to improve the environmental consciousness of the population.

Additionally, Mr. Speaker, both the Environmental Management Authority and the Institute of Marine Affairs have been working in close collaboration with the Ministry of Education to heighten the environmental consciousness of the school population. Initiatives in this regard include: lectures, essay competitions, public speaking competitions and distribution of posters and brochures. As part of this thrust, the Ministry of Education recently engaged a consultant to assist in the mainstreaming of environmental education in the school curriculum at all levels.

Government has also provided support to various community outreach programmes such as the environmental training component of the Youth Training and Employment Partnership Programme and Civilian Conservation Corps Programme.

I turn now to research, Mr. Speaker. In recognition of the importance of a strong research capability in ensuring informed decision making and for facilitating a better understanding of the environment, Government continues to provide substantial support for research institutions which lend support to Government's environmental

management thrust, such as the Caribbean Industrial Research Institute and the Institute of Marine Affairs. In this regard, Government has provided significant financial support to enhance the research capabilities of these institutions.

In the case of the Institute of Marine Affairs, its research work has benefited not only this country, but the wider Caricom region. Some of the key projects undertaken by the IMA include:

Environmental monitoring of the Gulf of Paria with a view to determining the extent of pollution of the marine resources, the effects of pollution on marine population dynamics, as well as, the long-term status of the Gulf of Paria as a viable source of seafood for the nation. This will provide the basis for the development of a policy and legal framework for the proper management of the Gulf of Paria and the western coastal region;

A coastal conservation project which involves long-term monitoring of the status of habitats in the coastal areas, such as wetlands, seagrass beds, coral reefs and monitoring of coastal dynamics;

A fish age and growth project, which will provide information on age profile of key fish populations. Such information is important for assessing the sustainability of our marine fish stocks;

Formulation of a management plan for the Nariva Swamp. The plan includes an integrated strategy for the management of natural and physical resources of the Nariva Swamp.

Enforcement: Mr. Speaker, the lack of respect for our environmental laws has undermined, somewhat, the effectiveness of Government's environmental policy. Government has therefore continued to place emphasis on strengthening the enforcement function. In this regard, attention was drawn earlier to Government's efforts at capacity building and institutional development in state agencies with environmental management functions.

To demonstrate this Government's seriousness about ensuring the strict adherence to our environmental laws, a dedicated enforcement unit, resourced by Special Reserve Policemen, was established in 1999 by the Environmental Management Authority. The unit has been aggressively prosecuting offenders under the Litter Act and the Visible Vapours Regulations of the Motor Vehicles and Road Traffic statute under which the police have specific powers.

Government has also taken action to address a number of critical environmental problems at specific locations. Among these include:

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The relocation of residents at the lead contaminated site at Demerara Road, Wallerfield, and the initiation of clean-up activities;

The closure of the S and J Rendering Plant at Arima;

The installation of air emission control systems in the form of wet scrubbers at Jusamco mixing plant at Claxton Bay;

The installation of a waste water treatment facility to deal with waste from the piggery operated by Tabaquite Farms Limited;

The steam injection systems of Petrotrin's secondary recovery operation at Parrylands was shut down to abate the toxic air emission problem experienced by the students of the Parrylands Government School.

An integral element of Government's strategy to promote sound environmental management of the country's resources is the upgrading and development of infrastructural facilities.

Dr. Rowley: Today is Private Members' Day!

Dr. The Hon. R. Mohammed: In this regard, particular emphasis has been placed on facilities for the collection and safe disposal of waste.

Government has entered into negotiations with the Inter-American Development Bank for the development of a solid waste management programme. Discussions are still at the conceptual stages, however, it is anticipated that this programme will address, not only infrastructural requirements but also the legal, institutional and technical issues related to the development of a comprehensive waste management framework. [*Crosstalk*]

Government will also soon be commissioning the Caroni Swamp Complex which is being constructed with financial assistance from the Inter-American Development Bank. The project which is about 98 per cent complete entails:—

Dr. Rowley: Why you "ain't" sit?

Dr. The Hon. R. Mohammed:—a visitors' centre; picnic huts and boardwalk; a bird viewing platform and a bird viewing tower.

Dr. Rowley: Today is Private Members' Day!

Dr. The Hon. R. Mohammed: Government recognizes the importance of consensus to the success of policy formulation and implementation and has made it one of the pillars of its environmental awareness strategy.

In this regard, the Environmental Management Authority has visited all eight counties in Trinidad as well as Tobago and met with local government councillors, members of village councils, non-governmental organizations—

Dr. Rowley: Not interested! Take your seat!

Mr. Speaker: No excuse me, one minute please. Member for Diego Martin West, it is not proper for you to behave like that.

Dr. Rowley: I am really not interested.

Mr. Speaker: Whether or not you are interested in what the Minister is saying, he is making a statement.

Dr. Rowley: You all want to abuse the Parliament. Abuse it.

Mr. Speaker: I appeal to the Member for Diego Martin West, regardless of how he feels about the statement that is being made by the Minister on Private Members' Day, that is not the way to behave.

Would the Minister continue, please?

Dr. The Hon. R. Mohammed: Thank you Mr. Speaker. [*Desk thumping*]

I was saying that in this regard the Environmental Management Authority has visited all eight counties in Trinidad, as well as Tobago, and met with local government councillors, members of village councils, non-governmental organizations, community-based organizations and members of the Tobago House of Assembly to ascertain the nature of environmental problems being experienced and to solicit their input in providing solutions to these problems.

An essential element of Government's strategy to promote sound environmental management is the fostering of greater international co-operation. Such a strategy is informed by the need for collaboration in devising technical solutions to environmental issues, the trans-boundary nature of many of the environmental problems and existing financial constraints.

In this context, Government will continue to work closely with the international community in the implementation of agenda 21, the action plan for the sustainable development of small island developing states and related international conventions. Towards this end, there would be a strengthening of capabilities to enhance effectiveness in programme implementation.

The way forward—in fiscal year, 1999/2000, Government will add further impetus to the momentum in train. There will be a consolidation of efforts on all fronts: policy, legislative, regulatory and institutional frameworks. I will now highlight the major focus in this regard.

Legislative framework: The Environmental Commission will be fully operationalized. This will allow for the Environmental Management Authority to effectively discharge the mandate entrusted to it under the Environmental Management Act, No. 3 of 1995. Subsidiary legislation will be brought to Parliament to give effect to the requirements of the national environmental policy related to the certificate of environmental clearance process. Sensitive species and sensitive areas, rules for water, air, noise, solid and hazardous waste, national parks and other protected areas, as well as wildlife. These pieces of legislation will be consolidated into the Environmental Code.

2.10 p.m.

A National Sustainable Development Council will be established to further Government's efforts to better facilitate the involvement of all key stakeholders in the protection and conservation of the environment. Specific memoranda of understanding will be executed between the Environmental Management Authority (EMA) and the 29 agencies referred to earlier, detailing specific areas of responsibilities in keeping with the legislative and policy frameworks.

The investigation, monitoring and enforcement capabilities of the EMA will be strengthened. Additionally, the Ministry of the Environment will be appropriately strengthened. With the operationalization of the Environmental Commission, the enforcement of environmental laws will be aggressively pursued. A particular area of focus will be the removal of the illegal motor vehicle scrapyards located along the nation's highways in the first instance. *[Desk thumping]* The development of the recycling industry will be promoted. In this regard, innovative programmes will be established to promote recycling at schools and at the workplace. Emphasis will also be placed on greening public offices.

Institutionalization and implementation of a system for the collection and safe disposal of waste, such as discarded stoves, refrigerators, washing machines, mattresses, and so forth, which normally end up in the nation's watercourses will be pursued. There will be completion of the remediation of the lead-contaminated site at Demerara Road, Wallerfield. Given the efforts which have been pursued by this Government over the last four years, Trinidad and Tobago now stands fully poised to honour its commitment to the global community under the various environmental international agreements.

Management of the environment is a significant and tremendous challenge, however, I am confident that if we all accept our responsibilities as citizens of Trinidad and Tobago in keeping with the legislative framework and the National

Environment Policy Agenda, Trinidad and Tobago will certainly be transformed into a total quality nation. Further, it is the intention of the Minister of the Environment to declare the year 2000 the year of the environment. [*Desk thumping*]. This is in keeping with the watchwords of the Ministry of the Environment's "Globalization, Environment and Millennium" (GEM).

Mr. Speaker, the year of the environment 2000 project will be a national clean up campaign of all disused and discarded consumer durables such as stoves, fridges, beds, mattresses, washing machines, and so forth, the majority of which are routinely discarded in the nation's watercourses, contributing to the problem of flooding. This project will include the participation of Friends of the Environment, other NGOs, CBOs, Chambers of Commerce, the Ministry of Works and Transport, the Local Government Bodies and the EMA, and is to be sustained throughout the year 2000 and beyond. Project 2000 is expected to commence during the first quarter of the calendar year 2000.

Mr. Speaker, with these few words, I thank you. [*Desk thumping*]

**DESALINATION PLANT
(AWARD OF CONTRACT)**

Mr. Eric Williams (*Port of Spain South*): Mr. Speaker, thank you for recognizing me. Today, I have the—I was going to say the honour, but really, to have to bring a Motion of this nature, while I have the honour to present it to this honourable House, gives me no pleasure to have to raise this type of issue before us. Mr. Speaker, this is because, there have been significant outcries in the press and there have been significant outcries, certainly in this House. We have been in serious contention about the leadership and the direction that this Government is taking us, in particular, this instance, with regard to the supply of water for our citizenry and for our industrial parks.

Mr. Speaker, the Motion before us says:

WHEREAS serious concerns have been expressed by some members of the public as regards transparency and equity in the award of the contract for the construction of a Desalination Plant;

AND WHEREAS serious concerns exist that such a plant is not necessary and will have adverse effects on the environment;

BE IT RESOLVED that this House condemn the manner in which the contract has been awarded for the Desalination Plant and also call upon the Government to cancel this controversial contract. [*Desk thumping*]

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In our presentations from this side, we will establish, beyond the shadow of a doubt, these points and we will introduce, as well, additional information that supports these issues. In fact, as has already been played out in the press—and we will review it again—there seems to be a tissue, a web of connections all around this project. Indeed, Members on this side have gone on the record as saying that this project is worse than InnCogen, and indeed, I would like to dub this particular scheme “Watergen”! [*Desk thumping*]

It is not Watergate. It is worse than Watergate. It is Watergen! Because, we are now saddled with a 20-year—it may be extended to 25—take or pay contract with a company to supply water of a particular quality, when we are already providing water of the same quality at a cheaper price. I wonder if this Government would not have spent its time and efforts a little better by providing, rather than a desalination plant, a detoxification plant, if we are to go by recent press reports of the activities of some of its Members. [*Desk thumping*]

Mr. Speaker, the issue around the transparency has grave results and effects on our nation. What we are beginning to see is that the nation is losing its position of prestige and pride in our region as a leader in the Caricom area. We are seeing international financial agencies beginning to look askance at our nation because of the way we are doing business. This really ought not to be allowed to continue, and this “Watergen” project is the latest in a scheme.

In fact, I listened to the hon. Minister of Finance and Minister of Planning and Development in this House a short while ago, and I wonder if it is now that we can find a place to put the Tobago House of Assembly scam. Should we not also do the same with this one, in addition to the NFM project, the airport project, and indeed, the other one, the InnCogen project? It is time that all these matters be referred to the Attorney General for his comments and then be put before the Public Accounts Committee (PAC). We did it with the Maritime Project, and all these projects need to come before us. [*Desk thumping*]

Indeed, with the formation of this desalination company which appears to be a privately held company, the Public Accounts Committee of this Parliament will not be able to review the books of DesalCott, near as we can tell. In fact, Mr. Speaker, I am advised that in the contract, not even WASA might be able to review the books of DesalCott as long as they provide the water.

Mr. Speaker, we are getting into dangerous territory. The Government is talking about water for all by the year 2000. I am not quite sure that they will make 2000 the year of water for all, certainly not the beginning of it, but we want to review several aspects of this project.

To begin with, we have a situation where the water rates at Point Lisas were increased to \$7.50 per cubic metres. It is my understanding that this was to create a special water district so that the industries could pay for the water they are receiving of the order of 12 million gallons a day. At one point in time, the Government started talking about a projection to 24 million gallons a day, and we started to point out that a number of the plants at Point Lisas were either scaling back their operations, there were a number of cancellations or, at least delays in projects, and that we would not need that amount of water now. The Government argues that this water is potable water and it goes to the estate. It could well be redirected to the populace. They have also gone on record as saying that, indeed, there is an overall shortage of water in the system.

What we want to do is look at some aspects of the financial, the business part of this operation. In the *Sunday Express* of September 26, 1999, there are two articles on page 5 under the rubric of:

“Chalk And Cheese

US firm complains to acting PM of \$900m excess on desalination plant”

Mr. Speaker, let us examine some of the key indicators in this. We have a situation here where one firm—the firm that was apparently awarded the contract—Karamath/Ionics, is being called to book by US Filter and they are asking the questions, on what basis? What is the difference? Well, we have here in the paper, the comparative buy back prices of the project. The project is built for US \$120 million but it has a particular value which would have appreciated because of the commercial value of the project.

When one compares, if the Government were to buy that plant back—we would go just now to why we would want to buy something that should be ours in the first place—in the first five years, the Karamath/Ionics plant would be US \$183 million vs. the US Filter one of US \$118 million. In 6 to 10 years, the Karamath/Ionics plant would be US \$162 million vs. the other one of US \$86 million. Mr. Speaker, that trend continues until 20—25 years, when the Karamath/Ionics plant would be US \$10 million vs. the other one of US \$4 million.

One sees already that there are two different companies providing something that could provide essentially the same product and there are two different values, yet the one with the higher price to us receives the bill. Let us go a little further on some of the other comparative data. Concerning the actual price of the plant, the US Filter plant would have been \$80 million, whereas the Karamath/Ionics plant is programmed now to be \$120 million. We do not know if it will actually stay at

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that, because we have noticed that any project which this Government seems to sanction or put its hand on seems to escalate by at least one third, if we go by the airport and others.

Concerning the price of the water per cubic metre, the US Filter plant would have been 52.8 cents whereas the Karamath/Ionics project is estimated now at US 70.8 cents per cubic metre. They both have the same technology.

2.25p.m.

The water quality, at the time that the tenders were put out and the bids received, was to provide water at World Health Organization's standards of 500 parts per million of solids.

It turns out that after there was an apparent decision to go with the Karamath/Ionics plant, the companies at Point Lisas said: "Well listen, we are already receiving water from WASA of about 125 parts per million, if we are going to get desalinated water, we would like to get water of a better purity." The requirement was adjusted to around 85, or so, parts per million. But guess what, Mr. Speaker? In these closed-door negotiations, the other bidders were not allowed to adjust their specifications. One of the things they are asking is: "Why"? Obviously, it begs the question: Why is that? Why is it that after the bids were closed, bids were received and opened, the Government then decides: "Okay, this guy looks like he is the best one for us, but let us try to see what we could get. Things could be a little better." In fact, Mr. Speaker, what additional sweeteners could be put into the pot? One has to ask all of what sweeteners were actually put into the pot; unfortunate choice of words, I might add, on the part of WASA's officials.

At the end of the day, there was a change in one of the key technical specifications. There appears to have been no equity in the changing of those specifications. Indeed, when one considers that this mysterious change which occurred after the bids were closed—an apparent decision was taken—it seems very curious, when one considers that the Chairman of WASA is the Chief Executive Officer of one of the plants in Point Lisas.

Coming into the process, I wonder if the Chairman of WASA was not aware of what the likely specification for the water ought to have been and that should have been reflected in the initial invitation to tender on the project. It seems passing strange and it begs the question.

Indeed, when one also looks at the economics of it: the revenue to be generated from this project, serious questions also begin to come to mind. For

instance, let us take—what would have happened if we went with the US Filter Project. The US Filter Project would work out—if we change from cubic metres to gallons, because many of us grew up in the old system and have trouble making the conversion. I do not want the populace to be overly confused by the switches in terms, and out of an abundance of caution I would like to give a conversion factor. Mr. Speaker, when we speak gallons, we speak imperial gallons. The conversion is 1 litre is one thousandth of a cubic metre. For the conversion from litres to imperial gallons, one has to multiply the litres by 0.220 to make the conversion. Let us make the terminology so that we would know what we are talking about.

The US Filter project would have worked out to be TT \$0.0151 per gallon. This means that, on a daily basis, the gross revenue that company would have been receiving—that is to say what WASA would be paying—would be approximately \$181,090 which, indeed, works out to a little over \$66 million per year. Therefore, in 20 years, it would work out to about \$1.32 billion. In this, WASA would be receiving the difference between the \$7.50 and the price of TT \$3.32. WASA would have received a profit, on an annual basis, of \$83.26 in revenue. Over 20 years that would work out to be \$1.665 billion.

Let us look at what would happen with the Karamath/Ionics plant. At the end of the day, the revenue generation would be about TT \$242,000 per day; which works out to approximately \$88 million in 20 years or a revenue stream of \$1.767 billion. That is to say, a difference of the order of \$445.6 million over a 20-year period, that WASA would be paying for water in excess of what it could have been. When one looks at the actual difference in the profit margin that WASA would receive, one comes up with \$524.64 million. In other words, over 20 years, WASA or this country will have given away, in terms of revenue, in the order of \$970.24 million.

While that is an absurdity, or appears to be an absurdity—what about the fact that, really, we ought not to be paying for this water from some desalination company in the first place. Because currently, WASA receives \$7.50 per gallon of water at Point Lisas. That amounts, on an annual basis, to \$149 million per year. The point here is that we are already producing water that is cheaper to produce than desalinated water. All of the revenue, currently, would come to WASA; none would go to some other party.

In addition to which, there are other potential sources of water—some of which could be upgraded or other things could be done—to turn that money around to work for us as a nation. We want to look more closely at what some of

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those might be. But I must say this, Mr. Speaker, there has been a comparison to a plant in Barbados. It is reported again in the *Sunday Express* of September 12, 1999 that the Barbados plant which produces less water: 30,000 cubic metres as opposed to 55,000 cubic metres in Trinidad, the cost of \$9 million versus the Trinidad plant which is \$120 million. The idea has been floated that the input, to the Barbados plant, is from brackish water which has a salinity of the order of 5,000 parts per million of solids dissolved in the water. Whereas, in the Trinidad case, the water from the oceans is of the order of 33,000 parts per million. Mr. Speaker, we would look at that more closely as we go along. The bottom line is this: even if one looks at factoring the difference in the quality of the water that is being input versus the quality of the water that is being output, from \$9 million to \$120 million, it begs a serious question; are we indeed—if we are going into this—getting value for money?

Then, of course, the Government will say that it is not spending a red cent, but we will look at that also and see if that actually is so.

2.35 p.m.

The bottom line to all of this, Mr. Speaker, is that apparently the Government seeks to want to build a desalination plant in a situation where the economics do not appear to justify such a move. Indeed, of the bids that it received, the Government seems to have chosen an approach which, over time, is not the optimal one. Even if we were to say that the approach was sound—and we do not say that it is sound—the Government is indeed throwing away revenues which it ought to have been earning by this process, but at the end of the day, however, we disagree that a desalination plant is needed here in the first place.

Mr. Speaker, the folks at the US Filter Company made a comment, which I think is very telling, when they reviewed all of this. I want to quote again, from the article under the rubric “Sweeteners’ gave Ionics the edge, says WASA official”. It is in the *Sunday Express* of September 26, 1999 on page 5. I want to quote from the last paragraph. This is a gentleman by the name of Mr. Barendsen speaking. He says:

“I do not believe that agencies like the World Bank and Exim Bank, which fund many such projects in developing countries, will be happy with the way the bidding process went in this instance. It’s almost as if the project was intended for Karamath/Ionics from the start, and the rest of us were only wasting time bidding for it.”

Mr. Speaker, we have heard this said on a number of occasions in a number of other projects, and one wonders if the Government is actually hearing these comments.

Mr. Hinds: No!

Mr. E. Williams: But I suspect they are. I want to differ with you, my good friend. Because the Prime Minister is currently in the Dominican Republic, along with the Minister of Foreign Affairs. In today's *Newsday*, November 26, 1999, on page 5 under the headline "Panday speaks for the ACP: Europe! Don't abandon us". Mr. Speaker, he has gone to the conference in Santo Domingo and I want to quote from the *Newsday*:

"Panday declared that in the Caribbean 'we are all poor, whatever our varying degrees of development'.

'We are, many of us, almost at all in the bottom half of the world's poverty tables and the gap between us and the world's rich is enlarging,' he said.

He went on: 'We are exhorted to embrace the credo of liberalisation without reservation and to worship blindly at the shrine of globalisation...'"

And so forth. Pleading a case at this conference for more aid.

You see, Mr. Speaker, this is in the newspapers in Trinidad and Tobago, and obviously, with respect to these quotations there must have been a press release. The international lending agencies do not, all of them, read the Trinidad and Tobago newspapers. They go to the international press. While I was perusing the CNN News a couple days ago, I saw an article which caught my eye. The article is datelined November 24, 1999 and the headline is "Developing nations' summit to tackle corruption problems". This is the same conference in Santo Domingo that our Prime Minister has gone to. So this is why I want to disagree with you my friend, because they are beginning to hear what is happening.

Indeed, I cast my mind back to the Prime Minister's statement near the end of the budget debate when he said that the PSIP was not performing and certain changes had to be made. All of a sudden, the person who was in charge of planning suddenly had a new portfolio. One wonders if the World Bank and the Exim Bank are indeed taking note of the activities of how this Government pursues its business in the international arena. Obviously, they are starting to hear the message, because it was important enough for our Prime Minister to head up there on this particular jaunt to go to this conference. Do not mind what was planted in our local newspapers. This is what the international lending agencies are looking at. That is what they are looking at.

Mr. Speaker, water for all. Several questions need to be asked. Since WASA is now receiving \$7.50 per cubic metre from Point Lisas users, is there not a loss to

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WASA? Because now we are going to be tying up some of that paying somebody else. You know something, we have something called the South Water Project, and that project is valued at \$643 million, on a loan, by the way, Mr. Speaker. It seems to me, I heard somewhere that that loan was guaranteed by the increase in tariff rate at Point Lisas to \$7.50. I think this was a Cabinet decision. I have not heard that Cabinet changed its mind. So I wonder now, since we are putting money aside, out of this project into the desalination plant: what is the guarantee for this loan for the South Water Project? Is this now a direct Government guarantee, in other words, a call on the Treasury of Trinidad and Tobago? One has to ask the question, because this is what was put in place. In addition to which, when we remove this revenue stream from WASA: who is going to pay for the production of the same amount of water into the system? Mr. Speaker, we will look at that again a little more closely as we move along.

You see, I want this honourable House to know that God is good, God is great, all the time. The Minister once wanted to know why we took so long to talk about it. He does not know the parable about wheat and the tares. A farmer was planting some wheat and somebody who did not like him came and threw some weeds between the wheat and, as it started to grow the workers wanted to know if they should pluck it and the farmer said, "No. Let it grow and when we see the fruit, then we will know which is the real one and which is not—the weeds". So we have waited and the fruits are beginning to manifest themselves. Indeed, as we continue to peruse this document, which is a contract to build that desalination plant, we continue to be even more and more alarmed at this apparent sale of our national patrimony to friends, family and other foreigners.

He went on to talk about "Not one red cent" in the *Newsday* of Sunday, September 19, 1999 at page 39. A full page advertisement. It says that:

"As far as the cost is concerned the Government and people of Trinidad and Tobago will not be spending one red cent to build the Desalination Plant. Desalcott will finance, build, own and operate the facility.

WHAT DOES ALL THIS MEAN FOR THE PEOPLE OF TRINIDAD AND TOBAGO?

WATER FOR ALL before the end of 2000 without paying one red cent."

It was put in their "Mission 2000 Water For All". That is what was put in there.

Mr. Speaker, first of all, the Minister says that we need a desalination plant in Trinidad and Tobago. Why not? Because there is one in Barbados, Aruba, Curacao—all around us. Not only in the desert; in Saudi Arabia, Qatar and so forth. In Trinidad and Tobago, first of all, the physiography, the relief, the height

of the hills is higher than that of Barbados, Curacao and Aruba. Indeed, the rainfall in Trinidad and Tobago ranges—and I thank the Minister of the Environment for laying on the table the *Annual Report of the EMA*. At page 17, second paragraph from the bottom:

“Mean annual rainfall is estimated in Trinidad at 2200 mm...”

Convert that into inches for those who would like to know, 86.68 inches per year. In fact, a low of 55 inches to a high of 150 inches, Barbados, Aruba and Curacao come nowhere near that, Mr. Speaker. We have enough fresh water, and nowhere to keep it, nowhere to dam the water. We are coming to that too.

He talks about the water shortage but, obviously, we do not seem to have a shortage of rainfall. We do not seem to have a shortage of surface water. The 12 million gallons per day which go to Point Lisas—which he is saying should go to the people—and I have said it several times in this House. The greatest shortage in and around the area of central Trinidad for water is during the crop season when the sugar factory is in operation. I hope today he can come to this House and tell us that he has fully investigated that and is able to solve that problem for us. I keep asking him to check it out.

Mr. Speaker, he goes on in a number of other places to talk about studies done—economic studies—to show that desalination is the way to go. One of the studies which came to my attention is a study done by a group called London Economics. It has to do with the WASA long term arrangement between TTWS and WASA. It is a report of the *LTA*—which is Long Term Agreement—*Steering Committee*. You see, he is saying that we need desalination as part of our solution, and talking in today's *Newsday* about how that will add to the water and so forth. It turns out, Mr. Speaker, in the *London Economics Report*, first of all, they indicate—and this is dated November, 1998, quite recent—that WASA needs a partner to help it adjust to its existing system. Where have we heard that before, Mr. Speaker? We had Severn Trent. In fact, laid in this House several times were a number of World Bank Reports which indicated that this Government, in essence, compromised that programme.

2.50 p.m.

In today's *Newsday*, again, at page 7, the Minister was at a meeting at WASA talking about the asbestos in the WASA'S pipe—he could not answer during the budget when we told him that was the situation and they should have been fixing it. But, of course, they did not appear to like the conditionalities of the loans at the time from the World Bank. So we are trying to throw another red herring in here. The Minister is talking about the desalination coming on; the North Water Project

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coming on; the South Water Project coming on and that the water problems will be solved.

First of all, the *London Economics Report* says that WASA needs a partner to help it through its current difficulties. Secondly, the *London Economics Report* goes on to point out that desalination is too costly an approach to solve the water situation in Trinidad and Tobago. It is too costly an approach to solve the water problems in Trinidad and Tobago. He did not tell us that. Indeed, let me quote from this report which will drive the point home. In section 5, Financial issues and tariffs:

“...WASA will need substantial and rapid tariff increases if it is to be financially viable under the Long Term Agreement (LTA). The size of the increase depends largely on the level of WASA’s debt during the LTA.”

Of course, the South Water Project which is no longer fully covered, if at all, by the increase in tariff at Point Lisas is now a debt in WASA’s books, among other things.

What are some of the financial projections? This statement takes into consideration the following projections:

“1. Point Lisas Tariff increase and demand growth at the industrial park;”
would be put in place. In other words, it assumes that WASA would increase the revenue from \$7.50. So we are taking in the \$7.50; this report is saying, you need that; even with the entire \$7.50 in your revenue stream, you are in problems. But we are now paying \$4.50 to somebody else out of that; so you end up with \$3.00. It takes into consideration,

- the customer cadastre;

It takes into consideration:

- 35 % tariff increases when service reaches 12 hours a day or more;

It takes into consideration the need for:

- connection upgrades.”

It goes on to say:

“The increases in revenue mean that WASA’s revenue is forecast to cover its cash expenses in all three years 1998/99-2000/1.

After this, WASA again makes working losses as desalination begins, cutting net revenue from Point Lisas.”

Mr. Speaker, it is in his report. It also goes on to say:

“WASA will also experience substantial increases in costs from:

- operating cost increases including rising wage rates, the purchase of desalinated water and a rise in maintenance expenditures necessary to allow the company to maintain its assets properly.
- the need to cover depreciation on both existing and new assets; and
- a growing debt burden from financing capital expenditure.”

What is interesting is that they have a graph called “changes in profits”. In this graph, in the years 1998 to 1999, and then in 2001, there will be a small increase in the working profit of WASA. Indeed, if one were to take into consideration the depreciation into there, there is actually a working loss. And indeed, when one considers the other capital requirements, every year WASA's bottom line would be in deficit. It goes on to say:

“On current policies, costs grow faster than revenue. WASA will not make bottom line profits in any year.

WASA can expect to make a loss of around TT \$1.1 billion by 2002/03. Losses will continue to grow thereafter.”

That is commissioned by the *London Economics Report*. Mr. Speaker, put that in the face of today's *Express*, Friday 26th November, 1999, again, at page 7 which says:

“Ganga: Asbestos in WASA'S pipelines.”

A red herring! He talks about:

“On a more positive, Minister Singh said that WASA, “for the first time” had recorded a profit of \$11.6 million in the 1998/1999 fiscal year.”

That is not a bottom line profit. That is a profit on its cash flow for that year, as indicated by the analysis of its own economist. Mr. Speaker, the bottom line is that we are in a hole; the hole is getting deeper, and at the same time we are bailing out and throwing millions away to somebody else! This report, I might add, already took into account, that WASA should receive the entire \$7.50 and not \$3.00 from the desalination operation. And in the *Newsday* of September 19, 1999 hear what he said.

“Not one red cent”

[Interruption] The cents are brown, not red. Mr. Speaker, on top of that, it is my understanding that the cost of desalination will increase over time and it will

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probably get to a point where even the \$7.50 to produce would be exceeded. So that we would erode into the \$3.00 that he is already proposing to get, and, maybe, even lose the entire amount.

This still defies logic and common sense and in the face of WASA officials and, in particular, its Deputy Chief Executive Officer—and I see him among us today, one, Kanchan Kanhai, talking about “Sweeteners” gave Ionics the edge. Very unfortunate choice of words. On top of that, as if that was not bad enough, there are indeed, other water sources that could have been brought into play.

I have been arguing in this honourable House that we needed to build that dam on the North Oropouche River to capture some water, in addition to which—I have been arguing—if we were to fix the Beetham’s Sewerage Plant and the San Fernando Sewerage Plant we would get the required water. It turns out that all of that is not needed to provide the additional water.

3.00 p.m.

To my surprise I have discovered, Mr. Speaker, that if we were to put—
[*Interruption*] [*Cellular phone rings*].

Mr. Speaker: Before I formally indicate that the Member’s speaking time has ended, I have just heard another phone ringing in this Chamber. May I advise Members that that is not on in this Chamber while it is in session. I ask people who have the luxury of walking with cellular phones to kindly take them off while they are in this Chamber or leave them outside with your minions so that you could be called.

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

Question put and agreed to.

Mr. E. Williams: Mr. Speaker, I thank the Members of this House for extending my time on this very important debate.

[MR. DEPUTY SPEAKER *in the Chair*]

Mr. Deputy Speaker, I have been advised that if we were to increase our river intake systems on the North Oropouche and the Matura Rivers we would capture an additional 44 million gallons of water per day, particularly in the rainy season. In addition to that, in the dry season when the discharge from the rivers decreases, if we were able to supplement that with wells, as we have done in the past, almost all of the projected shortage—it is not an actual shortage—in terms of the supply

of water, would be erased. It is interesting also to note that if we were to put the river intake system and well water system backup system in place, it would take of the order of 12 to 18 months to put it in place. When is this desalination plant expected to come into operation? In roughly the same time. So it seems that for no additional cost of paying somebody else some money, we could have increased our water supply purely from surface waters that already exist.

If you look at the map of rainfall on page 21 of the Environmental Management Agency report at where there is the most rainfall, Mr. Deputy Speaker, for your benefit, it is in the northeastern part of the island, and this is where the North Oropouche and Matura Rivers are, right in the midst of where we get the maximum rainfall in this island. In other words, the range of rainfall that we are speaking about here—which much of it is lost by percolation, that is, it evaporates or it goes into the sea, which could be as much as 150 inches of rain per year—all we had to do was increase our ability to capture that water as it comes down the river and we would be sitting pretty at no major extra cost. But no, we want to do desalination. This project is not that farfetched, it is actual common sense. *[Interruption]*

We have so much rain in this country; Chaguanas is floating away. Yesterday, South Quay, in my own constituency, one little shower of rain and, again, I was almost marooned along with other people seeking to come into the capital city of Port of Spain. In San Fernando, the Caparo River, all of them, flood, flood, flood, everywhere, yet we are going to desalinate. All we have to do is capture the water.

In fact, I have to amend my earlier position. I now understand that we do not even have to build a dam, all we have to do is capture the water, but most importantly, we have to fix the leaks in the system. Currently, Water and Sewerage Authority is losing up to 50 per cent of the water that is produced. We just fixed—*[Interruption]*—

Mr. Partap: That is under the People's National Movement.

Mr. E. Williams: You “cyar” even pass an important bill in the House, please keep quiet!

We have now increased the pumping capacity of the Caroni/Arena system. We are pumping more water into the system, and as fast as we pump it in it leaks out. Mr. Deputy Speaker, this approach is not farfetched, indeed, the Government has a south water project and now they have introduced a north water project to solve the problem. But let me tell you what happened, in the south water project, I

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am advised, that initially there was consideration to doing the river intakes on the same North Oropouche River and the Matura River.

For some mysterious reason, which only the Minister and two very close friends who are both now senior officials at WASA—no, the river intake project on the North Oropouche River and the Matura River was scuttled; they were removed, and that is some 44 million gallons per day. Then all of a sudden, the argument then became that even with all this work in the south water project, which is going to be \$640 million being spent—and we already talked about the fact that the guarantee for that has been removed by this desalination project—we would not be able to supply the water. So that is the argument. It is a convenient argument; it is a self-serving, self-seeking argument: take away a significant water supply, a potential water supply of surface water, which is cheap, and then say that we do not have enough water so that we need this desalination plant.

But guess what, Mr. Deputy Speaker—there is a god above—now that they have gone ahead and signed the contract—and as I said we have the signed contract here so we know almost all of the details that have gone into it—and are going ahead with the south water project, they said, “Okay, we will go ahead with the desalination plant project, to make up the short fall.” They said, “Ah, we can do something now called the north water project and a government guarantee—it is in several of the articles, indeed, by the same Deputy Chief Executive Officer of the Water and Sewerage Authority—“Government will now give us an additional \$660 million to do something called the north water project.”

So the south water project was used conveniently. They removed the North Oropouche River and the Matura River from that, and say that that is not going to produce enough water, so we need a desalination plant. So now they approve the desalination plant and then say, “Ah, what about the folks in the north.” By the way, all these projects are timed to end next year about election time. So we are only favouring folks in what appear to be traditional seats of ours. We have “water for all” and we must appease the persons north of Caroni and, hopefully, might be able to pick up one or two of the constituencies. Let me remind you—and I had to remind one of your colleagues shortly—I have heard it said that rain is of no use to cane in December. [*Laughter*]

Mr. Deputy Speaker, when you look at the budget of the north water project, guess what? Item No.6 on the budget of the north water project, Matura and North Oropouche water supply projects, \$9.33 million. Voila! Same project abandoned in the south water project, and having abandoned that—again, the argument was. In a sense I erred and I must apologize to this House, only in that regard. We were

talking about a dam, so they said that the dam on the North Oropouche River was too expensive, but what is really now needed is only a river intake; it always has been. Not a dam that would cost \$1 billion, but it is river intakes on both the Matura River and the North Oropouche River which combined, or it is \$9.33 million. In addition to that, what you get, you drill one production well and construction of a new service reservoir and replacement of the Toco Main Road transmission pipe lines; \$9.33 million and this combined, I am advised, will give us 44 million gallons of water per day in the rainy season.

On top of that, "Wells Programme" item No. 4 of the second tranche of this project: the exploration of 30 bore holes and drilling and testing of wells. In other words, 30 additional wells as the back up to the North Oropouche River and Matura River project, so in the dry season you produce from the wells, and that is \$12 million. Then, Mr. Deputy Speaker, remember in this House that I have been debating about the rehabilitation of the Beetham Estate, guess what? Item No.6, "Sewerage Projects", rehabilitation of existing sewerage treatment plants and New Beetham Waste Water treatment plant, \$247 million!

In other words, the same Beetham project that went from being a \$90 million project on the books, went from being a project to being a study to coming off the books to something called "The Greater Port of Spain Sewerage Plan", all of a sudden, those same projects have now come back into something called "The North Water Project", which I understand is being funded as a government guaranteed project. In other words, it is a lean on the Treasury of Trinidad and Tobago.

If you combine the money that will be spent on the south water project with the north water project, you get approximately \$1.3 billion of capital investment. In other words, if the total revenue from Point Lisas of \$7.50 cents was retained by the Water and Sewerage Authority, it would result in \$149.35 million revenue. What that means is that within 8 years and 9 months, you would obtain in revenue from Point Lisas alone enough and more water of as good as or better quality than is currently obtained in the system now, and it would cover all the expenses.

In other words, one could go to a financing agency with the revenue from Point Lisas alone and show that that project would pay out in less than 9 years.

What have we done instead? By the way, you would not then need a government guarantee because you could show revenue.

3.15 p.m.

The bottom line is this: WASA's revenue is going downhill, the profits continue to be negative and one of the anchors on WASA is its increasing debt burden.

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Simply by minimizing the process that is already in place by keeping the entire revenue from Point Lisas we could indeed provide water, if not for all, almost all. But, of course, when you rehabilitate the Beetham sewage plant, that by itself has the capability to produce 24,000,000 gallons of grey water per day. If you then treat that grey water to the specifications that are required for Point Lisas—realize that currently this desalination plant is going to start at 8,000,000 gallons then go to 12,000,000 gallons and if we get the aluminum smelter, and right now that is in doubt, although they are trying to say it will come.

If some of the other plants such as the four plants that were part of the InnCogen project actually come on stream to justify co-generation, if the ethylene cracker comes on stream—and we have already pointed out in our budget contribution that the game we are currently playing by not adjusting our natural gas pricing and taxation regime may put us at a disadvantage to our neighbour Venezuela, who had at last count, about 30 times as much gas as we have, and they have now taken a decision to liberalize and privatize their natural gas industry and open it to private investment. If we do not do those things, then we run the risk of not getting the additional plants at Point Lisas.

The bottom line is this. Currently, the needs at Point Lisas are about 12,000,000 maybe 15,000,000 at the outside, and you could get that and more from the rehabilitation of the Beetham plant in the same time or less than it would take to build this desalination plant which is clearly not needed, and you could produce water much more cheaply than that project which over time is going to escalate in cost anyway. This Government, I am reminded, does not appear to be about logic; it does not appear to be that way at all.

Mr. Deputy Speaker, this is, before we even look at the environmental issues that go with this desalination plant. It has been reported in the press that one of the justifications for this desalination plant is that the salinity in the Gulf of Paria is 33,000 parts per million; that is parts of solids dissolved in the water. In actuality, I am advised that the salinity in the Gulf of Paria averages 20,000—25,000 parts per million. In other words, the plant is being over-designed and with over-designs, I am advised, come an additional, or rather, an over price. So when we look at the \$9 million for the plant in Barbados versus the \$120 million for the plant here, we already start to see where part of that additional cost—pricing—comes into play.

We are over-designing the plant. In addition to which, in the rainy season—and may I step back a bit. The Gulf of Paria receives water from the Orinoco, some small rivers in Trinidad, but some large rivers on the Venezuelan side, so

that in the rainy season, the salinity in places in the Gulf of Paria actually falls to 4,000 parts per billion and half of the year in Trinidad and Tobago is dry season, and half of the year is rainy season so at least half of the time, the water salinity in the Gulf of Paria is actually less than the salinity of the brackish water that the Barbados plant is using as an intake. Can you imagine! That plant is \$9 million, and this one is \$120 million.

Further, Mr. Deputy Speaker, there is something called water layer stratification in the Gulf of Paria. What does that mean? In simple terms, it is that the fresh water is less dense, so it is lighter than the salt water. So the fresh water is on top, and the salt water with the brine is below. What does that mean? It means that this plant is going to pump the residual water from the desalination process back into the Gulf of Paria. The specifications for the water that is going to go back into the Gulf of Paria, the concentration of sea water going back in will be 220 per cent of the concentration of the salt water feed. In other words, it is not the amount of water that is going back into the Gulf of Paria according to the contract to build, own and operate a desalination facility at Point Lisas between WASA and Desalination Company of Trinidad and Tobago—a joint venture of Hafeez Karamath Engineering Services and Ionics Incorporated dated August, 1999.

We are putting super concentrated water back into the Gulf of Paria. The Gulf of Paria is the closed system and in the budget debate I described it as a gyre, that means the water circulates. You continue to pump super concentrated water back into the system. That means you are going to increase the salinity of the water at the bottom of the Gulf of Paria because it all stays at the bottom. The water circulates—I wonder what the Venezuelans are going to say when the salinity in the Gulf of Paria starts to increase and affects the fishing conditions on the other side? Not to mention the fishermen and shrimp fishermen of your own constituency of Couva, because the shrimp are bottom dwellers. They live in that same area where we are going to be pumping the super concentrated water back in. *[Interruption]* I see brine shrimp to eat, I do not see brine shrimp living in the wild. To date, there has been no environmental impact assessment. We laid the Environmental Management Authority report in Parliament, I wonder what the EMA has to say.

Dr. Mohammed: I am advised that the Environmental Impact Assessment study was submitted to the Town and Country Planning Division yesterday. *[Interruption]*

Mr. E. Williams: Thank you very much. The area is a very sensitive one and here we are going to be increasing the salinity into the Gulf of Paria. Now, by the

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Minister's own admission—and I thank him for that—and I hope he lays it in the House too. Unfortunately I am not a Minister so I cannot lay this contract. Do you remember how they were carrying on at the beginning of our term that we did not lay the Severn Trent contract in Parliament? I wonder if the Minister is going to lay the DesalCott contract.

Mr. G. Singh: Yes.

Mr. E. Williams: You are going to lay it? Good. Lovely.

Mr. Hinds: After we get it.

Mr. E. Williams: After we get it. And lay all the tenders too.

Mr. G. Singh: Mr. Deputy Speaker—

Mr. E. Williams: No, no you will be speaking shortly and you will go to town and elucidate us.

Mr. Deputy Speaker, here is a situation where the Government has put us on a course that clearly defies logic. It flies in the face of economic projections, environmental concerns, and again, it falls very neatly into a very discernible pattern with which we are, unfortunately, becoming increasingly all too familiar. On top of which, someone said to me that two gentlemen fitting the following description: short, fair-skinned and of Indo Trinidadian descent, and one slightly taller and little darker also of Indo Trinidadian descent claiming to be high officials in the public utility sector of the Trinidad and Tobago area paid a private visit to Ionics before the contract was awarded. I hope that does not actually fit the description of any Member of this House who is known to us. I sincerely hope so, because if we find that the appropriate statements are not made, we will seek to file questions and seek to bring to the fore certain other bits of information just as we bring to the fore the contract.

Finally, in the Minister's contribution in the budget debate, he spoke about how there is a new approach at WASA. There is now in generation all kinds of energy and he went on to list a number of people on a team led by one Errol Grimes, team leader, with a number of names. I want to remind the hon. Minister that he left out two key names of people who are in the leadership and the genesis of this entire desalination project and as far as I am aware they are: one Khansham Kanhai who is the deputy CEO and chairman of the Tenders Board and he was special adviser to the Minister—I wonder if the new CEO feels he is threatened in any way by this particular gentleman's presence?—and Tewarie Tota-Maharaj who is the director in charge of capital infrastructural works at WASA. The Minister left out those two names.

Mr. Deputy Speaker, I checked in the telephone book and almost all of us—if you look under the surnames of each of us, you will see quite a number of other names, which means that there is a wide population. There may be many Williams' and I may not be related to them, but when I look for Tota-Maharaj, there are only three or four. It is a very unusual name and I believe there is somebody who is associated with us who bears a similar name, Tota-Maharaj, not just Maharaj.

3.30 p.m.

In fact, two people who are very close to the bosom of the UNC. He left out those names but called the names of Grimes, Joseph, Figaro, Poon King, Sammy, Fletcher, Archie, Ramcharan, Dowers, Goddard, Khan and Boyce as if those would have pleased us on this side, and make us feel that all was above board. Well, the Minister left out those two names and I want him to give them the fullest credit, in the fullest glare of publicity as we continue obviously, for their participation in this project. "Watergen" the debate continues. *[Interruption]*

Dr. Keith Rowley: I would not like to deprive my colleague of the opportunity of seconding the Motion. *[Laughter]*. He is really drinking his tea a little hot. Mr. Speaker, I beg to move that the Motion before this House be seconded in my name, and I reserve my right to speak at a later stage of the proceedings. *[Desk thumping]*

Seconded by Dr. K. Rowley.

Question proposed.

The Minister of Public Utilities (Hon. Ganga Singh): Mr. Deputy Speaker, I want to thank the Member for Port of Spain South, for his presentation because it gives me an opportunity to establish the transparency of the process to the hon. Members of this House, the national community and the process for the justification and the necessity of a desalination plant.

Mr. Deputy Speaker, the hon. Member for Port of Spain South, when I listened to his presentation, it was a presentation based on newspaper reports; a presentation based on a particular newspaper report that was filled with lies, half-truths and innuendoes. *[Interruption]* The hon. Member for Port of Spain South, in his final remarks before this honourable House, talked about the mentioning of names in my contribution on the Appropriation Bill and that I called certain names. The names that I called was a report that I quoted by the Water and Sewerage Authority, *An Analysis of Various Options to Supply Water to Point*

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Lisas and this was the project team: Errol Grimes; Wayne Joseph; Lelsie Figaro; Allan Poon King; Sandra Sammy; Steve Fletcher; Sharon Archie; Ramchand Ramcharan; Wayne Dowers; Claudette Goddard; Amzad Khan and David Boyce. I did not leave out anyone's name. But, you see, his fixation and the PNM fixation with race. I will come back to the Member's fixation in that direction—that what? “Rain is of no use to cane in December.” I will come back to that.

Mr. Deputy Speaker, I want to take this opportunity to really thank the hon. Member for Princes Town, for laying in this House, the Annual Report of the Environmental Management Authority for 1998. I want to suggest this report as requisite reading for all Members of this House and for the national community and, in particular, the Member for Diego Martin West and the Member for Port of Spain South. I want to read from this report with your permission at page 15:

“WATER IS OUR MIRROR

Water is our mirror. It is a true reflection of our individual and collective actions. What we put into this precious finite resource is exactly what we get back from it. Degraded, freshwater requires large resources and effort to treat it before we can use it for its various essential purposes. So the need to protect and manage our freshwater resources should be obvious. This report will demonstrate whether it is. The following quote from the Executive Director of the United Nations Environment Programme, Mr. Klaus Topfer aptly describes how water reflects our every action:

‘The quality of water reveals everything, right or wrong, that we do within the entire ecosystem. Every decision we make—whether the issue is housing, transportation, energy, agriculture, or economic development—is potentially linked to the use of our water resources.

Every mistake we make in development—storm drain overflow, mine drainage, nutrient loading, over-irrigation, sewage overflow, excessive withdrawal of groundwater, or topsoil erosion from clear-cut forests—shows up in our water in the form of toxic pollution, dead fish and dried-up streams.’

Mr. Deputy Speaker, this report goes on to itemize fresh water and it pointed out the various areas. I want to really suggest that Members read this and internalize it. I want to make particular reference to chapter 5.0 “WATER AVAILABILITY, PRODUCTION AND DEMAND.” This is not the Water and Sewerage Authority saying so; this is not anyone else's—consultants from the Ministry of Public Utilities—this is the Environmental Management Authority and this is what they are saying at page 51:

“From the Surface

There is wide variation in the surface water availability (runoff) figures recorded for individual years for Trinidad and Tobago. On average, however, the annual surface water availability for Trinidad is estimated at 2500 MCM, only 513 MCM of which is available in the dry season (December to May). Storage during the rainy season is therefore critical to the dry season water supply. Estimates for Tobago are 140...”

Mr. Deputy Speaker, then it went on:

“Some of this water is stored for the dry season and for distribution to those areas such as Port of Spain where the catchment capacity falls short of demand. The combined surface water storage capacity for the public water supply (domestic and industrial) is at present limited to 75 MCM, which represents about 3% of the total yearly demand for both Trinidad and Tobago. Storage is in the four major impoundment reservoirs—the Hollis, Navet, Caroni-Arena in Trinidad and the Hillsborough in Tobago. Individual storage capacities are provided in **Table 5-1.**”

Mr. Deputy Speaker, I want to make reference again at page 52:

“From the ground (aquifers)

Compared to surface water, groundwater availability is small but is a very significant component of potable water especially for areas in the south of Trinidad. Safe yield is estimated at 107 MCM per year which is approximately one and one-half times the combined reservoir storage capacity, but is only 3% of surface water availability. It is believed that groundwater resources are being used close to their sustainable limit.”

Mr. Deputy Speaker, I will make reference again when we come to the issue of the solutions suggested by the Member for Port of Spain South. I will demonstrate to this honourable House that like his predecessors, they have no interest in solving the water problems of this country. I will demonstrate that. Firstly, I will deal with the issue raised by the Motion. This first issue is a process issue. What was the process that was engaged by the Government and the Water and Sewerage Authority for the award of this contract?

Mr. Deputy Speaker, the procurement process followed strictly defined steps and procedures. There are a wide variety of bidding and award procedures. Essentially, however, the methods can be broadly grouped into three categories:

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- (1) Competitive bidding;
- (2) Direct negotiations; and
- (3) Competitive negotiations.

In practice, these methods constitute a continuum, and any award process is likely to incorporate elements of competition and negotiations at various stages.

Competitive Bidding: For the desalination project, competitive bidding was favoured because it ensures transparency in the contract award; it provides a market mechanism for selecting the best proposal and typically results in lower costs and it stimulates the interest among a broader range of potential investors.

3.40 p.m.

Under this process, tendering generally involves the following elements: public notification, generally including a request for expressions of interest; distribution of information memoranda, bidding documents and related draft contracts to potential bidders; thirdly, a formal process for pre-qualifying potential bidders and, fourthly, a formal public process for presenting proposals, evaluating proposals and selecting the winner.

I now will give this honourable House a chronology of events. Step 1: advertisement for pre-qualification, July/August, 1998.

- (a) Public invitation in the press issued on July 28, 1998 for interested companies/joint ventures/consortia to prequalify the project.
- (b) Copies of invitations were sent to all foreign embassies in Trinidad and Tobago and also to those companies who expressed interest in desalination through unsolicited offers.
- (c) The closing date for submission of completed applications was 2.00 p.m. on August 21, 1998.

Step 2: response to public invitations August to September 1998. Mr. Deputy Speaker, 46 companies including joint ventures between local and foreign companies collected the pre-qualification documents. The pre-qualification documents contained several criteria and delineated the rating system for evaluation purposes. The criteria and relative weights were as follows:

Desalination technology and experience	—	20%
Technical capability	—	20%
Environmental impact management	—	15%

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Financial strength	—	25%
Methodology	—	15%
Other (Litigation History)	—	5%

A five-member pre-qualification evaluation committee was assembled to rank the submissions. The committee comprised representatives of the Ministry of Public Utilities, WASA and was assisted by an international desalination expert from ADAN Technical and Economic Services Limited of Israel. Twenty-one applications were received on or before the closing date for submissions on August 21, 1998.

Step 3: the opening of pre-qualification submissions September 14, 1998. Mr. Deputy Speaker, pre-qualification submissions were officially opened on September 14, 1998 in the presence of the full pre-qualification evaluation committee. Evaluation of the submissions was completed on September 18, 1998 and ranked according to the pre-determined rating system.

Step 4: results of the pre-qualification exercise. Out of the 21 applications received, four prequalification applicants were duplicates. Four companies were not substantially responsive. Six companies were responsive but did not pass all the pre-determined minimum criteria and/or standards and seven companies were responsive and also satisfied the pre-determined minimum criteria and/or standards.

Step 5: post-qualification and bidding. The seven highest ranked pre-qualified companies were invited to submit bids during the second week of January 1999 and they were as follows:

- PowerGen/Stone & Webster
- Ionics Inc./Hafeez Karamath Engineering Services
- Bhagwansingh's Group of Companies/US Filters
- Neal & Massy
- MW Kellogs
- Degremonte
- BP Amoco Energy

The bid document package issued to all pre-qualified companies consisted of four sections. Tendering procedures and instructions; project definition; minimum information and data to be included within the bids and key elements of the required Water Sale/Purchase agreement. The criteria for ranking the bids and

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their relative weights were clearly spelled out in the bid documents package and were as follows:

— Contractor Team Qualifications and record	15%
— Technical offer	40%
— Economic offer	45%

Three of the pre-qualified companies indicated by letter that they were unable to submit a bid. One of the pre-qualified companies joined forces with another of the pre-qualified companies which continued to pursue the bid. As a result, three companies submitted bids by the stipulated closing date of February 12, 1999.

Step 6: evaluation of bids. The bids were received from the following teams:

- PowerGen/Stone & Webster/Neal & Massy
- Ionics Inc./Hafeez Karamath Engineering Services
- Bhagwansingh's Group of Companies/US filters

A nine-member bids evaluation committee was appointed to conduct the next stages of the process comprising the following members:

Mr. Daniel Hoffman Desalination Expert from ADAN Technical and Economic Services Limited, Israel.

Mr. Emmanuel George	Permanent Secretary, Ministry of Public Utilities
Mr. Tewarie Tota-Maharaj	Engineer, Director—Capital Investment, WASA
Mr. Dennis Cumberbatch	Director, Legal Secretariat, WASA
Mr. Ian De Sousa	Banker/Accountant, Commissioner on the Board of WASA
Mr. Shobna Persaud	Attorney-at-law, Commissioner on the Board of WASA
Mr. Khansham Kanhai	Engineer, Commissioner on the Board of WASA
Mr. Elias Soogrim	Advisor to the Minister of the Environment, Ministry of Planning and Development
Mr. Allan Bachan	Director Project Implementation Unit, Ministry of Public Utilities

This is the finest group of people, Mr. Deputy Speaker.

Step 7: results of the bids evaluation. The bids evaluation committee held several meetings and conducted a rigorous evaluation of the bids. The bids evaluation committee requested clarifications from PowerGen, Ionics and Bhagwansingh's in order to harmonize the evaluation process. Even at this stage, there was no word from anybody about the process. The bids were evaluated based on the three-envelope submission, that is, economic offer, technical offer, contracts team qualifications.

The criteria and the maximum points allocated for each package were as follows. Economic offer was a subtotal of 45 points and it contained the following elements:

- Initial water sale prices for minimum capacities
- Initial residual value of the facility
- Minimum fixed monthly payments obligations
- Initial water sale price for excess capacities
- Water price cost escalations linkage formulae
- Water price currency linkage
- Technological improvements
- Project financing

The second envelope consisting of the technical offer comprised 40 points and had the following elements:

- Quality of design, materials and equipment
- Plant characteristics and performance
- Environmental, community and aesthetics
- Work plan and delivery schedule
- O and M programme
- Quality of bid

The third envelope, consisting of team qualifications worth 15 points, comprised the following elements:

- Desalination expertise and experience

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Boo and O and M experience

Financial strength

Management strength

These submissions totalled 100 points. The final average scores were as follows: Ionics/Hafeez Karamath Engineering Services—85.7 points; Bhagwansingh's Group and US Filters—72.1 points; PowerGen/Stone & Webster and Neal & Massy—65 points.

Mr. Deputy Speaker, step 8. Several intensive meetings and negotiations held amongst the members of the committee and the highest-ranked bidder over a period of four months culminated in the development of a water sale agreement which represented a technically sound, economically feasible, environmentally—friendly and attractive agreement to the benefit of WASA and the country. This proposed agreement was submitted to the board of WASA at its 543rd meeting of the board of commissioners held on July 30, 1999 for appropriate consideration. The board reviewed the agreement and, after due consideration and discussion, approved the terms and conditions of the draft water sale agreement and its submission to the hon. Minister for seeking Cabinet's approval.

Mr. Deputy Speaker, step 9: execution of the water sale agreement. At its meeting of August 4, 1999 Cabinet agreed to the recommendations of the evaluation committee and the board of WASA for the award of the contract to the joint venture company of Ionics Inc. and Hafeez Karamath Engineering Services subject to the vetting and approval of the draft water sale agreement by the Attorney General. The draft water sale agreement was considered by the Solicitor General and comments from the Solicitor General required minor redrafting.

On August 18, 1999 a meeting was held at Whitehall amongst Cabinet members, the WASA Board Chairman and WASA's management and all the details of the water sale agreement were explained in detail, including the legal, operational and logistical aspects of the water sale agreement.

Thereafter, the Permanent Secretary of the Ministry of Public Utilities confirmed that the water sale agreement was acceptable for execution. As indicated, the Ionics/Karamath joint venture had incorporated a special purpose company, Desalination Company of Trinidad and Tobago, for the performance of the agreement. The agreement was duly executed between WASA and DesalCott on August 25, 1999.

Mr. Deputy Speaker, you know, the hon. Member for Port of Spain South made a lot of heavy weather about the cost of the plants and that is why I said that because he

was reading from the newspaper article that was filled with lies, half-truths and innuendoes I will now correct some of the half-truths in that newspaper article and explain to him the true cost of the residual value of the various plants. As for the investment cost of the plants, since the tender was for a build, own and operate project, the cost of the construction of the desalination facility is only relevant to the extent to which it affects, through the capital recovery factor, the initial water cost and its potential for future escalation during the term of the contract.

The figures which are significant to the cost of purchasing the facility at the end of the build, own and operate arrangement or before the end of the contract are the residual values of the facility. The residual values were as follows:

Ionics/Karamath Engineering	US \$120 million
Bhagwansingh's Group of Companies/US Filters	US \$120 million
PowerGen	US \$235 million

They are listening, however, to the Dutchman and the Dutchman is telling them things that they want to hear. [*Interruption*] Yes, a Dutchman who came cigar smoking. They are lobbying all over and obviously found fertile ground by listening to them.

My good friend, the Member for Port of Spain South compared it with Barbados and that is the fundamental flaw. The Barbados plant, which is to use reverse osmosis being applied to brackish water—which I know what he says—contains about 5,000 parts per million of total dissolved solids, while in Trinidad the plant will be using sea water which contains about 33,000 parts per million. In the Barbados situation, their water is very low in suspended solids so they do not have the complexity of pre-treatment.

Dr. Rowley: I thank the Minister very sincerely for giving way as I did not want to disturb him. I just am seeking information. At any stage in the proceedings, given the vast difference in cost between desalinating salt water and brackish water, did the WASA operation, at any stage, consider using brackish water for our process here?

Hon. G. Singh: I would indicate to the hon. Member as, later in my contribution, I would go through the various options that WASA looked at in order to arrive at this conclusion.

Dr. Rowley: I just wanted to find out whether, in fact, it did or did not, so a simple yes or no answer will suffice.

Hon. G. Singh: They looked at all the available practical options. Mr. Deputy Speaker, in the Barbados situation the water is very low in suspended solids so they

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do not have the complexity of pre-treatment. These are two big differences. Because the pre-treatment of the salt-water process is substantial, the plant is, therefore, considerably larger which means that the civil engineering costs will be larger.

The fourth point is that the Barbados situation essentially has no pipeline whereas the Trinidad project has three significant pipelines—the intake pipeline which is about 1,800 metres out in the sea, the discharge pipeline of about 750 metres and then that must have a delivery pipeline which is about 1,000 metres. Additionally, extensive pilings are required in order to establish the foundation of the desalination plant in Trinidad and Tobago as a result of the silt beds at the Point Lisas site.

3.55 p.m.

Mr. Deputy Speaker, the important point to note is that when we did a competitive analysis and looked at the cost of the plant, they cannot compare the Bajan plant because in the document in which the three bidders submitted bids to the Trinidad offer—the request for proposals—one was \$120 million; another was \$120 million and the third was \$235 million. Comparatively speaking, therefore, you could see in any analysis that, obviously, it was chalk and cheese because when you had the three bidders who had the opportunity of bidding, they all came up with the same kind of residual values.

Now, Mr. Deputy Speaker, having said that, all we needed to do was to compare the cost of the Caroni upgrade with the desalination plant which we are doing right now for a cost of \$135 million. We had a half shut down of the Caroni/Arena Water Treatment Plant this week in order to facilitate another intake pump in that plant to increase the capacity by 15 million gallons and it had nothing to do with the winning of new water, or creating a new source of water.

I know that the Member for Diego Martin West raised this previously. Production of water involves three elements: winning new water, treatment and distribution. The Caroni upgrade is only about treatment, therefore, you cannot compare the cost of the Caroni upgrade with that of a desalination plant. You know, Mr. Deputy Speaker, when they compared Barbados, they conveniently left out, in the newspaper report, what Mr. Ambrose Johnson said—

Dr. Rowley: Who is he?

Hon. G. Singh:—in an extract from the *Trinidad Guardian* of September 30, 1999. He is a Barbados desalination plant consultant and project manager. I would read what Mr. Johnson had to say, because he was in charge, from the government end, of the Barbados acquisition of the desalination plant.

Mr. Deputy Speaker, I quote from the *Trinidad Guardian*:

“‘It is not a bad deal that Trinidad is getting. In fact Trinidad is getting a pretty good price,’ said Ambrose Johnson, a water engineer and consultant on the Barbados desalination project. He was speaking at a regional conference on water supply and sanitation at the Ambassador Hotel, Maraval.

Johnson observed that the US70¢ price per cubic metre which the Water and Sewerage Authority (WASA) will pay for the water from the desalination plant, compared favourably with international rates.

For example, the price is US10¢ lower than the price for water being produced at a similar and cheaper desalination plant in Cyprus, said Johnson.

In reference to recent reports on the lower cost of the Barbados plant, which is being built by the American firm, Ionics Ltd., the private consultants said it was not a ‘fair comparison’ to make with the Pt. Lisas project.”

Then he went on to justify how he arrived at that position.

Another issue raised by the hon. Member for Port of Spain South was the question of the price of the water. Mr. Johnson said we were getting desalinated water at 70 cents and the world price of desalinated water, prior to that, was between US 80 cents to US \$1.23 per cubic metre. Mr. Deputy Speaker, you can check the internet prior to this contract obligation entered into by WASA and you can see, for desalinated water, worldwide, those were the international benchmark prices.

But in terms of the process, the criteria for ranking the bids and their relative rates were spelt out in the bid documents and were as follows: contract team qualifications and records—15 per cent; technical offer—40 per cent; economic offer—45 per cent.

Mr. Deputy Speaker, the price of water was just one of the items under the economic offer evaluation. The key economical and commercial parameters which served to evaluate, compare and score the economic offer sub-criteria were as follows: the initial water sale price for minimum guaranteed capacities; initial residual value of the facility; minimum fixed payments or obligations; water sale price for excess capacities; cost escalation formula; currency links.

In other economic criteria, such as the residual value, the price and currency linkage formula, *et cetera*, and most importantly, in the technical criteria, the Karamath/Ionics engineering bid was superior. In fact, the technical offer of the Bhagwansingh’s group, US Filter, was found lacking in many respects.

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But you see, Mr. Deputy Speaker, the hon. Member for Port of Spain South, listening to the Dutchman lobbyist, would want us to drop Bhagwansingh's US Filter from second and place them first. Then, he will come, as he did with the National Petroleum Marketing Company Limited and say, "You are giving it to your friends and your family." But I will demonstrate how open this Government is and how, in the south water project, we have had every conceivable contractor in this society working in the water supply sector.

It is necessary for us to have an appreciation of the projects completed by Ionics and by US Filter. US Filter has a capacity and experience of eight installed plants giving 7.6 million gallons, an average installed capacity of less than one million per installed plant. Their largest installed plant in St. Maarten happens to be less than one-tenth of the plant capacity which is required for the Point Lisas facility. So, they want us to engage a greenhorn.

The Ionics comparison—as opposed to US Filters, Ionics Incorporated has installed over 2,000 desalination plants worldwide and is the number one company in the world in terms of installed membrane desalination capacity for over 50 years. They are the world leader in this area.

Mr Deputy Speaker, Ionics has also been recognized internationally as the pioneer in desalination and has designed, procured, constructed, operated and financed the largest sea water reserves of osmosis desalination facility in the United States for the city of Santa Barbara, in a record time of nine months. The best in the world. They want to put our water sector in the hands of the "Flying Dutchman".

Mr. Deputy Speaker, I will deal now with the rationale for the desalination, because you see, having established that throughout the process we had an independent team evaluating, we had the relevant technical competence and the expertise, I want to challenge Members on the other side to approach any one of the nine-member evaluation team, either collectively or individually, and ask the simple question: Was there political interference in the process? I can say categorically the resounding answer would be "no" because they were left free to determine, and that is why we accepted their bid because the integrity of the process was sustained.

Therefore, we have established the transparency, the equity and the integrity of the process. We now move on to deal with the second issue raised in the Motion moved by the hon. Member for Port of Spain South. The rationale for the desalination: is this plant necessary?

Mr. Deputy Speaker, you know, the legacy of 34 years of those on the other side was a legacy of a deficit of 40 million gallons of water per day. In the

Appropriation Bill, I brought the map which demonstrated visually the kind of regional deprivation suffered by the people of this country. So that when my friend, the Member for Port of Spain South says rain is of no use to cane in December, it was only rain water with which they confined the people south of the Caroni.

Dr. Rowley: That is not true!

Hon. G. Singh: Rain is of no use to cane, Mr. Deputy Speaker.

Dr. Rowley: That is not true!

Hon. G. Singh: I will demonstrate that. That is their thinking. That is the kind of culture of deprivation.

Mr. Deputy Speaker, I would say regional deprivation because I would not want to say “apartheid”, because when you look at the map, you would not want to say “apartheid” because “apartheid” connotes a certain ethnic discrimination but it was not that. It was regional, across the board. It did not matter. Once you cross the Caroni, you got no water. Do you know why? Rain is of no use to cane in December.

Dr. Rowley: What is the connection of that?

Hon. G. Singh: You would see, Mr. Deputy Speaker, the rationale for desalination.

Mr. Ramsaran: What was his rationale?

Hon. G. Singh: The essential problem facing the Government is the provision of a safe, reliable and sustainable supply of potable water to the domestic and industrial customers of this country. [*Interruption*] Mr. Deputy Speaker—

Mr. Deputy Speaker: Member for Diego Martin West, the Member is asking for protection.

Dr. Rowley: I was trying to help the Member for Chaguanas.

Hon. G. Singh: At the end of 1995, we had a situation in this country where only 11.5 per cent of the population had 24 hours continuous supply of water, while over 43.2 per cent of the population received less than 48 hours per week. In fact, a majority of the areas in central and south Trinidad received Class 5, that is, less than 48 hours per week, in many instances. So, if you have 42 per cent of the population with less than 48 hours per week, at all hours of the night people have to wake up so that they can be assured of that. There was no assurance and

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after 34 years, now the Member talks about Matura. I will demonstrate the half-truth the hon. Member told this honourable House.

In areas like San Francique, I had a lady call me Divali morning saying that for four weeks, she did not have a supply of water. She was expecting water once every two weeks, but you know, rain is of no use to cane in December.

When we had some industrial problems at WASA and the people in Woodbrook did not get water for one day, or two or three days at most, we saw them on TV every day, "The toilet could not function", "That could not function". Nothing could function, but that regional deprivation meted out by those on the other side when they were in government is unbelievable, decades and decades of deprivation.

I want somebody to do a study on the health cost to this country of the deprivation of the people of south and central of a regular supply of water. I feel certain that one of the reasons why the San Fernando General Hospital is so overburdened with patients is because of the lack of a proper water supply over the years; bad hygiene. But I will deal with that.

4.10 p.m.

Mr. Deputy Speaker, there are over 700 communities in this country that receive restricted supplies, and this was in 1995. We all know the legacy they left us. I want to remind this House. I will itemize it.

1. A 14 million-gallon water deficit.
2. 30 per cent of the wells out of production.
3. No concrete plan for producing more water, even with rising domestic and industrial demand outstripping the supply.
4. Scan studies on aquifer or watershed yield potentials.

Three weeks ago in the Appropriation Bill debate, the Member came and said, "Do you know how to solve the problem? Use Beetham water, use San Fernando waste water, and use Arima water and send it down". Now he comes this week and says, "Do not worry about that. We could solve the problem. Matura intake can solve the problem". Mr. Deputy Speaker, I will deal with that, because there was no coherent approach to the planning on the basis of studies.

Prior to salt water projects there were no plans in place to address this totally untenable situation. Prostrate themselves, a defeat of Severn Trent and give up the water sector.

Dr. Rowley: Why did you sign it?

Hon. G. Singh: Because I would have had to pay US \$9 million in damages if I did not. There was no significant capital investment for over two decades;

Corroded, dilapidated, encrusted transmission and distribution network and an ill-maintained plant and equipment;

Intense water scheduling with complex turncocking and high levels of water trucking;

Poor customer database and disenchanted and dissatisfied customers.

This chronology of failure and general lack of maintenance was manifested throughout the water sector.

[MR. SPEAKER *in the Chair*]

Mr. Speaker, we had to engage in corrective action. This Government is committed to progressively eliminating the schedule with its attendant problems, and to provide a 24-hour service, bringing as many customers as possible up to Class 1 level of service within the shortest possible time.

The period 1981 to 1990 was the “decade of drinking water”, and when the Caroni/Arena Treatment Plant was commissioned in 1981, not one thing! So, for the “decade of drinking water” by the United Nations, what did the other side do? Not a thing. Notwithstanding, the heavy demands for the commodity continued to rise at an alarming rate, especially as a result of heavy industrial growth at the Point Lisas Industrial Estate. In fact, a study undertaken by London Economics—and he dealt with tariff; he did not deal with water—estimated an increase of 9.5 per cent in demand between 1998 and 2005.

Another study, the most recent undertaken by DHV Consultants, predicted that demand would increase from 778 million litres per day to 1278 million litres per day. That is 64 per cent increase between 1999 and 2025. The demand at the Point Lisas Industrial Estate alone was estimated to increase from approximately 12 million gallons a day to 33 million gallons by the year 2005, owing to the expansions of existing plant and the proposed construction of new plants at the estate. As of today, we are already supplying Point Lisas with 15.2 million gallons of water. Point Lisas today is taking that! Recently, it was 12 million gallons but, as of today, 15.2 gallons. From where is this water coming? From the domestic water supply. But you see, rain is of no use to cane in December!

Mr. Speaker, the demand/supply reconciliation undertaken by London Economics shows clearly significant water deficiency between 1999—2005. Not

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a word of that by the hon. Member for Port of Spain South! Not a word of the water deficiency! The figures show that even if the losses are reduced—and he talks about an accelerated mains replacement programme, and I will deal with that. Even if the losses are reduced from 45 per cent currently to 31 per cent by the year 2005, there will be water deficiency even when salt water project improvements, including Caroni upgrade, are taken into consideration.

Mr. Speaker: Hon. Members, the hon. Member's speaking time has expired.

Motion made, that the hon. Member's speaking time be extended by 30 minutes. [Hon. R. L. Maharaj]

Question put and agreed to.

Hon. G. Singh: Mr. Speaker, I thank hon. Members for extending my time. The real question facing us in the water sector is how do we cater for this growth in demand and how to catch up with the deficit which currently stands at about 28 million gallons per day. There are only a few ways in which this can be done: utilizing ground water sources, surface water sources or a sea water source.

The hon. Member for Port of Spain South is a scientist, and he would recognize that water is a continuum. There is rain, ground, surface, sea water, rain, and it goes in a continuum. Water is a continuum, so there must be no distinction and, therefore, one can utilize ground water, sea water or surface water. It is a continuum, but you see, box thinking!

No new sources were developed since 1981 and the most disturbing issue is that there have been no studies, analyses, planning or preparation for the development of any source since then. Therefore, the situation placed WASA in a precarious dilemma. Mr. Speaker, the question then is, how do we proceed? I want to make reference, because you see, I have already made reference to the WRA Report of 1998, and I will make reference to the Water Resource Management Strategy Report for Trinidad and Tobago, final report of June 1999, because this has been an ongoing process.

The WRA Report says that we have reached the saturation point in terms of abstraction of ground water. We have abstracted some 80 MCM out of a possible 107 MCM of ground water. Therefore, we cannot extract more ground water than we have already extracted. In fact, Mr. Speaker, in the El Socorro gravels at the waterworks, because of extended extraction, we now have salt water intrusion to some extent. So, we have reached the saturation point in terms of ground water.

In terms of surface water, annual reports like this talk about abundant rainfall, but the problem is the lack of storage capacity. Where is one going to access this

water in order to transmit it throughout the country? What is the mechanism used for that? Now they are saying do not use the dam, use the Matura intake, and I will demonstrate that the figures quoted by the Member for Port of Spain South contained a lot of half truths, once again, to mislead this honourable House.

The cost factor is critically important and the time factor, when dealing with a dam. I have been advised that a dam will take a minimum time of seven years to build and would cost a minimum of \$1 billion. They abandoned that, because that was their solution three or four weeks ago.

I had our technical people make certain assumptions: desalination as against the construction of a dam. The cost of construction of a dedicated dam was \$1 billion with a construction period of seven years minimum. The rate of interest of borrowing was 11 per cent per annum and the rate of inflation held constant—very good—at 2 per cent. The tariff was \$7.50 per cubic metre and WASA's current cost of production was \$3.72 per cubic metre. WASA's cost of production after investment in a dam was 7.72 cents per cubic metre and revenue—profit for 20 years from desalination—was \$2.4 billion for WASA.

The revenue from the dam is negative; a loss of \$952.9 million. So, you see, when we say not one red cent, we are getting the water. We are fulfilling the needs of the industrial estate, and I will come back to that because, you see, the industrialists have written me and said, "Minister, now that we recognize that WASA is getting a windfall from the desalination plant at Point Lisas, will you lower the price of water for us?"

Dr. Rowley: Oh ho! Is that so?

Hon. G. Singh: We have to pay our infrastructural costs and we have to deal with that in that way. Not "oh ho". What we are trying to do is make Trinidad and Tobago competitive. They did not provide water, much less for basic hygiene facilities. So stay quiet! Therefore, Mr. Speaker, it is clear that the dam, as enunciated by the hon. Member for Diego Martin West in his contribution on the Appropriation Bill is unacceptable in the time period.

The seminal study on water resources in this country is this study. It is the Water Resource Management Strategy for Trinidad and Tobago. I would read the purpose and scope and the executive summary at page 9:

"The Government of Trinidad and Tobago, in pursuing a new paradigm for water resources management in which the water sector and the water environment are considered in an integrated manner in relation to economic,

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environmental, technical, social and political consideration, the Water Resources Management Study is one of the actions taken in this respect.

Integrated water resources management should take place in interaction between the people and it should consider use of the resources in relation to social and economic activities of the people. Proper laws and regulations to govern the sustainable use of the water resources are to be established between institutions and users. Necessary infrastructure would allow effective use of the resource, taking due account of the environmental carrying capacity, taking decisions into a project, the WRMS study has been executed.

The purpose of the study is to develop strategies on Integrated Water Resource Management and to give recommendations on possible strategy options, as well as on institutional strengthening of the water sector as a whole. The developed strategy should be seen as a first step in the process of implementation of the IWRM.”

I want to give this honourable House the opportunity of looking at the strategies suggested by this. This is a seminal study. It takes into consideration all the other studies, including the McKnight study by my honourable friend, which my honourable friend, the Member for Diego Martin West, raised as his *cause celebre* and which we knocked out in the Appropriation Bill debate because of its datedness.

Mr. Speaker, there were five strategies:

- A. A maximum reliability of supply. This strategy offers a combination of measures which will safeguard the water supply.
- B. Maximum likelihood of success of achievement.
- C. Environmental protection priority.
- D. Minimum Government investment.
- E. Minimum implementation time.

Given the time constraint, Mr. Speaker, I would summarize to this honourable House strategy D and strategy E:

Strategy D started off to aim for a minimal Government investment. A major measure, in this respect, is the construction of a desalination plant for the Point Lisas Industrial Estate which will be funded from private capital. Given the fact that such a desalination plant would be implemented at short notice, the strategy can also aim for minimum implementation time. The main components are the

implementation of the demand reduction programme, the construction of the desalination plant at Point Lisas with a capacity of 78 MCM per year, the development of several local systems. No new major infrastructure is needed besides the pipeline to Mayaro/Nariva and Navet/Moruga.

4.25 p.m.

- (e) In this strategy, the desalination plant at Point Lisas also appears, because it is a measure that can be built in a relatively short time, that is, at least before 2005. After 2005: one of the planning horizons, this strategy may either follow strategy (a), (b), or (c).

Mr. Speaker, it is clear that strategies (d) and (e) are up to 2005 and the other strategies, carried out by these World Bank consultants and experts—they are telling us: “Go ahead, build the desalination plant for Point Lisas in Point Lisas and divert the water so as to look after the domestic and commercial supplies of South and Central Trinidad.” This is what is said. The hon. Member comes to talk about no studies being done and everything being some kind of [*Word expunged*]. [*Interruption*] That is what was said about the Beetham.

Mr. Speaker: The use of the word [*Word expunged*] is unacceptable in this Parliament, while I preside. It shall be excised and expunged from the record.

Hon. G. Singh: Very well, Mr. Speaker, I was just making a reference in relation to the submission made by—

Mr. Speaker: Please! It should not be argued because the Standing Orders are very clear. One is not permitted to use a word and put in somebody else’s mouth.

Hon. G. Singh: Mr. Speaker, then the hon. Member spoke about the utilization of the Beetham Sewage Plant and the water from the Beetham Sewage Plant and the utilization of that. On page 61 of this report—this is what the study said:

“Re-use of water from treatment plants

This measure assumes that the waste water effluent from the three major waste water treatment plants in Beetham (max. capacity 0.8 m³/s), San Fernando (max. capacity 0.25 m³/s) and Arima (two sites, max. capacity 0.10 m³/s) can be used to satisfy local industrial water demand. Although the capacity of the Beetham site seems interesting as a source, the location of the plant implies a large investment in the conveyance of the water towards the industrial areas. The capacity of the San Fernando plant is negligible compared to the water demand of the industrial areas.”

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Mr. Speaker, the assessment of this great, fine—the assessment by the experts, as enunciated by the Members for Diego Martin West and Port of Spain South is—is not promising and will not be analyzed further. So, Beetham, San Fernando and Arima: the port regarded that suggestion with contempt and, obviously, it is filled with the kind—that suggestion is appropriate for the Beetham Waste Water Treatment Plant.

Mr. Speaker, it is clear, therefore, that the gray water solution which the hon. Members for Port of Spain South and Diego Martin West spoke about and had a personal interest in, is certainly inappropriate in order to provide the industrial water needs of the country. It is clear that is simply not—

The second issue which the hon. Member for Port of Spain South dealt with was the Accelerated Means Repair Programme. Certainly, fixing all the leaks in the system—how many leaks are there, what is the status of the infrastructure, time frame and costs in fixing all the leaks, would fixing the leaks solve the problem and what are we doing in order to solve the current problems?

ADJOURNMENT

The Attorney General and Minister of Legal Affairs (Hon. Ramesh Lawrence Maharaj): Mr. Speaker, I must thank the hon. Member for Caroni East for giving way. I beg to move that the House do now adjourn to Friday, December 03, 1999 at 1.30 p.m.

I spoke to the Opposition Chief Whip, there are two Motions on the adjournment and we have agreed that we can do one of the Motions today; that is the one to which the Minister of Works and Transport has to respond. The other one to which the Minister of Education has to respond, by some error, it did not reach her. I am not blaming the Parliament but by some error it did not reach her.

Mr. Speaker, on the next occasion, the Government intends to debate Bill No. 1: “An Act to amend the National Trust of Trinidad and Tobago;” and Bill No. 3: “An Act to establish a Children’s Authority of Trinidad and Tobago to act as the guardian of the children of Trinidad and Tobago.”

I indicated that these would be dealt with on Friday, December 03, 1999 at 1.30 p.m.

Mr. Speaker: Hon. Members, as you know, the Standing Orders provide that the House shall be suspended for tea at 4.30p.m. but I take it that it is the wish of the House that we should continue to sit notwithstanding that and deal with one of the two matters that is to be raised today. That being so, I will call upon the

Member for Tobago West to raise the matter: "The continued unsatisfactory state of the essential ferry service between Trinidad and Tobago and the failure of the Central Government to take decisive action to the provision of an efficient and reliable service." I may say that it is, therefore, agreed that the other matter to be raised by the Member for Tunapuna would, in fact, come up to be heard at the next sitting, which is Friday, December 03, 1999.

**Tobago Ferry Service
(Unsatisfactory Condition)**

Miss Pamela Nicholson (*Tobago West*): Mr. Speaker, I am extremely disappointed that I must seek leave, once again, to bring to this House the very vexing matter of the continued unsatisfactory sea ferry service between Trinidad and Tobago.

Mr. Speaker, this matter is extremely urgent and is of tremendous public concern as far as the people of Tobago is concerned and I am sure, Trinidad and Tobago, generally.

You may recall that on July 30, 1999 I outlined to this Parliament the very serious problems experienced by Tobagonians with the ferry service. At that time, Sir, I articulated, and I think very clearly, that we only had one functional ferry between Trinidad and Tobago and that ferry was the *MF Panorama*. Also, I pointed out that the amount of work that one boat had to do was creating a lot of fear in the hearts of the people: in that if the engines broke down and the boat broke down you had no ferry, between Trinidad and Tobago, to serve the essential needs of the people of Tobago. That was generally what we spoke about at that time. I stressed that what was needed was that the Government of Trinidad and Tobago must either charter, lease or rent a boat to complement the work that was being done by the *MF Panorama* and to make sure that we do not have that crisis that was facing us at that particular point in time, emerging in the country. Our food depends on Trinidad now, we are no longer the food basket of Trinidad and Tobago. There is a situation—[*Interruption*] because of your wickedness.

Mr. Speaker, could you protect me, please, from the Member for Oropouche. I want to move freely and smoothly.

Mr. Speaker: I assure the Member that anytime I think that it is at the level which ought to disturb a Member, I will, in fact, intervene.

4.35 p.m.

Mr. Speaker, at that particular point in time, with regard to the important cargo or hardware that was needed in Tobago, the businessmen with the hardware stores

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were facing a problem because the *MF Panorama* could not have coped with that section, it was mainly passengers and the basic day-to-day foods and so forth. The vendors were coming to Trinidad with their empty vehicles to pick up our food, fruits and everything else due to come to Tobago. We also had a crisis situation which the vendors were confronted with, in that they had to book their tickets for three months in advance; they had devious problems at the port in getting their tickets and so forth. I raised those issues.

The Minister of Works and Transport replied, and he said that he basically agreed with what I was saying. However, he pointed out, he agreed that between Trinidad and Tobago the sea transportation system continues to be of paramount importance to our Government. We are very cognizant of our role in maintaining an efficient and reliable sea transportation link for the movement of passengers and cargo.

However, when one expected that the Government would have chartered, rented, or leased a boat, we had a situation where a private businessman got into the business of chartering a boat for three months and that boat is the *MV Romana 1*. I remember at that particular point in time, the Member for Tobago East was at the inauguration function of that chartering system. He—the Member for Tobago East, Minister of Tobago Affairs and Minister in the Ministry of Finance, that is the person I am talking about—indicated in the editorial article of the *Trinidad Guardian* of November 20, 1999, that there was one government Minister at the inauguration who applauded the efforts of the private businessmen who had moved to help themselves. So he was very pleased with what was taking place and he said that was the direction in which we should go.

However, this *MV Romana 1* took, I think, three or four days before that boat could have gone to Tobago. Why? Because there were certain tariffs that the businessman was supposed to meet that, perhaps, the Minister of Works and Transport did not tell him about because he, I learned, was supportive of that businessman chartering the boat to do the business for the rest of the year. When the boat got into Trinidad and Tobago, he was confronted with certain additional tariffs, rates and so forth that he did not know that he had to meet.

For example, the Comptroller of Customs and Excise demanded that a cheque for \$565,000 be placed in a bond before the ship set sail. The businessman did not know he had to do that. Secondly, all the other tariffs, all the other rates which the Port Authority would have taken care of, I learnt that the businessman was told, or

met with the Minister of Finance and he was assured that those rates and tariffs would have been exempted. However, that did not come off and he had to be confronted with all of that.

So we have a situation where the Cabinet did not approve the exemptions that the businessman expected. The result is that these exorbitant charges created a problem for the businessman and the next thing we have is a dispute now between that businessman and his company Pyramid and the brokers for the boat that he did not meet certain payments that he should have met. Therefore, the next thing is that the boat, which left as if it was coming to Tobago with \$5 million worth of cargo never reached Tobago and then we heard that it was in international waters. So the businessmen of Tobago have \$5 million of cargo—building materials, vans, pick-up trucks, cars and so forth in international waters.

What is very, very pathetic is the failure of the Government to intervene in this important matter; a matter that is essential to Tobago. The country is Trinidad and Tobago. It is essential to Tobago because what would be on those boats would be for Tobago and Tobago's day-to-day functioning and livelihood. Then, the Government has refused to intervene. A totally scandalous, insensitive situation, Mr. Speaker! I cannot understand how a Government, particularly one that is seated in power because of Tobago, can take that kind of insensitive position. There are Ministers of Government who supported that kind of privatization direction being taken, not able to give the businessman the exemptions that he expected and that he said was supposed to be given to him because of discussions that he had with the Minister of Finance and the Minister of Works and Transport.

So Mr. Speaker, the people of Tobago, particularly the business people of Tobago, are now totally disgusted with what is taking place. Everybody is asking: what is the role of the Government? Moreso, there is a Shipping Act which states that the Government is in charge of the ferry service and the vessels between Trinidad and Tobago. It does not talk about one vessel, you know, it talks about vessels. The Government is responsible for the vessels that would function on the route between Trinidad and Tobago. Also, it states that the Port Authority would be the agent of the Government as far as the functioning of that system is concerned, they shall operate the system for the Government of Trinidad and Tobago. The Act emphasizes that if you have deficits when you function in a particular year, the Government is supposed to pay those subventions—give subventions to take care of those deficits. If you have profits, the other perspective is that a special account will be set up and the Government will decide how those moneys would be spent. So you have a situation where the Port

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Authority is confronted with thousands of dollars in deficits and the Government of Trinidad and Tobago refusing to meet those deficits.

We also had the situation that I pointed out the last day when the *MF Panorama* went on docks. The people who fixed the boat had to come to Trinidad to tell them that they were going to expose them by seizing the boat. They would not pay! The Permanent Secretary of the Ministry had to call on the Port Authority and ask them if they had any money to fix up the man for them and then they would pay back. We are confronted with all those situations.

Mr. Speaker, what is the policy of the Government as regards the ferry service between Trinidad and Tobago? Is it a governmental service that you want to run or continue to run? Or do you want to privatize the system? I notice, it was only last week, that the Government which seems to want privatization as their policy in the country, came here with a sport, horse racing, to governmentalize a system that was being run privately and effectively. Sport! But this is the livelihood of the people. An essential service. What is your policy? Do you want to privatize? If you want to privatize, should you not tell the country that you are going to change, you are going to amend the Shipping Act? You are going to change the system so that the whole country will know, well the new system will be privatization. If it is privatization, one expects that the whole country will know about it.

We are now being told that in two weeks' time a team of private businessmen will be going out of the country to purchase a boat to complement the *MF Panorama*. They have already communicated with the Port Authority and asked for a representative to come along with them to assist them, that the port engineer will be the person who will be going with them and so forth. Is that your policy?

Mr. Speaker: Hon. Member, I just need to know whether you would be much longer, because you have, in fact, gone over your 15 minutes.

Miss P. Nicholson: Fifteen minutes have gone, Sir?

Mr. Speaker: Indeed.

Miss P. Nicholson: Just five more minutes, Sir.

Mr. Speaker: No, no. The entire period is 30 minutes, but you would be biting into the time of the Minister. I ask you please, if you could wind up at this stage.

Miss P. Nicholson: I am winding up, Sir.

So Mr. Speaker, what we want to know, is it privatization or are they just bringing some people now whom nobody knows about? Will we be confronted

with something that would have no transparency? We are saying, we do not want that policy. We are calling on the Government of Trinidad and Tobago to address this essential service facing the people of Tobago. We are demanding from the Government of Trinidad and Tobago that they immediately charter, lease, or rent a boat to complement the ferry service that is now being run by the *MF Panorama* only. I would like to hear what are the Government's policies? I would like to know what the Government is doing to address this essential service; if they are concerned about Tobago; and if they have any shame at all, being a Government, and not knowing that Tobago is as important as Trinidad.

Thank you very much. [*Desk thumping*]

The Minister of Works and Transport (Sen. The Hon. Sadiq Baksh): Mr. Speaker, I would like to reassure my distinguished colleague, the Member for Tobago West, that the Government of Trinidad and Tobago is committed to the provision of a reliable shipping service between Trinidad and Tobago.

The Member for Tobago West, in fact, raised this matter in July, and on this occasion has reiterated some of the discussions then, that I totally agree with, in that we are committed to the continued improvement of the shipping service between Trinidad and Tobago. Mr. Speaker, we in the Ministry must admit that for decades now, the shipping service between Trinidad and Tobago continues to leave quite a lot to be desired.

4.50 p.m.

The policy of the Government of Trinidad and Tobago, in addition to the provision of the shipping between Trinidad and Tobago provided by the Government's shipping service, is to continue to encourage the private sector to participate in the provision of transport services between Trinidad and Tobago.

My distinguished colleague also raised the pressing matter of the *MV Romana I*. This is also a matter of concern for the Ministry and the Government, in that, we are very concerned about a situation of a citizen of Trinidad and Tobago being on board a vessel, be it in international waters and, as such, we have taken action in terms of informing the Ministry of Foreign Affairs to meet with the Panamanian representative in Trinidad and Tobago where the ship is registered, in an effort to resolve this particular matter.

Yes, we did encourage the private sector to participate in the provision of shipping between Trinidad and Tobago. In fact, as far as one could recall, the Government ran a shipping service that did not provide the type of efficient and

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reliable service that the people of Tobago, in fact, required for some time now. This Government did not stand idly by. In fact, in the Budget for 1999/2000, provisions were made for the improvement in that shipping service and an allocation of \$100 million was also made for that purpose.

We are also in the process of handing over the existing Government Shipping Service to the Tobago House of Assembly so that they will, in fact, be more sensitive to the needs of the people of Tobago and that they will, in fact, take the necessary steps to ensure that its reliability and efficiency become part of the new operating structure when the Tobago House of Assembly has the responsibility for that Government Shipping Service.

Mr. Speaker, my distinguished colleague in fact raised another issue of what poise the Government will take. I want to state quite categorically that the poise of the Government of Trinidad and Tobago, is to work with the Tobago House of Assembly and the Port Authority of Trinidad and Tobago so as to continue to do everything possible to improve the reliability of shipping, not only by sea but by air.

Question put and agreed to.

House adjourned accordingly.

Adjourned at 4.55 p.m.