

Leave of Absence

Friday, January 21, 2005

HOUSE OF REPRESENTATIVES

Friday, January 21, 2005

The House met at 1.32 p.m.

PRAYERS

[MR. SPEAKER *in the Chair*]

LEAVE OF ABSENCE

Mr. Speaker: Hon. Members, I have received communication from the following Members requesting leave of absence from sittings of the House: the Member for Princes Town (Mr. S. Panday) for the period January 23 to February 02, 2005, the Member for Couva South (Mr. K. Ramnath) from today's sitting of the House, and the Member for St. Augustine (Mr. W. Dookeran) from today's sitting of the House.

The leave of absence which the hon. Members seek is granted.

PETITION

Mr. Chandresh Sharma

Mr. Ganga Singh (*Caroni East*): Mr. Speaker, I wish to present a petition on behalf of Mr. Chandresh Sharma of 175 Siparia Old Road, Fyzabad.

I now ask that the Clerk be permitted to read the petition and that the petition be granted.

Petition read.

The Minister of Public Utilities and the Environment (Hon. Penelope Beckles): Mr. Speaker, I would like to raise a particular concern in this matter.

I am a Member of the Privileges Committee in relation to the matter that is raised at 4(b) in particular, and the request for those particular documents, and in raising this concern, I will like to make it very clear that my intention here is not to advise the Parliament not to assist the petitioner because matters come before this honourable House from time to time and the Members are always willing to assist the court and the petitioner, but in relation to 4(b), what we are basically being asked to decide here concerns a matter that is, as you know, still before the Privileges Committee. In other words, as I understand it, the matter is before the Privileges Committee and we are to report it to the House, the House is then to debate that matter and then decide what is to be done following the matter that is reported by you.

Petition
[HON. P. BECKLES]

Friday, January 21, 2005

Mr. Speaker, Parliament has the right to the exclusive use of its proceedings, and what we are being asked to do here is to provide to the court those proceedings that are not yet adjudicated on. In relation to 4(b) therefore, I will like to say that I raise an objection to the petition being granted based on that.

Further to that, in relation to the requests at 4(a), (c), (d), (e) and (f), I inform Members that all those matters are within the public domain and are accessible to any member of the public and, therefore, they can be easily accessed in the library, in the Government Printery, or anywhere else.

Therefore, as a Member of the committee, seeing that we have not yet properly adjudicated on the matter, and it has not yet been reported to allow the House to deliberate on it, I would like to raise an objection.

Mrs. Kamla Persad-Bissessar (*Siparia*): Mr. Speaker, if I may crave your indulgence, the items requested at paragraph (b) are not matters that are the proceedings of the committee and, therefore, do not offend against the Standing Order which talks about the non-disclosure of the proceedings of the committee. They are not in the nature of proceedings of the committee and are, in fact, within the knowledge of the petitioner. What have been requested are correspondence that were sent to the petitioner and are therefore in his hands.

However, what is required—and the same argument will hold with respect to the other matters (d), (e) and (f)—which the Member pointed out are within the Parliament and can be obtained, the hon. Speaker well knows that for them to be accepted within a court of law, they must be attested to. So what is being asked is for the Clerk to verify that they are true copies of the documents, otherwise they would not be accepted in a court of law. For example, if I were to copy the *Hansard* as I would not be able to do.

So just for the guidance of the House, the matters at item (b) are not proceedings and, therefore, do not offend against the rule. The matters (d), (e) and (f) need to be attested in order to be admissible and this has been the practice all the time for *Hansard* copies in the House.

Thank you, Mr. Speaker.

Mr. Speaker: On the presentation of a petition, there is really no need for a debate, the rules do not provide for that. I will proceed to put the question to the House.

Question put, That the petitioner be allowed to proceed.

Question negatived.

PAPERS LAID

1. Report on the Secondary Entrance Assessment (SEA) for the period 2001—2004. [*The Minister of Education (Sen. The Hon. Hazel Manning)*]
2. Report on the National Test 2004. [*Sen. The Hon. H. Manning*]
3. The Civil Aviation [(No. 1) General Application and Personnel Licensing] (Amdt.) Regulations, 2005. [*The Minister of Works and Transport (Hon. Franklin Khan)*]
4. The Civil Aviation [(No. 2) Operations] (Amdt.) Regulations, 2005. [*Hon. F. Khan*]
5. The Civil Aviation [(No. 3) Air Operator Certification and Administration] (Amdt.) Regulations, 2005. [*Hon. F. Khan*]
6. The Civil Aviation [(No. 5) Airworthiness] (Amdt.) Regulations, 2005. [*Hon. F. Khan*]
7. The Civil Aviation [(No. 6) Approved Maintenance Organization] (Amdt.) Regulations, 2005. [*Hon. F. Khan*]
8. The Civil Aviation [(No. 7) Instruments and Equipment] (Amdt.) Regulations, 2005. [*Hon. F. Khan*]
9. The Civil Aviation [(No. 9) Aviation Training Organization] (Amdt.) Regulations, 2005. [*Hon. F. Khan*]
10. The Civil Aviation [(No. 10) Foreign Operator] (Amdt.) Regulations, 2005. [*Hon. F. Khan*]
11. The Civil Aviation [(No. 11) Aerial Work] (Amdt.) Regulations, 2005. [*Hon. F. Khan*]
12. The Civil Aviation [(No. 12) Aerodrome Licensing] (Amdt.) Regulations, 2005. [*Hon. F. Khan*]

Report on the Secondary Entrance Assessment

The Minister of Education (Sen. The Hon. Hazel Manning): Mr. Speaker, I wish to inform this honourable House of a comprehensive report and analysis of the Secondary Entrance Assessment (SEA) for the period 2001—2004 which has been produced by the Ministry of Education on behalf of the Government of Trinidad and Tobago.

The Secondary Entrance Assessment is a placement examination that determines entry of students into secondary schools in Trinidad and Tobago based on performance in mathematics, language arts and creative writing. The SEA which began in 2001 replaced the Common Entrance Examination, and the number of students writing the SEA examination each year ranged between 20,669 and 21,448.

During the four-year period, a research indicated some patterns that are worthy of further investigation. When we looked at the students' performance by district, it was found that the educational districts of Victoria and St. George performed consistently above the national mean in the three subject areas. When the results were looked at by sex or gender, it was found that the female students attained higher scores than their male counterparts in the three subject areas.

It was also observed that the performances of schools in the urban areas were consistently above the national mean, whereas those schools that were defined as rural fell below the national mean. However, it is worthy of note that generally, the percentage of students whose scores are 30 per cent and under have been decreasing over the four-year period.

Mr. Speaker, examination of the SEA results over the period 2001—2004 indicates the following: in mathematics, Caroni, St. George and Victoria scored consistently above the national mean of 200 over the four-year period; in language arts, St. George East and Victoria scored above the national mean of 200 for the four-year period; and the north-eastern and south-eastern educational districts consistently scored below the national mean.

In creative writing, St. George East and Victoria scored above the national mean, while the north-east and Tobago educational districts scored below the national mean over the four-year period.

When students' performance by gender was examined, the mean scores for female students were consistently higher than their male counterparts in mathematics, language arts and creative writing over the four-year period. The number of students obtaining a composite score of 30 per cent or less fell from 3,635 students or 16 per cent in 2001 to 2,146 students or 10 per cent in 2003. However, the proportion of boys to girls falling in this range has increased. The urban schools performed above the national mean in all subjects over the four-year period, while the performances of rural schools fell below the national mean in all three areas.

Mr. Speaker, the report and analysis of the Secondary Entrance Assessment for the period 2001—2004 included several recommendations which the Government, through the Ministry of Education, has begun to address as follows:

1. Students who are 13 years of age and whose composite essay scores are 30 per cent and below would be required to repeat Standard 5. There is already an established policy of promotion on the basis of readiness in conformity with the needs of the students.

The Ministry of Education has strengthened the Continuous Assessment Programme (CAP) to ensure adherence to this policy, but even as we adhere to this policy, we work towards reducing the need for students to repeat. Additionally, the recently established Student Support Services Division is available to support the process through its staff of school psychologists, social workers and special education teachers.

A vigorous literacy drive through the Centres of Excellence Teacher Training Programme is also contributing to improve the performance of our students.

2. Appropriate remediation programmes at the secondary level are continuing to support steps being taken at the primary level through the Continuous Assessment Programme and continuing research is taking place. This is important in order to ascertain the factors contributing to students' underachievement and in particular, male underachievement. We are ensuring that our decisions are data driven.
3. The Ministry of Education is already partnering with other institutions to conduct research and factors including gender and its impact on student performance. The research findings will be used as the basis for the review of existing school policies and practices which impact on male underachievement.
4. A reclassification of schools as it relates to the three demographic categories; urban, suburban and rural is being developed consistent with the Central Statistical Office's demographic classification. This will facilitate the analysis of students' performance by demographic classification of schools and will enhance the ministry's ability to respond to the needs of schools.

Mr. Speaker, while we focus on examination results to monitor quality in the education system at this time, it is important that we recognize that there are several factors that can affect students' performance. If we are to succeed in improving students' performance, all of us, members of the community, principals, teachers, parents, Members of this House and the media must play our respective parts.

The Government is determined to continue its investment in education as this sector is critical to meeting the developmental goals of the Government. In keeping with Vision 2020, a comprehensive reform agenda is being implemented by the Ministry of Education with the aim of developing total quality education for all.

We have adopted an approach which is supporting the building of a seamless education system from early childhood care and education to adult and lifelong learning. Initiatives such as those that I have outlined to this honourable House today for the SEA are just one aspect of the total package to improve the quality and equity of access to education for all our nation's citizens.

Report on 2004 National Test

The Minister of Education (Sen. The Hon. Hazel Manning): Mr. Speaker, I would also like to inform this honourable House of a report on the National Test 2004.

In June 2004, the Ministry of Education administered the National Test in mathematics and language arts to 35,303 students in Standards 1 and 3 at the primary school level. The National Test supports the total quality thrust of the Government of Trinidad and Tobago and it is integral to the Ministry of Education's Continuous Assessment Programme, also known as CAP.

If we are to ensure that our students are being prepared for the future, we need to know how our education system is performing. The objectives of the National Test are to gather information in order to understand how our students in the various educational districts are doing relative to each other.

The National Test also allows us to compare the relative performance on one subject against the other and the relative performance of one gender to the other. It therefore provides us with information that sets benchmarks and enables us to take the necessary remedial steps to encourage improvement.

The Ministry of Education utilized procedures for administering the National Test in 2004 for the first time. Students' scripts from all schools, including Tobago, were marked at a central location by trained personnel.

Mr. Speaker, the results in the National Test report show standardized scores and do not indicate pass or fail but compare students, schools and educational districts against each other. Therefore, the analysis of the results was conducted relative to the national standardized mean of 50 in three performance bands: one to 29; 29 to 71; 71 and above.

With respect to educational districts, generally speaking, the results indicate that performance at the educational district level was in the average range with scores varying from 42 to 58.

Secondly, that three of the eight educational districts Victoria, Caroni and St. George East had scored above the national standardized mean of 50 in both subjects.

Thirdly, while additional support and resources need to be provided to south-east and Tobago, there are groups of students who are in need of additional support in each of the eight districts.

With respect to mathematics, the results were analyzed by strands and skills. Strands refer to the components of the mathematic paper which tested number, measurement, money, geometry and statistics while skills refer to problem-solving, knowledge, computation and algorithmic thinking. The report shows that for both levels; strands and skills, three districts, Caroni, Victoria and St. George East performed consistently above the national standardized mean of 50 in strands and skills in Standard 1 and Standard 3.

With respect to language arts, the results were analyzed by the sub-areas of spelling, vocabulary, comprehension, study skills, punctuation, parts of speech, sentence structure and creative writing. At both Standard 1 and Standard 3, the districts of Caroni, Victoria and St. George East also performed above the national standardized mean of 50.

With respect to gender, the results by gender indicate that more female students were found in the above average range for both subjects in Standard 1 and Standard 3. However, while there are more male students in the below average range, a significant number of female students are also present in the below average range.

In every district, gender differences were larger in language arts than mathematics. Comparison of gender differences from Standard 1 to Standard 3 showed a small decrease in mathematics, however, for language arts there was an increase. Gender differences in language arts were most apparent in the educational districts of Tobago and south-eastern.

Mr. Speaker, the report on the National Test includes a number of recommendations which the Ministry of Education has begun to address as follows:

1. The need for more research to provide a greater understanding of students' performance; for example gender, socioeconomic status, ethnicity, school location, type of school, styles of examination and early development. In 2005, the National Test will be expanded to collect data on schools, teachers, students and other factors which impact on students' performance.
2. There is also the need for the ministry's Education Research and Development Division to partner with other research institutions. The division has already begun to respond to this recommendation and to do this both locally and with international organizations so that Trinidad and Tobago will be able to see how we perform in relation to international standard setting test.
3. There was the need to include Early Childhood Care and Education in the research loop to more closely examine the gender differences in learning and possible links to teaching style.

2.00 p.m.

We have strengthened the Early Childhood Care and Education Unit. There is also a Green Paper on standards, which was put forward at the national consultations. The national consultations have been successfully concluded and the Green Paper is now ready to become a White Paper policy document.

Mr. Speaker, it was also recommended that a mandatory reading and writing programme be put in place at every primary school. This is being addressed through the Centres of Excellence/Teacher Training Programme. This programme aims at making every teacher at the primary level, a reading teacher.

I recently launched the SET programme in Mayaro to address the needs in the southeastern educational district. This is one area that is in urgent need of attention. British Petroleum of Trinidad and Tobago (BpTT), which is a major partner, has pledged US \$50,000 to that project. As other SET programmes are activated, we hope that many other generous sponsors will come forward.

Finally, it was recommended that there should be training in assessment methods and techniques for principals and teachers to enable the proper use of the data provided. The ministry has already implemented training of principals, in all eight educational districts, in the interpretation and use of the assessment data. Schools will be required to develop and submit plans for school improvement. This exercise will continue in 2005 and a standard-setting exercise is to be introduced to further facilitate the interpretation of the national test scores.

In summary, Mr. Speaker, the national test provides the Government with one source of data. This data can be utilized by the Government policymakers and practitioners to reassess programmes; to examine and revise existing practices in curricula provisions, textbooks, teacher preparation, school organization and instructional practice, in our thrust towards improving the quantity of our education system.

Thank you, Mr. Speaker.

TOURISM DEVELOPMENT (AMDT.) BILL 2004

Order for second reading read.

The Minister of Tourism (Sen. The Hon. Howard Chin Lee): Mr. Speaker, I beg to move,

That a Bill to amend the Tourism Development Act, 2000, be now read a second time.

Mr. Speaker, today the Minister of Tourism brings to this Parliament the Tourism Development (Amdt.) Bill, 2004. This Bill has been long outstanding and I shall go through the reasons as I proceed in my presentation. This particular Bill seeks to amend several variations and flaws in the Tourism Development Act, 2000. The Bill also seeks to strengthen the framework as it relates to the granting of particular incentives that were provided for in the Hotel Development Act, which is now being introduced in the new Tourism Development (Amdt.) Bill, 2004.

Before doing that, Mr. Speaker, I intend to, first of all, give a brief history of the incentives that were provided for in the Hotel Development Act of 1963; to speak about the Tourism Development Act of 2000; to explain some of the flaws and to give the reasons for these amendments in the new Tourism Development (Amdt.) Bill, 2004.

In 1963, the Hotel Development Act—and this was written to provide certain incentives for investors in the hotel industry; certain incentives such as duty free on importation of items, accelerated depreciation on equipment such as air condition units or refrigerators, capital allowances on approved capital expenditure, and various tax exemptions were provided for under the Hotel Development Act. This was done, in particular, to encourage investors to build plant, to increase the size of the room stock in Trinidad and Tobago, and to make easy entry for investors in this particular industry. That Bill was subsequently passed in 1963 and written into law.

Mr. Speaker, I now move to 2000 when the Tourism Development Act, 2000 was brought to Parliament. The Preamble to that Bill was:

“An Act to facilitate the development of the Tourism Industry by providing to investors incentives and concessions and to make provision for matters incidental thereto.”

At that time it was felt that the tourism industry, as a whole, was not only related to accommodation but consisted of other tourism ancillary services. The Act was intended to increase the definition of what was considered to be tourism projects. As a result, other tourism ancillary facilities were included under Schedule 2 in that Act. It included other businesses such as: marinas, water sports, charter boats, cruise activities, tour operations, theme parks, cultural centres, film making, special events and golf courses, all of which were included in the Act and which had the same incentives provided for under the previous Act.

Another major industry that was included in the Tourism Development Act, 2000, was referred to as the Integrated Resort Development (IRD). An Integrated Resort Development is one that consists of multiple facilities, for example, golf courses, apartments, hotels and other ancillary services. That particular Schedule 5, which allowed IRDs, was also given the incentives that were mentioned earlier under the Tourism Development Act, 2000.

As well, Mr. Speaker, in Schedule 5 of this Act, as an incentive, other industries such as camp sites, divers, eco-lodges and guest houses were also businesses that were given incentives by the Government of Trinidad and Tobago through this particular Act. The bad news, however, is that when the particular persons within this industry went ahead and invested in the plant and products—and were promised certain things, based on the legislation—and the time came for them to cash in and to get a rebate, it was refused because the Bill was flawed. Today, Mr. Speaker, we hope to have that Act legitimized to ensure that the promises, which

were made to many of our investors in the industry, could be delivered. Mr. Speaker, what is important is that we in the PNM believe that when we promise something we should deliver. That is why we have brought this Bill today. [*Desk thumping*]

Mr. Speaker, all of our stakeholders are here today and I welcome them to the Parliament. [*Desk thumping*] They are not here because they like the Minister; they are here because they have been part of this promise. They have felt the pinch, Mr. Speaker, and have had to sacrifice certain amounts of investments as a result, but after this Bill is passed today I am sure that they will be happy and smiling and we will share a bottle of Champagne.

Mr. Speaker, one of the major sections in which that promise was made and was not delivered is section 38. I will read it for you. Section 38 was to allow:

“Exemption from tax of interest on an approved loan...”

What that means is that someone who invested in a hotel and borrowed money—Mr. Speaker, let me go back and give an example of what this means to a businessman, because we are talking about a lot of money. If, for example, someone wanted to invest in a 100-room hotel—today the average cost of building a hotel is roughly US \$200,000 per room; that is for a fully completed hotel with all the amenities and facilities provided—one has to, first of all, do a feasibility study, prepare cash flows, ensure that there are certain guarantees to the bank, and one has to borrow that funding depending on his equity injection. Let us assume that he has to borrow US \$20 million, that is nearly TT \$120 million, to build a hotel, he borrows the money from the bank; the bank then, on the interest earned, has to pay a tax to the Government, what the Bill says under section 38, which was written into law in 2000, is that the banks will no longer have to pay tax on the interest earned on any approved projects by the Ministry of Tourism. So effectively that ought to reduce the level of interest paid by any investor, in an interim approved project in the tourism industry, so it lowers the rate of borrowing by having a rebate on the tax on interest. Do you understand that? Mr. Speaker, I have explained that so the Member for Tabaquite Village understands why this flaw exists. We will now try to unravel that.

Many investors—almost 20 projects in the last seven or eight years—went ahead and borrowed and invested moneys; they were promised these tax incentives under section 38 and when they went to the ministry for their tax rebates, however, there was none because the Act itself is flawed. I will explain why it is flawed. Mr. Speaker, in the Act it was felt that those incentives would be

Tourism Development (Amdt.) Bill
[SEN. THE HON. H. CHIN LEE]

Friday, January 21, 2005

provided after the project was approved. Anyone knows that if someone is investing in a hotel it may take about three or four years to build, and bridging finance is required during that period. When the project is approved after three or four years and the Act says you will only get it upon approval, it means that one would have lost all one's taxes over that period and would have lost a lot in terms of the financial cost of building that hotel. Mr. Speaker, I refer cattle to this as "cattle boil" legislation. When you promise something to someone you have to give it otherwise you would get a "cattle boil". [*Desk thumping*] Mr. Speaker, we want to amend this section to ensure that the investors of whom we speak can get their rebates in this particular section.

Mr. Speaker, since becoming the Minister of Tourism, I have met many investors. In fact, some of the particular projects that were built were actually on the brink of financial ruin and some of them still are because of this particular section. Many of these persons had to layoff persons and they were unable to carry on because of this particular section. Mr. Speaker, I want to reassure those persons that relief is coming shortly.

One of the amendments to the Tourism Development (Amdt.) Bill, 2004 is that we will now allow retroactivity in terms of taxes on interest. We will allow after a project is approved—the amendment says: "six years prior to the approved project you will be allowed, assuming that the Ministry of Finance approves it"—the rebate within that six-year period. Mr. Speaker, I want to read a part of the legislation which amends that particular Bill. It says:

"Exemption from tax of interest on an approved loan..."

In clause 38(2) it says:

"...where a tourism project has been declared an approved tourism project the Minister to whom responsibility for finance is assigned may, by Order, exempt from tax the interest received on a loan used for bridging finance, for a period not exceeding seven years or the period of the loan whichever is the lesser period, notwithstanding that the interest may have been received before the tourism project had been declared an approved tourism project."

In 38(5), which deals with retroactivity, it says:

"An Order made under this section may be made retrospective to a date not being earlier than six years from the date on which the Order is signed by the Minister."

What we are saying here, Mr. Speaker, is that persons who have invested in a tourism project can now access these benefits by allowing it to be retroactive from the time it is approved and the amendments in the new 2004 Bill will deal, specifically, with that issue. Mr. Speaker, I have explained that to Members of this House so that there is more clarity when they make their contributions.

Mr. Speaker, another area of incentives that we are providing under this section is the Hotel Development Act: accelerated depreciation on equipment and capital allowances on approved capital expenditure. Those were already provided for under the Hotel Development Act but for some reason were omitted from the new Tourism Development Act. We intend to bring that forward into this new Bill to increase the amount of incentives. We believe that when investors in the tourism industry succeed, the country and the Government succeed.

Mr. Speaker, there is also another amendment in that Act to clarify motor vehicle tax. Another area that has been showing some significant growth in Tobago is that of dive operators.

For those who are not aware, it is said that we have some of the most beautiful underwater in the world. We have the brain coral, the manta ray and many attractions of our blue waters in Tobago. This particular section in the new Bill seeks to allow dive operations—to give locals, the people of Tobago—the priority over international operators. It is saying that it reserves certain incentives provided for in this Bill, in the initial stage, for local investors. It includes dive operators in section 9 so that the benefit incentives under the Tourism Development Bill are reserved for local investors. We want to make sure that the people of Trinidad and Tobago, in terms of dive operations, are prioritized over any international operators.

Mr. Speaker, these are all added incentives that we intend to place in this Bill. We see the tourism industry in Trinidad and Tobago as being one that could not only provide many jobs but could also make a contribution to our gross domestic product.

Mr. Speaker, I will give a quick overview of what is happening in an industry that is considered to be one of the largest in the world. The tourism and travel industries are by far the largest in the world. Today, in 2005, we are witnessing almost a transformation in terms of the technology and how things are done in the industry.

Mr. Speaker, it is said that by the year 2010, 50 per cent of bookings done on airlines and in hotels will be done online on the Internet. One can now go on the

Tourism Development (Amdt.) Bill
[SEN. THE HON. H. CHIN LEE]

Friday, January 21, 2005

Internet and book travel anywhere in the world without having to make a phone call to the airlines. Mr. Speaker, that is transforming the industry in a big way. It is not only minimizing cost but also it is allowing the industry to be far more effective than it was previously.

I recently read a book entitled *Rising High* by a company named Jet Blue. This book speaks of the fact that this company—an airline industry—managed to charge half the rates of normal carriers in the United States. In other words, it charged US \$50 to travel from one point to the other, about 30 to 40 per cent less than the average carrier. It is said that one of the main reasons for that success was that he was able to use Internet bookings and e-ticketing to his advantage—he invented e-ticketing. It reached a point where he could use the computer to book online as well as when someone arrived at the airport, one would use a machine to book on the flight and no one had to be there. We are now dealing with a very dynamic industry, one that is using technology to its advantage.

In the industry as well, we have a situation where the cruise ship and the airline industry is now amalgamating itself. This industry has consolidated itself into blocs and if we are not part and parcel of that change I think we will be left out. Mr. Speaker, that is one of the main reasons we are ensuring that there is a company by the name of the Tourism Development Corporation, which would focus, specifically, on those areas of business.

We have seen also an increase within the tourism industry in the last two years. We have seen in Tobago—Tobago is a success story in itself—in 2003 where there were 71,000 arrivals and in 2004 Tobago recorded the highest arrivals in the history of Tobago, which were 100,000 people. Because of that, Mr. Speaker, we are seeing a situation where the tourism industry in Tobago is the second largest employer. Many persons on the ground are being employed in this industry: taxi drivers, food handlers and so on and most of them are very content. I spoke with a taxi driver who said he works 24 hours a day because airlines are coming in at a rate. We have almost six charters coming out of the United Kingdom, Holland and Germany: Martin Air, Virgin Atlantic, British Airways, Travel Span, Condor Air, there are multiple airlines now flying out of Europe into Tobago. For that reason, Mr. Speaker, people are being employed, the industry is doing great; the arrivals are up and we anticipate that in 2005 we are going to have even higher arrivals than in 2004. [*Desk thumping*]

Mr. Speaker, the people are happy and I suspect that is why the PNM won 11 seats in the Tobago House of Assembly election and the DAC won only one. [*Desk thumping*] They got trounced because we are providing jobs and ensuring that the industry succeeds. The tourism industry plays a major part. Mr. Speaker, by providing these incentives we will allow further development; we will create more employment; we will ensure that it is contributing, not only in the form of employment but to our national product.

Added to that, Mr. Speaker, Tobago got three awards. One of the major awards last year by the World Travel Market, which was given in London—I was present—Tobago was awarded the number one destination in the Caribbean. [*Desk thumping*]

Mr. Speaker, as part of an Omnibus Note that we are bringing to Parliament, we are now saying that people who belong to member states within the Caribbean Single Market and Economy (CSME) will be given those incentives provided for under the Tourism Development (Amdt.) Bill, 2004. I have heard people say that would take away jobs and it might be a disincentive for Trinidadians and Tobagonians but I strongly disagree with that. Let me give the reasons. I think that to include persons from member states as persons who are entitled to those incentives are important.

Mr. Speaker, not only are we living in a globalized industry; we are also dealing with other member states which have probably been in the tourism business a little longer than we have. I had mentioned before that if we were to take some of that expertise in the member states, as well as to provide our level of equity, we could now also have almost franchised-type hotels. It is not only about independent hotels, it is about franchised hotels. I think that by having a conglomeration of expertise—persons in member states and equity provided for either in Trinidad and Tobago or outside—will bring the standard of tourism and accommodation at a higher level than it is at present.

Mr. Speaker, we strongly support the idea of allowing member states to become part of this industry. We also support the fact that we could have member states also be employed in this industry, which will only redound to a much higher level of service and quality being provided for within the tourism industry in Trinidad and Tobago.

I must also add that there are many investors today who are looking anxiously at the industry. We have a situation where persons are knocking on our doors to build business hotels in Port of Spain and in the Integrated Resort Developments

Tourism Development (Amdt.) Bill
[SEN. THE HON. H. CHIN LEE]

Friday, January 21, 2005

(IRDs) in Tobago; they are looking at leisure hotels in Tobago; they are looking at eco-tourism projects in Trinidad. Mr. Speaker, despite the advisories we have seen recently, we are seeing a situation where the number of arrivals for 2005 Carnival will exceed that of last year. [*Desk thumping*] We are seeing a situation where investors continue to be keen on investing in tourism plant and products. We are seeing a situation where our arrival rates and the number of airlifts coming into Trinidad and Tobago continues to increase. We are seeing a situation where the industry itself continues to grow.

When business persons succeed in the tourism industry the Government and the people of Trinidad and Tobago will succeed. When we succeed, it means more employment for persons; greater levels of input; increase in other ancillary services, such as the manufacturing industry, the tour operators and travel agents. Mr. Speaker, all persons who provide services to hotel and the tourism industry will benefit. We have seen that very clearly in Tobago.

2.30p.m.

Mr. Speaker, I just want to add that by amending and ensuring that certain promises that were made under section 38 are delivered and, when this Bill is approved, investors who were exempted from tax of interest on an approved loan can access this benefit. Also, accelerated depreciation on the depreciable equipment, as well as capital allowances and approved capital expenditure, as well as easy access to motor vehicle taxes, as well as having dive operators reserved for local investors. All of that will redound to a greater success in the industry and will redound to ensuring that Trinidad and Tobago becomes a developed country by the year 2020.

Mr. Speaker, I beg to move.

Question proposed.

Dr. Adesh Nanan (*Tabaquite*): Mr. Speaker, as I enter the debate on the Tourism Development (Amdt.) Bill, 2004, I do so with a sense of sadness, unlike the Government that is beating its chest and feeling merry on that side.

On reading the front page of *Newsday* Thursday, January 20, 2005:

“Gunmen shoot at family—Dad dies saving baby

One-year-old Zion McCarthy was spared death on Tuesday night, when his father Kellmis McCarthy, 41, shielded him and his mother Esther from two gunmen in Diego Martin. Kellmis who was shot four times, subsequently died at hospital.”

Mr. Speaker, we on this side call on the President to give an award posthumously to Mr. Kellmis McCarthy for this act of bravery.

What we are seeing today in this country—and the Minister of Tourism spoke about “arrivals up”. I want to say as I enter this debate, the environment in 2000 when this Bill was brought to the Parliament was completely different from the environment in 2005. In 2002 the kidnappings were almost negligible. The crime rate was down. Today in 2005, there is a crime rate that is spiralling upwards out of control. The former Minister of National Security, the Minister of Tourism, because of his failure in the Ministry of National Security, is having a negative rippling effect on the tourism industry. Some may say this is poetic justice but we have to deal with this problem. We cannot come in the Parliament this afternoon and say that arrivals are up, we are having visitors for Carnival and the advisories are threatening the tourism industry. Be real!

The Member for Port of Spain North/St. Ann’s West makes a comment and he has failed in the Ministry of Health because the advisories point to the Minister of Health. [*Desk thumping*]

I am very annoyed this afternoon because I read two articles dealing with the Minister of Tourism and his family about the “*Sea Prowler* at Pier 1 and the kind of cocaine finds on the *Sea Prowler*. I have to ask the question. We heard rumours, we have heard of the *Sea Prowler* going to Venezuela. Is it a negative ripple effect where gangsters and bandits are coming in from the Venezuelan mainland into this country? Are we seeing the *Sea Prowler* trading in flesh? We have to ask the question this evening, and I bring to table scripture because it is important in this country, because under the PNM Government, we are seeing moral decay of the society and they must call to account. I will quote scriptures for you because it is necessary. Hebrews 13:4:

“Marriage is honourable in all, and the bed undefiled: but whoremongers and adulterers God will judge.”

I have another piece of scripture here.

Mr. Valley: What is the relevance?

Dr. A. Nanan: What is the relevance? You are asking the relevance and it is your constituency the man was killed in. You have no concern for the situation in this country. The relevance if you want to know is this. We are dealing with charter boats in the Bill and the *MV Sea Prowler* is a charter boat, in case the Member does not know. Proverbs 29:3:

Tourism Development (Amdt.) Bill
[SEN. THE HON. H. CHIN LEE]

Friday, January 21, 2005

“Whoso loveth wisdom rejoiceth his father: but he that keepeth company with harlots spendeth his substance.”

I want to remind the Members on that side about Exodus 20:14: [*Desk thumping*]

“Thou shalt not commit adultery.”

And, I also want to remind the Member for Diego Martin West of verse 15:

“Thou shalt not steal.”

Mr. Speaker, we are in a situation today—

Mr. Speaker: Hon. Members, please, I am enjoying the contribution of the Member and I would like to hear it. Member, please continue.

Dr. A. Nanan: Mr. Speaker, the Member for Diego Martin Central is trying to distract me but he must be aware I will not be distracted because this is important to this country. The country’s economy is at stake and we will hear later from the Member for St. Joseph about finance in terms of this. We are dealing today with a situation in this country where our society is crumbling and the President has to take note. The President has to make a statement with regard to the society. There is no way that a President would wine—

Mr. Speaker: You must not bring the President in the debate please.

Dr. A. Nanan: I withdraw that. As we approach the Carnival season we must take stock, and that is why I brought in these scriptures.

The Act speaks to the Tourism Development Act 2000. In the Tourism Development Act of 2000, there was—in fact, we on this side have no problem with this amendment because it was the policy of the United National Congress government to allow this facility that the Minister of Tourism spoke about waiving tax on interest by the Government. It was a facility that was brought in by the United National Congress. It is unfortunate that in 2005 we have to deal with a situation where the Minister of Tourism—they are in Government since 2002 and they are now coming with this amendment to deal with that. We saw recently the former Attorney General was robbed in the West Mall car park. We have to face reality; we have to stop and take stock. People are being killed on a regular basis. In this country prominent families are leaving, children are being schooled at home. They are afraid to send their children to school. We are prisoners in our homes.

Mr. Speaker, it is important to understand because the Minister of Tourism spoke about environment. He spoke about investor confidence. Right now investor confidence is at an all time low in this country and I will read from the *LA Times*, a very short extract.

“An ugly social ill threatens the perpetual party atmosphere in Trinidad and Tobago: kidnapping, a crime so epidemic that the nation ranks second in the world behind Colombia for its rate of abductions.

Victims and police point to a home grown radical Muslim gang that sought to topple the government in 1990 and has since built a lucrative criminal empire. U.S. intelligence operatives are believed to be watching the militants of the Jamaat al Muslimeen for signs that they are linked to global terrorist networks such as Al Qaeda.

Abductions targeting the prosperous and politically influential have evoked comparison to the Abu Sayyaf guerrillas, whose kidnappings in the Philippines and Malaysia have chilled business at island resorts in those Pacific countries.”

And I am glad we have the stakeholders here. The Member said that there are stakeholders in the audience.

“They have also instilled fear in this country, the Caribbean’s most dynamic economy, that visitors and foreign investors could begin looking elsewhere.”

That is why I said investor confidence is at an all-time low.

“Meanwhile, amateur crooks and street kids are getting into the act, inspired by the ransom paid by relatives who may fear the police as much as the abductors.”

Mr. Speaker, we have history created this evening in the Parliament. It is the first time a petition has been denied, a matter in the court; betrayal of justice and transparency in this country. I make mention of this *LA Times* report because the Government is saying they want a retraction. This is reality! We heard from the Member for Princes Town and there are reports in the police station, of robberies on a daily basis, of people being accosted in their homes. This is the situation in the country and visitors are coming in. Without any kind of consideration the Government is dealing with a tourism Bill.

And another situation that the Minister of Tourism must be aware of is cruise-ships are turning away from Tobago. Why? Because of rough water. The cruise-ships come into Tobago and the passengers are transported by ferry to land and if

the water is rough they cannot utilize that mode of transport. Inadequate infrastructure in Tobago. I spoke on the Shipping Bill and I spoke about the need for a proper cruise-ship port in Tobago.

When the Minister comes and talks about the incentives and the development of the tourism sector, what is the Minister doing in his office? The Minister is only travelling all over the world. We have no problem with the Minister traveling, but while he is travelling he needs to take care of his products. We are branding Trinidad and Tobago. He says we are No. 1 in the destination in terms of the tourism attraction, but the Minister of Tourism must be aware that there is Antigua, Grenada; all the islands of the Caribbean have, more or less, the same attraction.

If an investor is coming in and the climate is unfriendly the investor would not waste time but go elsewhere. We would have to take stock, we have to control. If you look at the advisory for Barbados, petty crimes, and they are saying in the Barbados advisory that one million visitors visited Barbados and there were very little incidents against tourists. But they have intensified our advisory. In fact, one of the advisory said, avoid large crowds. So they are telling their citizens do not go to Carnival, stay away from the Carnival fetes. Indirectly that is what is happening so the Minister has to face reality when he comes before this House with the Bill. The Minister opened up the debate. If he had stayed within the confines of the Bill that would have been fine but when he went to the Tobago House of Assembly election, that has nothing to do with the Bill. I will tell you why. The boundaries changed. There were social handouts in Tobago and that is why—

Mr. Speaker, I spoke about the product, Trinidad and Tobago. Poor infrastructure all over the country; flooding in Caparo. In my constituency in Tabaquite severe landslips cutting off the people. In the North Coast severe landslips on that side and at Maracas now. The Minister of Tourism sat in his office—there is a vote for the Maracas facility to avoid flooding in that area. Nothing happened. Heavy rainfall and Maracas flooded out. The bake and shark vendors had to close up and they are losing money, and the Minister talks about prosperity in the tourism sector and everybody is happy.

In Tobago, CEPEP is taking over and you do not even have people to serve breakfast. Nobody wants to come into the tourism sector anymore. That is why the tourism sector has to be looked at carefully.

The lifeguards: There were protests by the lifeguards. So in all areas people are being fooled to come into the country. There is a marketing plan yes, and you are attracting Europeans to come here.

Mr. Speaker, if one million people—negative fallout from the Tsunami situation—European visitors decided to go over to Tobago, what are they going to meet? Rapes and robberies in Tobago! There is nothing mentioned here in this advisory about any mechanisms in Tobago—no marine patrols, no horses, nothing. No intensification of crime measures in Tobago and you are attracting visitors—your arrivals are going up. But you cannot lure people into an island then fool them. There was a movie like that—*Paradise Island*—I do not know if you remember that movie, where they showed a clipping of the island. Yes, you are going to this—it is an old movie—and yes, when you arrive it is a totally different picture. We cannot do that. We have to understand, yes, the product is there but if the product is not managed properly we are going to lose the tourism dollars. The Minister of Tourism said it is one of the biggest industries in the world.

The Bill speaks to certain areas in the amendment. There is a particular section in this Bill that deals with charter boats. I find it quite interesting that it is being removed from the Schedule. I do not know why specifically they are removing charter boats and I would like to refer to an article in the *Express* of January 21, 2005—Multimillion drug heroin bust is reportedly made aboard a Pier 1 pleasure craft.

“Dutchman Johnny Biesborouck, 61, was allegedly caught aboard Pier 1’s *Sea Prowler* with the drug on Wednesday night.

The boat is owned by the family of Tourism Minister Howard Chin Lee.

Biesborouck was reportedly held with 5.4 kilos of refined heroin valued at \$3.5 million.

The Dutchman was charged with heroin trafficking by the Organized Crime and Narcotics Unit.

The boat had returned from Venezuela on Wednesday night when the bust was made.”

Another article of Friday, December 17, 2005,

“Dutch woman held with \$3m in heroin at Pier 1

A 28-year-old woman from Holland will appear before a Port of Spain Magistrate today charged with trafficking heroin valued at over \$3 million.

The foreigner was alighting from the private yacht...”

Which the Bill refers to as charter boat.

Tourism Development (Amdt.) Bill
[DR. A. NANAN]

Friday, January 21, 2005

“the *Sea Prowler* at Pier 1 in Chaguaramas around 10 o’clock last night which had come in from Venezuela when Customs and Excise officers became suspicious.”

Mr. Speaker, in the beginning of my contribution, I spoke about the houses of ill repute. The Member wants to distract me. I do not know if Exodus 20:14 applies to her. We are seeing in residential areas—and the relevance here is when this Tourism Development Act was passed, you will recall that there was a limit with respect to the number of rooms for guest houses, a minimum of eight, and a maximum of 20 reserved for local investors.

Mr. Speaker, the minimum eight rooms were of a certain level and that is why the infrastructure—because of this kind of limit that was placed—would have been of a certain standard. What we are seeing now under the PNM Government is the dropping of standards. We are seeing these houses of ill-repute springing up all over the country and I remind the Member for San Fernando West that in the Palmiste area it is reported that there is one of these houses of ill repute. It is also reported that high-ranking officials visit this particular house of ill repute. We are speaking on a Tourism Development (Amdt.) Bill. We are dealing with infrastructure, guest houses, minimum eight rooms and upward. The Minister spoke about millions of dollars in terms of hotel investment but you cannot have that in a society where you are trying to develop a product and you are turning a blind eye to these houses of ill repute that are springing up all over the country. That is why I brought in the scripture so that if they have any conscience on that side, they will deal with that.

The Bill also speaks about dive operations and there are certain new definitions with respect to “destination management company” and two other areas in the Bill.

When this particular Tourism Development Act, 2000 was passed, it was taken in a holistic view. Today, we see a Bill before us, a piecemeal approach. Let me put forward a simple situation. There was a situation—in fact, it still exists—where the corporation, for example, in this case Tidco, would receive all the requests for any hotel construction in Tobago. The Act says that the Minister of Tourism—what would happen is the corporation which would have been Tidco at the time, would submit the application to the Minister of Tourism. That is within Trinidad. In Tobago the application would go to the Tobago House of Assembly for recommendations, not approval. The Minister of Tourism has to give the approval for any infrastructure, any hotels being built in Tobago. There was a big hue and

cry about that situation about Tobago's autonomy, knowing fully well that there is delegation of authority.

Today we are hearing nothing, absolute silence from the Minister and he comes here and talks about the Tobago House of Assembly elections, and when this was brought into the Act, it was said we wanted to take away autonomy from Tobago and any tourism development in Tobago must be controlled by Trinidad. And there is nothing mentioned in this particular Tourism Development (Amdt.) Bill with respect to the Tobago House of Assembly and the Minister of Tourism. Yes, the Minister of Finance in the UNC government agreed that he would waive the taxes on the interest for approved loans and bridging finance and it was a difficult exercise because we were talking about millions of dollars to be given back but the Government said, yes, because in law as the lawyers here would know, there is legitimate expectation.

The Tourism Master Plan: I do not know if the Minister is aware why the date August 03, 1995 was significant. The Tourism Master Plan came around August 03, 1995 and I recall at that particular time the Member for San Fernando East asked why were we giving these incentives? Were the people aware that we were giving these incentives, and there is legislation now covering these investors?

There are legitimate expectations and that is why all these stakeholders would benefit from this particular amendment. It was an initial policy of the United National Congress government, an agreement to waive the interest on tax by Government on these approved loans. The Minister of Tourism is actually right with respect to the negotiations between the banker and the investor.

In terms of the overall picture the situation now is that we need to develop the product. You cannot say that our destination is No. 1, we have the best beaches—and by the way, as I speak about beaches, the Minister of Tourism needs to do his homework. Maracas Bay is now one of the most polluted bays between Trinidad and Tobago. The Minister must be aware that Maracas Bay is an attraction for tourists. They come off the cruise ships and they are taken to Maracas. So he needs to do his homework.

The Institute of Marine Affairs got a new boat. You must get the Institute of Marine Affairs—that is why there are linkages. You must get the Institute to do the testing within the waters of Maracas and there must be some kind of sewerage treatment facility built there. You cannot come here and talk about destination and we won three awards. You had this song and dance in London; you went up and

received and you got your applauses but you are doing nothing with respect to the country. You are doing absolutely nothing with the country!

And you are just saying you have your flora and fauna and we are having people coming into the country. You have sewage in the water in Maracas. We do not want the tourism industry to collapse because it is one of the drivers of the economy. The tourism master plan puts Chaguaramas as one of the anchors with respect to tourism and nothing is being done.

The Minister of Agriculture: There are certain linkages that must be developed within the tourism sector. Nothing is happening. All the Minister is doing is fighting with the cane farmers and nothing is happening in that ministry either.

We need to focus on the tourism industry in terms of the product and how we can improve the security of the visitors and the locals. You cannot say you are going to have security when your visitors come in for Carnival and everybody will be secure and your population is locked up. So everybody in their homes is frightened and visitors are on the streets and you are having your Carnival. Citizens are terrified, they are leaving, they are afraid of being kidnapped, their children are afraid of being kidnapped so you are not going to enjoy anything with respect to this particular Carnival. The visitors will come in, they will be protected and then they will go back and say, yes, Trinidad is a lovely place. But you can go even further. Your Carnival can be an attraction for your country, not only within the Carnival celebrations. It could go further out. American visitors are being robbed in their families' homes and those things are going to have a negative ripple effect.

The yachting industry; word of mouth is the major means of advertisement. When yachties are being robbed in Chaguaramas it has a negative effect on the industry. As the Minister of Tourism, you need to take all those things into consideration.

The Minister of Tourism has to have a link with the Ministry of the Environment and the Ministry of Agriculture, Land and Marine Resources. Not only are cruise ships turning away from Tobago; the passengers who are coming into Port of Spain on cruise ships are not even coming off the cruise ships. They are afraid. There was a report where the passengers came off the cruise ships, encountered vagrants and ran back to the cruise ships. This is the situation in Port of Spain, our capital city. So the Minister of Tourism has to look at all these negative factors that are contributing to people not visiting the island.

Those same cruise ship passengers who came into Port of Spain and ran back on the ship, do you know we are getting into a situation like Haiti? In Haiti if you come out of a hotel, there are five and ten persons coming up to you and asking you for things; and not only asking you but pushing you and becoming violent. Is that what is happening here in Trinidad and Tobago? The Minister of Tourism as the former Minister of National Security must take the blame. Yes, he stood up and waved and smiled and said everything was okay. Face reality, come out on the streets, and see what is happening. This particular advisory is talking about street children. The article points to a situation of perpetual celebration. What are we telling the world? We have to be positive with our message and this kind of moral decadence and inequity must cease. So that is the situation, Mr. Speaker.

3.00 p.m.

I just want to go a little outside of the realm of the Bill to deal with what the Minister talked about—the manta rays, the corals and diving in Tobago. The corals in Tobago are under serious threat. How can we possibly have a situation where the entire hillside is collapsing because they are building a road and mashing up the coral bed? There are no corals for people to see because there is severe erosion of the coast, and the corals—one of the attractions for visitors when they go diving—are being destroyed. Similarly, there is the possibility that the fishes in the area, because of severe erosion, might migrate.

Look at the situation in Barbados! The flying fish have now left Barbados. One of the fishing industries in Barbados has collapsed because the main industry in that particular town was catching the flying fish. The flying fish have now migrated to the Tobago waters and the entire area has shut down. So, if we destroy the coral and we do not take precautions to safeguard the product, yes, we will be number one today, but we will be last tomorrow. Nobody will come. The world saw that tsunami disaster, Mr. Speaker. We saw 225,000 persons lose their lives and people are still going to the region. Why? Because of the product and because of the people. That is the magnet. Do we have that?

If there is a disaster in this country—God forbid—and the infrastructure is destroyed, will people come back here? We heard from the Member for Tobago East that we have the best; we have the attraction. We have to ask those questions. When we deal with a tourism development bill, we have to deal with reality. We cannot speak hypothetically and say that our arrivals are up. What about the airport in Tobago—the Crown Point Airport? What about the hospital? There are advisories against the Minister of Health. The

Tourism Development (Amdt.) Bill
[DR. A. NANAN]

Friday, January 21, 2005

advisory is to take medical insurance before coming to the islands because of the poor health situation.

Mr. Speaker, as they plan to amend the Tourism Development Act, they have an opportunity to deal with all the issues. At least, the Minister did not just come and read the explanatory note; at least he spoke a little about certain amendments, but my contribution in this debate is to face facts—to deal with reality, not with pie-in-the-sky situations. We are dealing with Trinidad and Tobago as it is right now. They are talking about Vision 2020. I would not be around in 2020. I am sure about that. At the rate this Government is going, we have to live life one day at a time; the situation is so bad.

I want the Minister of Tourism and the Government to know that the UNC government initiated the incentives in this Bill, so we take credit for all that is in the Bill. The amendments in this Bill, if we read them, if we read the explanatory note, there is just a full stop here and a comma there. They moved August 03, 1995, shifted it around to 1995 August and they say that is an amendment.

This was an opportunity for the Government to show the country that they are dealing with the situation with respect to rampant crime. The Government must deal with the crime situation. The Minister of National Security cannot hide. He, the Prime Minister and head of the National Security Council must be held accountable.

Mr. Speaker, I thank you.

The Minister of State in the Ministry of Trade and Industry (Hon. Diane Seukeran): Mr. Speaker, this is a debate that gives me much pleasure as we look at something as logical as what is happening today. When we look at the fact this was done in 2000 and here we are again doing virtually the same thing, except that we are seeing the mess, we ask ourselves exactly what the Member for Tabaquite meant when he said, “It started with us”. We would then begin to do our research.

Mr. Speaker, I have great pleasure in starting at the beginning, which was in 1957, when the government of the day established a committee to consider the operations of the Pioneer Industries Programme and to make recommendations regarding future policy for industrial development, bearing in mind that at that point in time, we were into the federation and customs union. Those deliberations had to deal with that as well.

In order then for the gentlemen who were established as the committee to deal with what was before them, they went into another established Committee called the Shaw Committee. Governor John Shaw had established the committee, to survey the fields of finance, economic production and development in Trinidad and Tobago. Out of that, there resulted the establishment of an Economic Advisory Board on March 30, 1948. So, this began, Sir, at that period of time. It explored the possibilities of establishing new industries, examining applications for same and advising government on matters as government referred them to it.

In those days, the Shaw Committee recommended the establishment of an Industrial Board and that fiscal and other incentives be granted for the encouragement of the hotel industry. That was in 1946. The 1957 committee examined and found that the incentives given in 1946 should be extended to other desirable industries and that included income tax relief. Mr. Speaker, look at how far back we have to go to come to this year.

In 1950 there was the Aid to Pioneer Industries Ordinance which was developed to encourage industries to come to Trinidad and Tobago or applied incentives to industries that existed but were not on a sound commercial standing. That ordinance was amended four times—in 1950, in 1951 and again, until June 1956. The main incentive that was given then was an income tax holiday for the first five years from the date production began or when a hotel plant was established. It could be extended to 10 years if the appeal to the Governor at that time was allowed and it gave duty free imports on equipment, construction material, et cetera, for a period of five years.

What we are dealing with here has its root in 1946 and comes forward to the period of 1957, when the Committee established by the government of 1957 began to explore the whole question of tourism. Out of the Shaw Committee also, the law entitled the Income Tax (In Aid of Industry) Ordinance, on March 18, 1950—the same day as the other—was enacted. What I found interesting was that after 1950, the only amendment we had was in 1955, and that dealt specifically with subterranean oil drilling. [Interruption] I am only telling you what happened and what leads us here.

This law made provision for the accelerated write-off of various types of capital expenditure established by those industries. What was interesting was that the 1957 Committee found that only 19 pioneer industries had arisen over seven years and that they were employing 1,039 persons. It noted that there was no real data to determine success or failure, that there was no competent Authority, and the government of the

Tourism Development (Amdt.) Bill
[HON. D. SEUKERAN]

Friday, January 21, 2005

day was slammed by its own Committee for the lack of investment in advertising, for lack of focus by a single Authority, in the comparison between what Trinidad and Tobago was doing and what Jamaica and Puerto Rico were doing. It said categorically that we needed to establish a statutory authority.

Mr. Speaker, remember that already there was the Hotels Development Encouragement Ordinance and we had also already established the Trinidad and Tobago Tourist Board. This was 1957. Remember that the hotel ordinance, existed already, yet today we talk about the taxation breaks as beginning in 2000. We can only look for a moment at what was going on, since I would not go into it because although it is vastly interesting, I am not quite sure that the gentlemen opposite want to be illumined by history. One doubts their capacity to be so enlightened.

What was interesting was that there was a five-year period that could extend to a 10-year period for tax exemptions; that you could write off one-fifth of the capital expenditure on any project in the first five-year period of the first eight years of existence; that capital expenditure for that purpose was defined and included advertising, promotion, publicity, material cost, construction cost, cost of all hotel equipment and purchase of existing hotels. These are the things in 1957, Sir, with which we were already dealing.

And so the IDC was born in 1957 and came into operation in 1959. You will remember, Mr. Speaker, what was happening in that period through to the Act of 1963, which the Act of 2000 sought to update. In 1957, you will remember, we had the Federal elections; we had the whole break up of the Federation; we had to devise the whole making of our Independence and our Constitution; and we had the debate on the Hotel Development Act. It was an exciting period of time and an extraordinary period of history that was intent on the making of a nation. Sir, that is how in terms of tourism, a period of time is lost between 1957 and 1963, when the Act that the 2000 Act sought to remove, which is the Hotel Development Act, was passed. It is Act No. 3 of 1963. What again was fascinating was looking at the debate of that time. The then Opposition agreed fully with the government of the day. There was no dissent. The gentlemen involved at that time, the Opposition of the day, were interested in developing a nation—a nation coming out of colonization into independence was at a point of crisis, as we are now in the circumstance of crime as the Member for Tabaquite raised today.

It is interesting to hear what they had to say, Mr. Speaker—to listen to Sen. Lilas White and Sen. Lucky-Samaroo in the Upper House talking about the San Fernando Waterfront and to listen to the Member for Naparima agreeing with the government 100 per cent on the establishment of that particular Act of 1963.

As we review history, what then happens between 1963 and 1995? The next thing that happens in the history of what is unfolding before us is Act 4 of 1995? which substantially establishes Tidco. One is tempted to look at history. We think of what happened in the economy with the importance of oil rising; the establishment of the Point Lisas Industrial Estate and the industrial unrest of the day that gave rise to the Industrial Stabilization Act. We look at the 1970 Black Power Revolution, the army mutiny, the Public Order Act. The Leader of the Opposition would be very familiar with the Public Order Act. The question was raised as to whether a minister of finance was involved in what arose in 1970. We are talking history as to what is true and what is not true.

We will remember that the leader of the government in those days, Dr. Williams, resigned as leader of his party in 1973; that the Organization for National Reconstruction (ONR) was born in 1981; that there were undated letters of resignation; that the father and founder of the nation, Dr. Eric Williams, died in 1981 and that gave rise to the new regime, led by the deceased George Chambers, a lovely man, and the birth of the government of the National Alliance for Reconstruction (NAR), from 1986—1991, with which the Member for St. Joseph is very familiar, and of the total internecine fighting that occurred and destroyed the fabric of the country of Trinidad and Tobago.

Dr. Nanan: Mr. Speaker, on a point of order—Standing Order [*Inaudible*]

Mr. Speaker: I think that the hon. Member opposite would like you to focus more on what is before us. Perhaps you can accede to his request.

Hon. D. Seukeran: Mr. Speaker, the matter before us is an amendment to an existing Act, the Tourism Development Act, 2000, which removed a piece of legislation enacted in 1963. We are talking about the Act of 1963—what it said, what it did, what happened and how we came to 2000. I think I am extraordinarily relevant. He will admit that these were extraordinary things, considering that we are still at a point of colonization particularly in some of their minds.

In 1995, at the point where there was a change of government—when the government of one-love had collapsed upon itself and a new regime had come into place—we went back to the business that was the Act of 1963, which the Act of 2000 sought to replace by the creation of what became the Trinidad and

Tourism Development (Amdt.) Bill
[HON. D. SEUKERAN]

Friday, January 21, 2005

Tobago Industrial Development Company of Trinidad and Tobago Limited (TIDCO). That repealed what had been established, the IDC, and repealed the Tourism Development Authority and the Export Development Corporation. So, the Act of 1995, which deals substantially with 2000, since Tidco is so heavily engaged in the Act as created in 2000, is relevant, as is what was happening in the background of those times.

I would like to look at what was said in the Hnsard dealing with the Tourism Industrial Development Company (Vesting) Bill. I quote from the presentation of the Bill, on January 13, 1995, by the Minister of Trade and Industry at that time—the same Minister that exists today. He says:

“The underlying purpose of this Bill is to provide the institutional framework necessary or the framework that is consonant with our quest for international competitiveness at this time—an institutional framework which is facilitative and promotional rather than one that is regulatory or controlling.”

He is very specific as to the function of Tidco. He said that the main functions were to bring the disparate elements under one head and to have it focused on investment promotion and marketing. That was the simple purpose of the legislation. That was what Tidco was designed for.

I am dealing with Tidco because in the Act of 2000, as designed by the government of 2000, Tidco plays a crucial role in undermining the authority of the THA, as the Member for Tabaquite just pointed out.

Mr. Singh: Would the Member give way?

Mr. Speaker: The Member for Caroni East would like you to give way.

Mr. Singh: The hon. Member indicated that Tidco undermined, on the basis of the 2000 Act, the role of the THA. Is that being corrected in this current amendment to the 2000 Act?

Hon. D. Seukeran: Mr. Speaker, I will attempt to answer the question of the Member for Caroni East as we go along because it builds into the argument as to what they did and what is happening today.

It is understood that tourism is not just about the establishment of a plant. It means many ancillary services and goods that feed into and out of tourism. And so, particularly to begin to answer the question as raised by the Member for Caroni East, the Tidco Act, says quite categorically, in Part II, clause 7:

“Where the functions of TIDCO relate to any of the functions of the Tobago House of Assembly, TIDCO shall consult with the House of Assembly in the formation and implementation of the programmes of TIDCO.”

“Shall consult with”. What happened in the legislation of 2000 is that Tidco sent it to the THA for recommendation. That is not consultation. That, we seek to correct.

We know what happened in the period 2000—2005 and now I turn very importantly to what is happening in today’s environment. I want to make a link with the Act of 1995 and the Government that is today sitting on this side—a Government that is led by a particular philosophy and which has a particular focus. Its focus is to take this country into developed nation status and that means all the industries we are talking about here and the Tourism Act that we are looking at.

I would like, Mr. Speaker, to quote from a statement made by the hon. Prime Minister that describes what Vision 2020 means, lest we not understand it. I am quoting from the address by the Hon. Patrick Manning, Political Leader and Prime Minister, at the 38th Annual Convention of the People’s National Movement at Chaguaramas Convention Centre on Saturday, October 25, 2003. He said:

“And for those who still don’t know what vision 2020 is and what developed nation status means, let me tell you.

It is a state of sustainable economic growth, where resources are wisely and sensitively exploited; where wealth is produced and utilized to give every citizen the opportunity for individual fulfillment; where the people are united and enjoy safety and a sense of belonging; where individual talent flourishes; where our history is a source of instruction and inspiration; where our cultural heritage is preserved and enriched as our unique contribution to human civilization; where democracy reigns and our people enjoy all their fundamental rights and freedoms; where there is love of country and commitment to community; where the family is strong; where poverty is eradicated; where the environment is cherished as a most important natural resource; and where each succeeding generation is handed a legacy of prosperity, security and stability.”

Mr. Speaker, that describes the focus of the Government today. [*Interruption*]
Mr. Speaker, I am being distracted by the very attractive Member for

Tourism Development (Amdt.) Bill
[HON. D. SEUKERAN]

Friday, January 21, 2005

Barataria/San Juan. As I have often said, he has a way—I need your protection, you know—of distracting me.

What does that statement mean? This statement indicates that the intention of the Government of Trinidad and Tobago is to create sustainable economic growth that gives rise to sustainable employment opportunities—the rise of business, et cetera—so that people can themselves achieve a higher quality of life. That is substantially what it is and that is why this Tourism Development (Amdt.) Bill is as important as it is.

Mr. Speaker, the Member for Tabaquite gave some figures just now. He said that tourism was at an all-time low and that was how the Government of Trinidad and Tobago builds upon its economic plan. [*Interruption*] I beg your pardon if I did not quite understand what the Member said. What the Member for Tabaquite indicated was that tourism was at an all-time low.

Dr. Nanan: I said that investor confidence was at an all-time low.

Hon. D. Seukeran: Mr. Speaker, I beg your pardon. I take it back then. I had heard and heard quite wrongly that the Member said that tourism was at an all-time low. I wonder what the mathematics are, given what the Minister of Tourism had said about the rise in visitor arrivals.

The Government of Trinidad and Tobago is focusing upon tourism. The committee under the Prime Minister's own leadership is looking at subsectors to develop and diversify the economy of Trinidad and Tobago, to give rise to the ability of the people to join into the growth of the economy by themselves being able to grasp new opportunities. We focused upon particular industries and some of them lead specifically into tourism. We have the music and entertainment industry, the yachting industry, the film industry, the fish processing industry; merchant marine, printing and packaging, food and beverage—all of these industries we are looking at very closely.

Why, Sir, does tourism then become as important as it was to the government of that side then? They would have brought the bill because they recognized the inherent value of the tourism sector. When you look at the spin-offs—again the Member for Tabaquite touched upon it as he asked questions about agriculture—if tourism is well done, the spin-offs are enormous. The snowcone man who sells his product, the hotelier that is gaining on taxes, the government, the clothing industry, the taxi driver; every single operator and service provider, including the agricultural sector; all of these lead into the tourism sector. Think of the spin-off to the banking

sector. The Member for St. Joseph will read me extremely well when I talk about the insurance and the financial sectors; all of these areas.

Why? When you look at it, the tourism sector represents the services sector and that represents 60 per cent of global trade including tourism in 2004; 10.4 per cent of global GDP and provided more than two million jobs directly. This, Sir, is from the World Travel Tourism Council, 2004.

I would like us to listen to what our Central Bank indicates. It says that tourism accounts directly for 2.3 per cent of GDP in Trinidad and Tobago, 10.8 per cent indirectly; and that it also accounts for 2.6 per cent of the labour force directly and 10.4 per cent of the labour force indirectly. That is the value of tourism to the local economy. That is why it has potential. The framework in which we establish that potential must be put correctly, and what was done yesterday be redone. Important to that is to bring the tourist here.

We come then to the infrastructural development of the port facilities and to the ferry transport between Trinidad and Tobago. A tourist who arrives at one point must be able to go to another point, apart from the locals themselves. We come to air transport and the role of BWIA and LIAT. [*Interruption*] The *MV Sonia* or otherwise, but the fact of transport.

3.30 p.m.

The Government of Trinidad and Tobago is being quite patient, as the two airlines begin to restructure themselves. If you looked at the news last night you would know that Delta Airlines lost US \$3 billion for the year and American Airlines lost US \$5 billion. That does not include what is happening in Europe. The industries in the southwest are almost gone. Continental Airlines, which lands here, is doing very badly. The airline industry is in chaos, but we in Trinidad and Tobago cannot or should not be dependent upon a foreign agency to tie what is critical to us; transport linkage between each other and the rest of the world. We have to have a guaranteed form of transport, whether we hire it from other people, be it as a service from other people, or have our own. We must allow these two entities to come to the point where they can be restructured enough to determine whether we want them as a regional airline or not and how we shall put it together. Air transport is critical, not just to tourism, but to every sector of economic growth in Trinidad and Tobago.

As the Member for Barataria/San Juan will tell you, if you get a heart attack tomorrow and want specialized attention, you have to be able to fly to wherever you are going. If you do not have an airline, for heaven's sake—I watch the news

Tourism Development (Amdt.) Bill
[HON. D. SEUKERAN]

Friday, January 21, 2005

and hear the nonsense that many Members on that side speak, understanding full well the enormous value of BWIA and LIAT and yet the fact that the Government has to look at it realistically. You cannot keep propping them up. You have to think strategically in the interest of your country. I look forward to hearing the Member for St. Joseph on the matter.

Mr. Speaker, I want to point out very importantly, the link between air transport, between BWIA and trade, because trade is the lifeblood of every country. If you look in the CSO report at the major geographic tourism markets for Trinidad and Tobago, they determined that the US represented 33 per cent in tourism arrivals; our trade exports represented 34 per cent; to the United Kingdom, tourism arrivals represent 18 percent; our exports represent 14.1 per cent; to the Caribbean, tourism arrivals represent 28 per cent; our exports represent 28.2 per cent; Canada's arrivals represented 10.5 per cent and Canadian trade represented 10.5 per cent. This document comes from Tidco. This document gives the statistics. TIDCO has pulled out the statistics which show how closely aligned is the whole question of airlift and tourism with the question of trade. Those are matters we want to talk about. In the background of all of this—although I am talking about the statistics of 2003—this was also true in 2000 when the Members on the opposite side were on this side. They devised the 2000 Bill.

We now come to the question asked by the Member for Caroni East. It was not the Member for Tabaquite's Bill. The Bill was devised by the then Minister responsible, Minister Assam. It lapsed in 1999. The Member for Tabaquite brought the Act in 2000, which is perhaps why we had so much controversy in the explanation of what they were trying to do. One has to ask oneself what did the Tourism Development Act, 2000 seek to do? It was so badly written with so many amendments at the end of the day. It was skewed so as to give strength to an argument that was being proposed throughout the debate that lasted in this House. I have not walked with all the *Hansard* because it is heavy. Here are the quotations from that Bill, and it makes fascinating and extraordinary reading. I had a very good time researching this information. I read the contributions of the Members for Diego Martin East, Diego Martin West, Diego Martin Central, Arouca South, Arouca North and Tunapuna. I read all of them. It was fun; it was not burden. I was busy enjoying it. In all of this, the now Minister of Trade and Industry was damning what was being done, the lack of policy, that it was not set within a framework.

The then government was supposedly developing a strategic plan. He asked the question: What informs the Bill? The government and speaker after speaker,

including the representatives for Tobago, Miss Pamela Nicholson, and Dr. Job, condemned the government and said categorically that the entire Bill was brought with the specific intention of facilitating one single developer, and that was the Tobago Hilton. When you go through this—and look at what the now Minister of Tourism was then saying, he was in Opposition: he was quoting Cabinet Minute No. 3062, November 20, 1996. If you want, I can pull it out. He said that the government agreed to equity participation in the Tobago Hilton. That led, in this piece of perfidy, to the inclusion of villas and condominiums in the definition of tourism projects, so as to facilitate the particular project. The Members on this side had a ball. They absolutely saw clearly what was happening and condemned the government totally for what it was doing. Obviously it was the intention, what was behind in the then government. It had no policy. What they said was that what the government was attempting to pass was not hotel development. It was attempting to facilitate a housing development, because the exemption was applied to the first-time sale of a villa or condominium. The argument was succinctly put by the Members of the Opposition then, in total condemnation of the Tourism Development Bill, 2000.

Worse were the limitations it put on investment. There was \$350,000 in terms of a ceiling limit and \$9 million for a cultural centre. All these things were completely excluded from local participation. A taxi could be driven—
[*Interruption*]

Dr. Nanan: What you made reference to, is it corrected in this Bill? Are the amendments correcting what you have just said?

Hon. D. Seukeran: I will let the Minister of Tourism determine whether it has or not and inform the House accordingly.

But it seems to me that by the additions the Government has put, that it does so exactly. What happened to the 2000 Bill? The “mas” man, the snowcone vendor and every small man was cut out and one particular investor alone was going to benefit. Most importantly, Sir, clause 7(2) of the Act stated categorically how Tidco was to interact with the THA. It raised the ire of Pam Nicholson so very strongly. Even Dr. Job was moved to excel, in the reading of these documents. One is moved by his good language.

In making the amendments questions arose as to whether a room was a room or a bedroom; whether a toilet and bathroom was included or not. The language, the entire style, the framing, everything that could be wrong in the framing of law, was wrong. [*Interruption*]

Mr. Singh: Everything is right with your amendment?

Hon. D. Seukeran: No, I am not saying so. I have no doubt that as we go into committee you will amend and, with your absolute wisdom—having done what you did—now be able to add to it.

Mr. Speaker, Tidco was set up to be a one-stop-shop. TIDCO played such a heavy role in this Act. It was supposed to focus on investments, promotion and marketing. This entire debate that I have just referred to has reference after reference. It builds a picture of what was going on in the economic, political and social environment of Trinidad and Tobago, over the period 1996—2000. When you look at what was going on you have to ask yourself some questions as to what is the end? *[Interruption]* I agree you with you, development was going on.

I am not maliciously trying to indict the Members opposite by anything that is not referred to in the *Hansard*. There is reference time and time again to NREP. TIDCO, which was set up to facilitate tourism and market the country, was busy paving roads. There was a beauty pageant and it could not be determined whether it was \$80 million or \$100 million that was wasted. There was the Ringbang and ADDA and we wondered whether it was what—\$40 million or \$14 million. TIDCO was assuming the role—*[Interruption]* That is not the point; we are talking about 2000. CEPEP was not in existence in 2000. These things are referred to here. I am not trying, for any moment in time, to vilify the Members opposite. These things are here in the *Hansard*, neither would I use parliamentary privilege, as has been done many times, to malign a man. Mr. Speaker, I would like to point out very carefully that what we are seeing is that this Act was skewed and, from its wording, it was in favour of one single investor.

More damaging than that, in all that is in the *Hansard*, is the damning condemnation of the government of the day, as speaker after speaker referred to the events that were going on, not just economically. There was an economic abuse in this Act that was skewed towards one investor, manifesting what was happening through the political shenanigans of the government of yesterday.

May I commend the Member for Toco/Manzanilla who raised two particular points. He said that economic growth is not necessarily the same as economic development. That is a most profound statement. Secondly, he asked the question: How does one measure sustainable development? I wish the Member for St. Augustine were here to engage me in debate. Throughout this debate you read what was going on at the time.

The hon. Prime Minister of the day stood to announce the death of Mr. Hansraj Sumairsingh, Councillor of the Princes Town Regional Corporation. Dr. Job was reading a quotation from the *Guardian*. He spoke about the deaths of Mr. Sumairsingh and Selwyn Richardson. He tied both of them together. Throughout the *Hansard*, it speaks about why the Ramdhanie Enquiry was not set up. I am just refreshing their memories. Dr. Job referred to the threats to the unitary state as the fights between the President of the Republic and the Prime Minister of the day exceeded to the point where he said that the Prime Minister threatened to kick the President of the Republic of Trinidad and Tobago. Not only did Ringbang and ADDA take place, all these other things happened. It is with great sadness that you read what was going on then. It is pathetic that the country had sunk to such depths of depravity and that the political leaders in Trinidad and Tobago had sunk into such vile mayhem and irresponsibility—what they had done was to hijack the country. They did not give a damn about what was happening in the country.

Crime and kidnapping were there raising their ugly heads as the President was beset in this House and as the government of the day abused its authority.

Dr. Khan: As you are doing today.

Hon. D. Seukeran: I use the House's privilege of speech. I will not be detracted.

Worse, that ended with the death of the Archbishop of Trinidad and Tobago. It is with sadness that his death was announced on March 12, 2000, signalling the end of a government that was vile, that had taken the country down a road to destruction; setting an example for criminal after criminal. Out of it, there was a trickle down effect as the exemplars of the society laid the grounds for indiscipline in every school there is. They laid the example in the homes for children to disobey their parents and set young people against each other. There were gang wars and cocaine running. Do you remember that? "We will take Laventille" was the challenge. Crime and kidnapping became fashionable, as the country heard about the millions and billions that the government of the day was abusing, spending and putting into the pockets of their friends and allies. What was the ordinary person to do, except follow the example?

I find it sad that the Member for Barataria/San Juan sat there. I have a great deal of respect for him.

Dr. Khan: They were happy.

Hon. D. Seukeran: Do you know that a beggar did not want a pink note? He wanted a blue note. [*Interruption*]

Mr. Speaker: You of all persons ought to know better, please.

Hon. D. Seukeran: I am not talking about the rice from India. I am not talking about the Dhanpur Mills. I am talking about the behaviour pattern set in the House. If you go through the debate you would read about the “short pants man” in the Prime Minister’s house drinking whisky, Ringbang and ADDA in Tobago, while the politicians did what they did. You would read about Miss Universe and NREP. The speakers on this side said that it was a “vaps” Bill. The Prime Minister of the day had said to the Minister of Local Government “get rid of the criminals within the URP”. The then Minister of Local Government wrote to everybody asking them to identify the criminals. The Member for Diego Martin West raised the issue that fight between the Attorney General and the Chief Justice of Trinidad and Tobago had brought into disrepute the whole issue of the separation of powers that exists in this country and also the respect for law and order.

Mr. Speaker, Dr. Job—

Mr. Speaker: Hon. Member for San Fernando West, I wish that you come back to the Bill before us. I think I have given you sufficient latitude. Please come back to the Bill before us.

Hon. D. Seukeran: Mr. Speaker, I am simply discussing the Bill which we seek to amend. I am referring to the debate that transpired here. To come to the question of crime, as raised by the Member—I disagree with you, I do not think that I am moving anywhere except to the heart of the matter. The rib was in Adam.

If I might conclude, it was an example. Through that kind of behaviour, kidnappers learned the art of easy money. We did not have hundred dollar notes. A beggar wanted a blue note. Why do you think the young men commit crime? Crime skyrocketed under that side and nothing happened to amend it here. There was a shamelessness in this House that brought the Bill of yesterday; a shamelessness that refused to co-operate and put country first, to understand that it takes all of us. Crime is born out of a society. A culture of crime and criminal activity had been learnt from that side, trickling down to the people, that we now need to correct, and whatever else they failed in. But the lack of support for the Police Bills from the Member for Naparima who is not here today!

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

Motion made, That hon. Member's speaking time be extended by 30 minutes.
[*Hon. K. Valley*]

Question put and agreed to.

Hon. D. Seukeran: Mr. Speaker, I raise the issue of crime, not simply in answer to the Member for Tabaquite but because crime, in the facilitative environment to the growth of the industry that is tourism, is key. Security is a major issue in this country and the Government of Trinidad and Tobago does not deny it. It did not start with this Government. It starts in the heart of the society. It was fed and fanned by the government of yesterday, by their excesses. It takes all of us to join together to fight what is happening within our society that affects, not just tourism, but every citizen on that side, this side and in the public gallery; whether you are black, white, blue or indifferent, a millionaire, a billionaire or a pauper. Let us be very clear about how damning the final act in this House was—when that side failed to do what the Opposition of 1963 had done in the original creation of the Bill we discussed today. They came together with the government to do what was right for a country.

What the Opposition of yesterday had done time after time, and not when that side was in government, was to support country. Let us put it into perspective. Whatever happens to a single citizen happens to each one of us. We in the Government are extremely worried about all our citizens. You must admit that the problem with crime is the management of crime at all levels; whether it is at the level of developing a society and that comes back to the core value of the family and of morality, or whether it is in the management of the implementers responsible for curbing the criminal activity, which is the police service.

Remember when we debated those three Bills and looked at the Police Complaints Authority, and counted the number of complaints. I looked at the *Probe* today, which stated that senior officers were involved in narcotics distribution and kidnapping. When you look at the latest report you would see where a policeman left the police station and took two schoolboys with him to rob people. That is a management issue. The UNC has allowed it to escalate. The UNC caused it; they set the wrong example in the first instance and now they refuse to help us unite and control the situation. Yes, I condemn the Opposition 100 per cent. [*Interruption*] Yes, I will give way to you.

Dr. Khan: Do you believe that there should be equal opportunity for all in this country and should the Equal Opportunity Act be implemented, based on what you have just said?

Hon. D. Seukeran: I have not studied the details of the Act, but I believe firmly in equal opportunity because I know that it exists in Trinidad and Tobago. [*Desk thumping*] I am a citizen of this country. I have suffered no bias. We must state it categorically. Time after time, the Prime Minister of this country says categorically there must be no racial discrimination. The first Prime Minister said that there is no mother India, no mother Africa, no mother China, nor Syria. What was that government of 2000 doing? They were setting every example that was wrong. It is sad that we cannot get together in the interest of what is right for this country. Crime is dogging the entire country. It will destroy all of us.

Mr. Singh: I want to make it abundantly clear to the Member for San Fernando West, that the Opposition is supporting this Bill. I do not understand her continuous misleading statements on this issue.

Hon. D. Seukeran: To correct the Member for Caroni East, the issue raised in this House was that the one single factor that was going to hold back tourism was crime. That is the substance of the argument of the Member for Tabaquite. I am bringing it to the attention of this House that crime will thrive as long as that side and this side do not get together. [*Interruption*] You have equal opportunity to join with us. This is your Bill. I will not be sidetracked. I am simply bringing to the attention of this House what is happening in the country.

Here we are. I would like to answer the Member for Caroni East and draw to his attention, very carefully, clause 3 of the Bill. He will note that the Bill speaks of capital allowance and that they are in a sequential order. The original Bill of 2000 was short on conditions. Your definitions, everything was wrong about your Bill. It did not have capital allowance, depreciable equipment, destination management company, dive operation as defined, or a ground tour operator. The Act is entirely different to what was there before.

Dr. Nanan: Apparently you did not read the Tourism Development Bill, 2000, because capital allowance and destination management company are part of that Bill. A lot of that is misinformation you are giving the House.

Hon. D. Seukeran: I think I have proved the point in the amount of research I have done. I understand and speak the English language reasonably well and my powers of comprehension are not as limited as they appear to the Member for Tabaquite. My understanding of the two is that this is set within a policy framework, which sets the ambit of what we attempt to do. The Minister of Tourism, in his winding up, will answer all questions. It will take it completely out of this one which is skewed in favour of one single investor, which took

amendment after amendment and correction after correction, to be able to pass it here.

We bring alongside two actions: one is the restructuring of TIDCO; the other a focus on tourism. As I pointed it out, TIDCO was paving roads instead of doing what it should be doing. TIDCO today is mandated to be very specific in its activities, to organize trade visits and missions abroad and programmes for visiting delegates. It is very well spelt out. It keeps it to the core of its business—taking it away from that. In order to create the industry that is tourism and make it grow—this Act seeks to give incentives to allow for a broad brush of people, so that the smaller man, including snowcone man, could benefit, the B + Bs will benefit.

Do you know what I found fascinating? It was the 15 bedrooms in Port of Spain in 1957 that qualified. The THA will work hand in hand, not with TIDCO because TIDCO is to be restructured and called something else. The TIDCO Act will come back for amendment as the Tourism Development Company was established with the particular focus of dealing with tourism. The new entity will generate new tourist products and maintain adequate physical infrastructure and amenities that meet international standards. The establishment of standards are dismally lacking in your legislation. It will set standards to be maintained at all identified national sites and attractions. It will be responsible for all these things. There is a fixed role for it. What is being done is the empowerment, the creation of a legislative framework that allows an industry to grow, so that all the spin-offs and feedings into this industry, from agriculture straight down to the lady who sells the beach wrap and Miss Jean down at Store Bay, could benefit.

Mr. Speaker, I want to end by coming back to the Bill of 1963 and say to the Opposition that it is high time they learn to follow the example of their parent company, their old ancestor, the DLP, and put country first. Even Capildeo was capable of that.

I want to take to task the Member for Tabaquite on my final note. When he says that you have to live day by day, does he quite understand what he is saying? Tie that into the crime situation. Which young man, who is coming to rob you and me, or rape our daughter, is going to bother about the consequence to him tomorrow? Which young woman or young man will not be engaged in sexual activity, without thought of the consequence, of the cost, that is AIDS? We must be very careful. I want to warn the Member for Tabaquite that he needs to speak carefully and join forces with this side. I urge them to come together with us.

Tourism Development (Amdt.) Bill
[HON. D. SEUKERAN]

Friday, January 21, 2005

The crisis that we faced in 1957 and 1963 over the years, as we come to 1995—2000, is not different: the act of crime, terrorism, lawlessness, joblessness, social deprivation, divides between the "haves" and the "have-nots". This country is at a crossroad as we enter into a global environment that will be absolutely without mercy. We must, therefore, come together to create an industry that has every chance to survive, as set out in this particular Bill.

I commend the Bill to you. Thank you.

Dr. Roodal Moonilal (*Oropouche*): Thank you, Mr. Speaker. Like the Member for San Fernando West, I am also an unscheduled speaker in this debate. Unlike her, I have the permission of the Leader on this side of the House to speak. Like the Member, I do not have much to say on the Bill before us. In fact, it is not necessary to read the Bill to respond to the Member for San Fernando West. She went on in a rather convoluted and incoherent way to give a review of our political history, the history of tourism. Let me recap what I kept hearing: the history of tourism, the political history of cooperation at the parliamentary level, crime, school delinquency, education, social development and marine biology. The Member spoke about everything under the sun. You can understand that because this is not a Member that would speak often. Outside of the budget presentation, I think that was the only time the Member spoke.

I think it is important to make a couple of points for the benefit of the Member for San Fernando West and all Members in the House, to remind ourselves that—while it is fashionable and we can score political points by attacking each other about legislation and Bills that have been passed—as a House, as one chamber, we all take responsibility for measures that are passed in this House. We all do that, whether we are in Government or Opposition.

In another place, Members of the Independent Benches, the Opposition and the Government, at any time, notwithstanding the party configuration, all take responsibility for what comes out of the House. This is why a few weeks ago, the Member for Siparia and I saw it as our role to point out a flaw in a Bill. I remember that one measure said that the Minister had the authority to amend any written law. We pointed out that it was clearly wrong. We saw it as our job to point that out. It is really not in the best interest of the dignity of the House, for the Member to be attacking any particular individual, or Member on this side of the House on this matter. It is lacking in dignity and class and the Member should take note of that.

It is not my intention, in the few minutes, to remind the Member for San Fernando West about the poor governance of her party in office. I think enough has been said about that. You do not have to stand in Parliament and remind Members on the other side, of their governance record, it is in the newspaper headlines everyday and it is also being editorialized everyday; whether it is cocaine in the diplomatic pouch or sheep eating the lining of the baggage compartment in BWIA. This is a government that wants to prepare to face tsunami. A tree fell on the house of an elderly lady and the fire services could not remove the tree, they reported that there was a “jep nes” on the tree. This Government is preparing to deal with the tsunami. This is governance for you. They cannot manage an emergency telephone line, but want to prepare for a natural disaster. It is not my responsibility to remind this Government of its pathetic performance in office. We will do that on Monday night and subsequently.

I want to address my mind to one issue that was raised by the Minister. The Minister, in his presentation, which we also commend—I want to indicate, notwithstanding the decibel level of the Member for San Fernando West, we support the Bill. Unless the Member was attempting to discourage us, she did a good job. We do support the Bill. There is no problem with that. While we talk, it is good to talk about technology and developments in the tourism sector and airline industry, the Member for Tabaquite touched the point that it is important that we take a reality check of where we are and where we are going. A reality check is important, if you are in business, sports, or if you want to look at your statistics for batting—although this is not a nice time to talk about cricket—in any activity, you always want to benchmark where you are and where you are going. The Minister for Tourism would like to do that as well. The Minister will want to look not only at the statistics of arrivals and the statistics of the cruise ships, but what is happening in his domain. I think it is relevant, in the context of tourism, to discuss the issue of crime, which will not go away. Things are not getting better; they are getting worse. While the Government would want to take the macho approach of calling the *LA Times* and seeking an apology—that type of approach is fine—it cannot take the approach of asking the United States Government or the British Government to apologize for what they put on their website, vis-à-vis tourists and visitor information.

We talk a lot about technology and developments in the sector, but it is important to understand that the telephones are not working in San Fernando Police Headquarters. It is nice to talk about the telecommunications infrastructure,

but fix the telephones. It is like the Minister of Health talking about CAT Scans in the hospitals, but there are no beds. Get the beds then we will praise him for the CAT Scans. This is a sector driven by IT. The tourism sector is not delinked from other areas in the public service. The Minister would understand that he needs an efficient public service to support his tourism drive.

Tourism depends on transport but that is not strictly speaking, under the purview of the Minister with the responsibility for tourism; it is the Minister of Works and Transport, of course. Tourism depends on works, infrastructure and telecom. It depends on all the different ministries. The Minister of Tourism may mean well and may have in his heart the best of intentions, but if the country continues to collapse as it is, whether it is crime, infrastructure, landslide or airline, we will get nowhere with our tourism grand plan.

Secondly, while we are always aware of the intensity and escalation in the number of visitors coming, we must also recognize that this country is blessed with natural resources, oil and gas. In that sector, there are enormous developments taking place in the gas-based industrialization process. Many people who come to this country are coming to conduct business. Whether the crime rate is zero or 100 per cent, the business people will come, because they have an interest in business. They will secure bodyguards, but they will come. The Minister of Tourism should also consider—nothing is wrong with a one-case scenario. You do not have to come with aggregated statistics.

This is a one-case scenario. You would have read in the newspapers about a Central family where an attempt was made to kidnap an elderly lady in the family. The entire family packed up and left this country. It may be one, but that is a family. Those people have Trinidad and Tobago passports and an identification card. It might be one and you may dismiss that, but they are people who have left. If others go—we can call names, but that is not my intention—that affects you, because we also have visitors coming who are our own family and friends. It would be interesting to recognize that many people will not invite or encourage their family members to return to Trinidad and Tobago, whether it is for Carnival or Divali, because of the crime situation. We should not blame the media, because it is convenient to say that the media puts a murder or kidnapping on the headlines everyday. That does not change the kidnapping. The fact is that there was a kidnapping; whether the media puts it on the front page or the back page, there was a kidnapping. Through the Internet, every single day, citizens of this country and friends of Trinidad and Tobago read the news. My sister in Toronto sends email to tell me not to go out on evenings, I should stay home and not go to the

constituency. She wants to know what I am doing for Carnival and that I should be careful. This is my sister telling me that. This is the impression. People will not be encouraged to come to our shores in that context.

The Minister of Tourism will be wise, bearing in mind that this Minister came from the Ministry of National Security and Rehabilitation, to outline an agenda in collaboration with the Ministry of National Security, to return this country to some sort of normalcy, if normal is still possible.

In this country today, ransom is now a supertax on the rich. People now call for ransom without kidnapping. It is a tax that the rich have to pay. While the Government tries to create many entrepreneurs through NEDCO, that has its value, indigenous entrepreneurs are leaving. When a business family leaves, that is entrepreneurs who left, but it is also the next generation of entrepreneurs leaving. Those things cannot be separated from tourism. I do not want to spend much time with the Member for San Fernando West. I think the Member for Diego Martin Central should give her something to do at the Ministry, so she would spend her time on ministerial business.

Mr. Speaker, I thank you.

Mr. Ganga Singh (*Caroni East*): Mr. Speaker, it was not my intention to speak on this Bill, but having regard to the utterances of the Member for San Fernando West, it is necessary for us to make an intervention in order to refute the misleading statements made to the House.

Mr. Speaker, you would notice that the hon. Member made her contribution and then left the portals of this honourable House. Her contribution reminds me of a statement by Sage Yoga Swami in which he says: "A turtle lays a thousand eggs and cries silently. A hen lays but one egg and cackles incessantly. In life, be like the turtle." When the hon. Member for San Fernando West traversed the history of this country from 1948—2005 and selectively chose to analyze the history of this country, it is clear that she is looking at this country through eyes that are not cataract but definitely glaucoma. It is a jaundiced view of the social, economic and political history of this country.

I want to congratulate the hon. Minister in presenting this Bill. This Bill is a continuum. It was passed in 2000 and, in its operations over the years, the technocrats and the technical people in the Ministry of Tourism would have been able to point out the flaws in the operation of the Bill. Government is a continuum. The year 2000 represented a change in the paradigm as to how we approach the tourism product. Therefore, in 2002—2004, as you operated this

Tourism Development (Amdt.) Bill
[MR. SINGH]

Friday, January 21, 2005

Bill, you would have been able to point out the flaws and make the necessary amendments. To do like the hon. Member for San Fernando West and say that this Bill is fundamentally flawed and then merely make operational amendments to it, really begs the question of the credibility of the hon. Member for San Fernando West.

The Member for San Fernando West, in her response, made many statements about crime. She went into the whole question of crime and its impact on the tourism product. She talked about the Opposition and the Government coming together in the context of dealing with this issue. It seems to me that the Member for San Fernando West recognizes that the first requirement of any state is to protect its borders. The second requirement, having protected its borders and its national sovereignty, is that it is then required to protect and provide security for its citizens within those borders. It is clear, if I were to use the historical context, that since 2002 there has been a dramatic escalation in criminal activity in Trinidad and Tobago. Murders exceed every year, the previous year. Already, in 2005, a murder takes place every 30.4 hours. I understand that is the calculation. The projections are if you take that and extrapolate until the end of the year, there will be another phenomenal murder rate in Trinidad and Tobago.

When the Minister said come together and we will deal with it systemically, she failed to understand the role that the Opposition played in dealing with the Police Reform Bill. Coming together must not be coming together on the basis of rhetoric. That coming together is a one-night stand. We are not interested in that, but coming together on the basis of concrete ideas and a dialogue that provides the basis for equality. They want to come together and perpetuate the discrimination that is taking place in this country. They want us to come together with them and perpetuate the biasness and nepotism that is currently taking place in this country. You do not come together with that kind of veneer of coming together for purposes of merely political rhetoric.

The Member said that the then government was being shameless. I wonder if the hon. Member for San Fernando West was aware of the statistics dealing with kidnappings within the southern area? The highest number of kidnappings took place and, perhaps is currently taking place, in southern Trinidad. She is aware of it by nodding her head. What is her response? The Minister of Tourism spoke about increased arrivals. I agree. There is an increased exodus of persons from Trinidad; indigenous entrepreneurs in particular.

I know of a family; I will tell you the story. [*Interruption*] I will tell you more than one. A lady was driving her car into her home. They have a warning system in place. The mother would blow her horn, and then the remote gate would open. As the lady approached her home in Lange Park, she blew the horn of her car and two persons came out of a B15 Sentra, one with a hammer and the other with a gun. The person with the hammer started to smash the window of the car. The lady stuck her hand on the horn and started to scream, as they smashed the window of her car. They opened the door and pulled her out. Her son, who happened to be home at the time, came out and started to shoot in the air. They grabbed the lady and started to take her to the kidnappers' car. Fortunately for her, she fainted. She is a mature, sizable lady and because of the deadweight they could not take her. Other members from the community gathered and the would-be kidnappers fled the scene.

This family is a family that started their entrepreneurial culture through their grandfather who was a tailor. This is a third generation of indigenous Trinidad and Tobago entrepreneurs. There are three generations on the Chaguanas Main Road. They are into real estate, retail—all kinds of legitimate businesses. This happened between 4.30 p.m.—5.00 p.m. The next day the whole clan, 14 members, left this country. The fear is tangible.

Ms. Seukeran: Just a small question, in terms of elaborating as what we are doing on this side. Could the Member indicate what the government of the period 1995—2000 did when circumstances like that arose then, and what are they doing today?

Mr. G. Singh: The hon. Member traversed the history and she formed a conclusion. I am merely indicating to her that her first duty as the Government is to protect the safety of its citizenry. It is failing in that duty and it is leading to exodus.

Three generations of entrepreneurs left this country. The fourth generation is now in Miami. What is really happening in this country?

That is not the only family. There is another family who was threatened. They too have left the country. People are fearful of telephone calls in Central Trinidad. There was a meeting of the Chaguanas Chamber of Commerce on Thursday morning. More than 200 persons were present. They are seeking a solution, because they are saying that the Government is abdicating its responsibility to protect them and they are looking for a private sector solution. When you begin to understand the concept of state failure, and when you begin to appreciate when

Tourism Development (Amdt.) Bill
[MR. SINGH]

Friday, January 21, 2005

citizens do not feel safe because of the abdication of responsibility by the State and are seeking private sector means, you recognize that the State's failure is staring us in our face.

There is another situation where the business community—indigenous entrepreneurs—is approached for certain rights within their business by certain elements within the society and if they are not given distribution rights or shareholding within the business, then certain actions are taken against them. People are forced to send their families away. People are forced to commute between Trinidad and Tobago and Miami. We are going back to the stage—I am happy that the hon. Member raised the issue of colonialism—of the plantocracy, the absentee businessman. The absentee plantation owner enjoyed the safety of London and put a manager in the brutal environment that was Trinidad and Tobago during the years of colonialism. We are going back to that right now.

The hon. Member also talked about the issue of TIDCO paving. That is fact. But it is interesting to note that the current administration, under the Member for Ortoire/Mayaro, is forming a state company to do exactly that. The National Infrastructure Development Company will have, as part of its responsibilities, paving and whatever is associated with the Ministry of Works and Transport.

Mr. Khan: The fundamental difference is that we are creating a premier engineering and construction management firm whose core business is to do that. TIDCO had other responsibilities. Take it in that context, please.

Mr. G. Singh: I understand. You are seeking to get a vehicle. In order to achieve at times, measures were taken. We are not denying that. You are seeing the merit of having a vehicle. How then can you explain where UDeCOTT was lending money to the National Housing Authority (NHA) for the National Housing Authority Refurbishment Programme? Where is the purity in that? Is that not a kind of crossover, a fusion that you are attempting to avoid? When you see that kind of crossover—you said it was wrong in TIDCO but it is okay for UDeCOTT to do very much the same thing.

Mr. Manning: If it is that one state enterprise uses its favourable balance sheet to raise money and to make that money, on behalf of the Government, available to another state enterprise, what is wrong with that?

Mr. G. Singh: When PNM does it, nothing is wrong with that. Nothing is wrong with that when the PNM does it!

Mr. Manning: With the greatest deference to my friend from Caroni East, that is not what they did. In fact, we are still paying the price. We are still trying to disentangle, if that is the proper word, MTS. TIDCO, as a consequence of the NREP programme, has to be radically and substantially changed. The RHAs, almost all of them, particularly the NWRHA, have been corrupted as a consequence of the approaches they have taken. We are not doing any such thing. We are trying to use mechanisms that are legitimate and will facilitate the smooth conduct of Government business. That is all, Mr. Speaker. We need the Member to understand that.

Mr. Speaker: You need a minute to respond, okay.

Mr. G. Singh: I merely want to indicate to the hon. Prime Minister that the firing of Nipdec as project manager in the Scarborough Hospital will not cure the problem at the Scarborough Hospital. The contractor ought to be fired.

Mr. Speaker: The sitting of the House is suspended for tea and will be resumed at 5.00 p.m.

4.31 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

Mr. G. Singh: Mr. Speaker, when we took the break, I was making my contribution on the Bill to amend the Tourism Development Act of 2000. I hope that when the Minister is winding up he could clarify whether or not taxi drivers who serve the hotel industry and provide the necessary transportation service for tourists are qualified under this Bill, and whether or not any assistance will be given to these bona fide operators, with a view to assisting them with some measure of soft loans for their fleet renewal.

It is clear that there is need for us to renew that fleet of aging left-hand drive American vehicles, in order to present a product that is more attuned to the demands of the tourism industry of 2005 and onwards. Clearly, there is need for fleet renewal. In many instances, some measure of assistance will be required for these taxi drivers and operators—perhaps, through the various cooperatives that they belong to, some measure of assistance can be given to them.

Mr. Speaker, it is also clear that we are in support of this Bill. Notwithstanding the indications of the hon. Member for San Fernando West, who would like the country to believe otherwise—the hon. Member for San Fernando West, at the end of her contribution, talked about coming together. It is our view that coming together is laudable and it is the appropriate thing, but in a

Tourism Development (Amdt.) Bill
[MR. SINGH]

Friday, January 21, 2005

Westminster model, you must come together on the basis of compatibility of ideas and, therefore, when you seek to lay blame on us for not supporting the Police Reform Bills that is because of the incompatibility of ideas more than anything else.

Mr. Speaker, I want to reiterate the fundamental point that I made in that debate for the listening pleasure of the hon. Member for San Fernando West; that is to say that police in their operations and in the utilization of their discretion ought to be independent and impartial. Therefore, placing, vesting police power or the power to give directions to the police service in the hands of any politician is inappropriate in the society. That was a fundamental incompatibility of ideas. That was my position. I hope the hon. Member would take note of that. I would suggest that since the Member has a lot of time to read, the hon. Member should read my contribution and review it on the next occasion when she speaks in the Parliament.

Mr. Speaker, when you are seeking to come together, you must seek to come together on the basis of high constitutional principles. I want to alert the hon. Member for San Fernando West that I have in my possession a Cabinet Note in which the Government to which she belongs, denied the Leader of the Opposition the opportunity to open a sub office of the Leader of the Opposition, notwithstanding the fact that it is a constitutional requirement to represent Trinidad and Tobago. That is the territory. *[Interruption]* The Leader of the Opposition is the Leader of the Opposition of Trinidad and Tobago, and you cannot deny that constitutional reality. That is the constitutional reality. Section 83 of the Constitution speaks to that reality. Therefore, when the Member talked about coming together, we must come together so as to facilitate that kind of high constitutional principle, and not any kind of empty rhetoric.

Mr. Speaker, with these few words, I wish to indicate that the Opposition would be supporting this Bill, having regard to the nature and the content of the Bill. This is merely a continuum of the operation of the Bill from 2000.

I thank you. *[Desk thumping]*

The Minister of Tourism (Sen. The Hon. Howard Chin Lee): Mr. Speaker, there is not much that I have to respond to because not much was said on the other side. However, I wish to address some of the points raised by the Member for Tabaquite. I now understand why the Member was a complete failure when he was the Minister of Tourism. The Member said in his contribution that cruise ships were turning back from Tobago because of rough waters. I do not know

what the Member meant by that. I do not know if the Member is aware that there is a breakwater in the Scarborough Port. That breakwater protects cruise ships from rough waters. If the Member were to get the facts, there is an additional number of cruise ships coming in and they are booked for 2005. [*Desk thumping*]

Dr. Nanan: Mr. Speaker, on a point of clarification. I never said that there were no cruise ships going to Tobago. I said that these cruise ships were turning back from Tobago, because of the transportation problem from the ship to the shore. That is what I said.

Sen. The Hon. H. Chin Lee: Mr. Speaker, as I was saying, I am not sure if the Member for Tabaquite is aware that in the Scarborough Port, the Tobago House of Assembly had taken the initiative to extend the jetty, so as to allow voyager class vessels to berth there. So, when the Member talked about transportation vessels from offshore to inshore, that is irrelevant. That has nothing to do with the cruise ships or the rough waters. Mr. Speaker, because of the size of the port and the length of the port, these cruise ships are able to dock alongside these vessels. There is no need for sea transportation from the cruise ship to the port. That is irrelevant.

In Scarborough, there are about 51 ports of course booked for the year 2005, and the number of bookings is increasing on a continual basis. I am almost certain that in the year 2005, the number of arrivals in Tobago will certainly exceed that of 2004. [*Desk thumping*]

Mr. Speaker, the Member for Tabaquite also talked about investors turning away. Today, we have a situation where there is a line of investors who want to come and do business in the tourism industry. The mere fact that there is a new hotel which will be opening in February—that is the Marriott Hotel which is near to Movie Towne; there is also the investment of a hotel with 350 rooms on the Port Authority Waterfront; and there is also interest in Tobago for new integrated resort development by one of our major conglomerates in this country. In fact, they have done all the feasibility studies. My understanding is that they will be turning the soil this year for that project.

We have investors from Central America and the United States of America—I cannot call the names—that are interested in setting up shop in Trinidad and Tobago. They have realized that the level of investment is increasing; the number of business persons who are coming to Trinidad and Tobago is increasing; and tourists are increasing in numbers.

Tourism Development (Amdt.) Bill
[SEN. THE HON. H. CHIN LEE]

Friday, January 21, 2005

Last year, we had a situation where there were 407,000 tourist arrivals, and this year we are certain that we are going to hit the 500,000 mark. The fact that tourist arrivals are increasing, is one of the main reasons that investors are looking at opportunities to build, and the industries are increasing as a whole. So, when the Member said that investors are turning back in numbers, I do not think the Member knows what he was talking about.

Mr. Speaker, I also want to address the relevance of this matter to the Bill. I am very pleased to hear that the Members opposite are in support of this particular Bill, and they understand that this Bill was flawed. In section 38, there is an attempt to correct this flaw by increasing the number of investments in the country.

The Member for Oropouche talked about a reality check. In fact, I must commend the Member's contribution. The Member talked about crime and tourism and that is a reality. That is something we cannot deny. With respect to informing foreigners when they come to our shore, I just want to inform the House that Tidco has a package for persons who will be arriving for Carnival, and this package is called a "care package". This "care package" tells the tourists where to go and where not to go. This package also informs them of places that are considered safe and the best events to attend. All of this is being done to ensure that when tourists arrive they are informed as to what is happening in terms of our Carnival events. [*Desk thumping*]

Mr. Speaker, I also want to make the point that for the years 2003 and 2004 we had extremely safe Carnivals. [*Desk thumping*] This was because of the initiatives taken by the Ministry of National Security. We anticipate that with those initiatives, we can say with some form of certainty that we are going to have a fairly safe Carnival for 2005.

With respect to the Member for Caroni East, I just wanted to indicate to him that we are very appreciative of the fact that the Members opposite will be supporting this Bill. Mr. Speaker, this means that Members have a sense of understanding for the business community, and they also understand that when the business community is doing well, the country as a whole is also going to do well.

The Member talked about whether taxi drivers could benefit from this Bill. I agree with what the Member said. There is a part in this Bill which deals with amending that particular section. This Bill is intended to correct all the inadequacies of the 2000 Act, by making it clear that the importers of motor vehicles for use in an approved tourism product are exempted from the payment of motor vehicle taxes. Once the Ministry and the agencies responsible for tourism approve a particular vehicle to be used specifically for tourism, then that vehicle will be exempted from motor vehicle taxes.

Mr. Speaker, with those few words, I beg to move. [*Desk thumping*]

Question put and agreed to.

Bill accordingly read a second time.

Bill committed to a committee of the whole House.

House in committee.

Clauses 1 to 24 ordered to stand part of the Bill.

Question put and agreed to, That the Bill be reported to the House.

House resumed.

Bill reported, without amendment, read the third time and passed.

HOME MORTGAGE BANK (AMDT) BILL

Order for second reading read.

The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill): Mr. Speaker, I beg to move,

That a Bill to amend the Home Mortgage Bank Act, Chap. 79:08, be now read a second time.

Mr. Speaker, the Home Mortgage Bank was created in 1985 through legislation enacted by the Parliament of Trinidad and Tobago. The Act called the Home Mortgage Bank Act, Chap. 79:08, was a cooperative effort among the Central Bank of Trinidad and Tobago, the international finance corporations, the National Insurance Board and members of the banking and insurance sectors.

The Home Mortgage Bank was formed as a response to a significant gap in the provision of affordable funding in the middle income sector of the mortgage market, to promote affordable mortgage funding through the market and to develop the market as a whole.

Section 4 of the Act sets out the bank's statutory mandate which is:

- “(a) to develop and maintain a secondary mortgage market in Trinidad and Tobago;
- (b) to contribute to the mobilisation of long term savings for investment in housing;
- (c) to support the development of a system of housing finance and to provide leadership in the housing and home finance industry;
- (d) to promote the growth of the capital market.”

The Home Mortgage Bank has made a significant impact on the financial environment of Trinidad and Tobago, achieving the purposes for which it was created, and becoming an integral force in the country's development. The bank's intervention has led to a number of things, including lower interest rates; increased flexibility for customers in relation to terms and conditions of mortgage finance agreements; the availability of bridging finance on new construction at the same rates as the mortgage rate; making mortgage finance available to a wider cross section of citizens in the country; the introduction of mortgage market investment products onto the local capital; and increased profitability in every year of its operation.

The Government's accelerated housing delivery programme, coupled with the economic growth expectations for the country, will increase the demand for mortgage financing significantly. In order to continue to exert positive pressure on the mortgage finance market, the bank must maintain its position as a leader in the market, and in order to do that the bank will require an increased capital base.

A listing of the bank's shares on the Stock Exchange of Trinidad and Tobago will not only provide access to the additional funds required, but it will also assist the bank in fulfilling its mandate to promote the growth of the capital market in Trinidad and Tobago. To achieve such a listing, changes need to be made to the bank's structure, to comply with the listing requirements and to ensure that the shares listed are as attractive as possible to the market as a whole.

The bank also has a responsibility to provide leadership in the housing and finance markets. To fulfil that mandate, the bank's corporate structure must be updated to enable it to compete with the modern financial and commercial institutions.

The bank must have access to similar corporate and commercial ventures and powers, and it must be managed in accordance with modern techniques. The shareholders have voted unanimously in favour of adopting changes to widen the scope of the bank's powers so that they are commensurate with the corporate and commercial undertaking that would usually be accessible to a commercial entity in today's market.

Therefore, the amendment to the Home Mortgage Bank Act is intended to achieve an updating of the corporate structure of the bank to bring it in line with the current legal corporate regime. Currently, the bank's corporate structure is based on a legal system that is no longer in effect.

Prior to 1995, the Companies Ordinance governed the formation and governance of companies. Changes were introduced to the Companies Act of 1995, and the companies' regulation of 1997 were amended substantially—the legal framework in which companies are formed and governed.

The bank's structure as set out in the Act is inconsistent with the new legislation. Although the new legislation makes provision for companies formed under the Companies Ordinance of the bank, by virtue of section 34, the Home Mortgage Bank Act was not covered by those provisions, so specific changes must be effected through an amendment to that section.

Mr. Speaker, the next amendment is to ensure that the bank's corporate structure complies with the Stock Exchange requirement for listing its shares on the Stock Exchange. The requirements for listing are set out in the Securities Industry Act 1995; the Securities Industry By-Laws 1997; and in the rules and regulations that have been promulgated under them. Some of these changes overlapped—the changes being made under the corporate structure—but perhaps the most significant of these changes is in relation to the share structure.

The current share structure of the bank is divided into five classes of shares with ownership in each class restricted to particular types of institutions, and transfer restricted between classes. In accordance with the Stock Exchange rules and market preference, this amendment proposes to modify the structure to group all shares into one class with no restriction on transfer. This will also increase the pool of potential buyers to the existing shareholders and, of course, widen the ownership of the bank.

The third amendment is to reflect the realities of a modern and dynamic business environment. The bank lacks a number of powers in relation to the type of investments it can make, which prevents it from carrying out a number of transactions which are normal in today's business environment, and which requires the bank to utilize methods that are unnecessarily complicated in order to achieve its purposes. It is proposed therefore to add such powers as prudent without widening the bank's powers so as to attract from its central business purposes.

I would deal quickly with the proposed changes to the Act. Some of the changes to be made are not substantive, and these changes have been made to clarify or update the language used in the Act. The substantive changes proposed are in section 3 of the Act. The definitions regarding the holders of each of the five classes of shares that currently comprise the capital of the bank have been

deleted. This deletion is consequential on the changes to section 2, by removing the rights of certain classes of shareholders to appoint directors, which are consequential upon changes to section 26, and which merges the five classes of shares into one class of ordinary share.

With respect to section 5, prior to the Companies Act of 1995 every limited company had an authorized capital. This was a cap on the amount of further share capital that could be raised without a special resolution of the shareholders of the company. That part of the authorized capital that remained unissued was referred to as unpaid capital. The Companies Act of 1995 removed the concept of authorized capital and, as a consequence, the concept of unpaid capital no longer exists.

Mr. Speaker, it is appropriate that the bank be made consistent with current companies law and, accordingly, for a value of its shares set out in section 26 of the Act that is being deleted. As a consequence of this deletion, the words “unpaid capital” have been deleted from subsection (d).

Subsection 5(e) relates to the power to approve or decline to approve a transfer of the bank’s shares on such terms and conditions as are agreed. Fully paid shares listed on the Stock Exchange must be free from any restrictions on the right of transfer. This is made clear in the code of companies practices schedule IV to the listing rules at 8(2). Mr. Speaker, this power is no longer appropriate.

The amendment to section 5(b) has been made to enable the bank to buy and sell other types of properties other than mortgage loans, and in relation to properties, any other residential property. This broadens the investment capability of the bank in line with more modern operations and an increased capital base.

A new subsection 5(i) has been added to give a general power to the bank to do such acts as are necessary to promote its purposes. In particular, the bank’s management has determined that the power to purchase real property is desirable, particularly in connection with the proposed acquisition of building new headquarters for the bank. Further, this section will provide a slightly greater discretion to the bank’s management in relation to the fulfilment of its stated purposes.

The provision in section 11 relating to the appointment of directors by the holders of particular classes of shares has been deleted in line with the changes to section 26. The Central Bank has been given the specific right to appoint two directors regardless of its shareholdings.

The size of the board has been increased to a minimum of 9 and a maximum of 11 directors, and specific provisions have been made for at least two executive officers, including a chief executive officer.

Subsection (2) contains the power of the shareholders to appoint the two directors reserved for appointment by the Central Bank should the Central Bank fail to so do. References to the international financial corporation have been deleted and it is no longer a shareholder of the bank.

The provisions in section 12 relating to the first appointments have been deleted. The first directors and officers of the bank have already been appointed so this is no longer relevant.

The provisions relating to reappointment of directors appointed by specific classes of shareholders have been deleted consistent with the changes to section 26.

The provisions relating to a quorum have been updated. This is also consistent with the changes to section 26. A number of subsections were inserted to provide details of the requirements for giving of proper notice of meetings, and new directors appointed by a shareholder, or to fill a vacancy may not be given notice to ensure that notice of a meeting not be invalidated due to lack of knowledge of a new directors' appointment.

The provisions relating to meetings of the shareholders have been amended to ensure that they are consistent with the Companies Act of 1995, the Stock Exchange rules and current corporate practices.

Reference has been made to section 26 and in this regard section 26 converts all existing shares to one class of freely transferable ordinary shares, all of which ranked equally as to voting rights and capital. The purposes of these changes are to enable the ordinary share so created to be listed on the Stock Exchange. The Stock Exchange requires that all shares be free from restrictions of transfer. In the current structure, each class of share can be issued only to a particular type of institution, and thereafter may only be transferred to another institution of the same type, except that the class A and class B shareholder—the Central Bank and the National Insurance Board may also transfer their shares to an institution in any of the other classes, that is a commercial bank or insurance companies. Accordingly, the classes of shares and the restrictions on them have been deleted.

Secondly, it was decided to combine all five classes of shares into one class rather than maintain the existing classes whether as a separate listing or as unlisted capital.

Home Mortgage Bank (Amdt.) Bill
[SEN. THE HON. C. ENILL]

Friday, January 21, 2005

An entity whose share structure has only one class of shares and ranked equally is more transparent as to rights and ownership, and as a result a more attractive prospective to a potential buyer. This structure also widens the pool of potential buyers of the shares that are currently institutionally held. For example, the current buyers for the Central Bank and the National Insurance Board are limited to the commercial banks or the insurance companies, whereas the following will include the whole market. The miscellaneous provisions relating to the preexisting classes of shares have also been deleted.

Mr. Speaker, at section 26, this section removes preemption rights, which is a right given by section 38 of the Companies Act to existing shareholders of a company, which required that before issuing new shares to shareholders, those shares must be offered first to existing shareholders. This right will be inconsistent with an offering of new shares to the public, and they are generally removed before listing. This section also gives the directors discretion over any allotment of new shares.

Section 34 makes the bank subject to the provisions of the Companies Act as if it were a public company registered under that Act. New section 34A(1) and (2) provide for the adoption of by-laws in accordance with the provisions of the Companies Act.

Mr. Speaker, in essence, the changes proposed are required for the bank to be able to continue to fulfill its role effectively in the future. The unanimous approval of the shareholders, which include both commercial entities as well as state institutions, highlight the importance placed on these changes by all involved.

Mr. Speaker, this is the position of the Government as it seeks to upgrade and give to its institutions the framework, the tools and the mechanism to continue to compete and to provide the services for the citizens of this country, as we seek to fulfill one of the promises that we have made, and that is to ensure that each citizen has access to a home at an affordable price.

Mr. Speaker, with these few words, I beg to move. [*Desk thumping*]

Question proposed.

Mr. Gerald Yetming (*St. Joseph*): Mr. Speaker, based on what the Minister of Finance said in piloting this Bill, I want to suggest that there is another way to satisfy the changes that he wishes to the parent Act that does not require this Bill before us to deal with them. This is not criticism, but I am just suggesting that

there is another approach that could be taken. I expect this approach to become clearer as I speak.

I want to approach this Bill in the context of four things. In the first area, I would want to approach it using recommendations made in the Government's White Paper for the Reform of the Financial System of Trinidad and Tobago. There were certain recommendations made in that White Paper which I think would be relevant to what we have before us.

In the second area, I would wish to put this matter in the context of the origin of the Bill. The Minister made reference to the fact that this Bill originated in 1985. I want to touch a bit on the background to this Bill and the reasons for this Bill. I think that we need to look at the changes that are being made today in the context of 1985.

In the third area, I want to deal with this Bill in the context of today, not just today in terms of the environment or the economy, but in terms of the current operation of the Home Mortgage Bank. The final matter that I want to touch on would be some of the provisions of the amendment before us today.

In the Government's White Paper for the Reform of the Financial System, the Government made reference in this White Paper on the role of the Government. The White Paper speaks of taking the financial sector to Vision 2020 and it speaks of Trinidad and Tobago becoming the Pan-Caribbean Financial Centre, which will be essentially private sector driven and so forth. It also talks about the Government's role being twofold—as a facilitator and as a developer—and it makes reference to the establishment and nurturing of innovative institutions. This is where the facilitation issue comes in. This White Paper also talks about the Trinidad and Tobago Unit Trust Corporation and the Home Mortgage Bank as two examples of this thing happening. I make reference to that because this is important for the debate since we are dealing with one of those institutions today, the Home Mortgage Bank.

Under recommendations in the White Paper it says that it would be necessary to implement certain general and specific policy recommendations. I will just touch on three recommendations that I think will be relevant to this debate. One of the recommendations has to do with the regulatory framework—the need for a proper regulatory framework and the need for a single regulatory authority. It speaks of a regime of taxation and that the taxation regime for the financial sector should be reviewed to ensure that the sector is competitive and that tax induced distortions within the sector are removed. That clause is important.

Home Mortgage Bank (Amdt.) Bill
[MR. YETMING]

Friday, January 21, 2005

The third area is the policy area of the Government which comes under competition. It speaks of the development of a competition policy for the financial services sector and that it should be expedited, and the policy should encompass rules to deal with anticompetitive behaviour. So, there is no point of disagreement with the three areas of policy. One of the recommendations has to do with the regulatory framework and strengthening it; the other recommendation has to do with the taxation regime and removing tax induced distortions; and the third recommendation has to do with competition policy.

In the case of the background, the Home Mortgage Bank came into being in 1985. This bank came after the oil boom days during which period a lot of money flowed in the country, when there was a lot of development, and a lot of people sought mortgages and obtained mortgages. There was a fair amount of construction. When that oil boom collapsed, we went into a period of economic decline. While there was a continued demand for mortgages; the money in the system did not allow for housing development to take place at the rate it did in the period of plenty. Furthermore, because of the tight liquidity in the banking system, there was not the amount of money that was available or made available to the people who wanted to borrow.

The Government sought the help of the World Bank and persons from the International Financial Corporation (IFC) which is a subsidiary of the World Bank. These persons came down and did a review of the situation here. The Government also sought the help of an organization in the United States of America called Fannie Mae. Fannie Mae is a federal institution in the United States of America which did exactly what the Home Mortgage Bank was incorporated to do.

I make reference to Fannie Mae because later on in my contribution I want to highlight what is happening with Fannie Mae, in the context of the changes being proposed for the Home Mortgage Bank in the Bill that is before us.

The Home Mortgage Bank was established to buy mortgages from primary lenders. The Home Mortgage Bank was never intended to interface with individuals to grant them loans. The bank was intended to buy loans from primary lenders, and the primary lenders made a profit on the loans that they sold to the Home Mortgage Bank, but put themselves in funds to lend to new borrowers and in that way moneys came back into the system and are made available for lending to home buyers.

5.45 p.m.

Because we made more money available to home buyers, there was money available for construction. That is what the Government did in 1985 in order to keep the momentum going in housing construction, and to keep the momentum going in the construction industry and to keep the economy moving at a particular pace.

But the Home Mortgage Bank in order to put themselves in funds to buy the mortgages from the primary lenders—which by and large were the commercial banks—they were allowed to raise money on the bond market. So they went to the market with bond issues, people bought up the bonds and put the Home Mortgage Bank in funds to buy mortgages from primary lenders and that is the function of the Home Mortgage Bank and that is the function of Fannie Mae in the United States.

In piloting this Bill the Minister of Finance at the time, Minister Wendell Mottley, made certain points. He said, and I am quoting him because this is relevant to the amendments we have before us:

"...there is nothing in the Home Mortgage Bank that represents competition with the existing institutions."

He sought to reassure the financial sector that in the creation of this Home Mortgage Bank, which incidentally had been done in consultation with the commercial bank, but he still sought to give the assurance, that it was not going to be a creature that is going to come into market in competition with the financial institutions, that it is there to raise money on the bond market and to buy mortgages from the primary lenders and, therefore, was dealing in the secondary market. And because they were not interacting with the public, his assurance was that there is nothing in the Home Mortgage Bank that represents competition with the existing institutions, and that is important for what I am going to say later on in this debate.

Then he went on to explain the role of the Central Bank. He made reference to the fact that one of the primary institutions, which was coming with technical knowledge, but which was also coming with some foreign capital, was IFC—which is the World Bank subsidiary—but he also said that the second sponsor of the Home Mortgage Bank was the Central Bank. He sought to explain why the Central Bank—which is really supposed to be an independent institution in the country dealing with monetary policy and the supervision of the financial

Home Mortgage Bank (Amdt.) Bill
[MR. YETMING]

Friday, January 21, 2005

sector—was being brought in as a shareholder of the Home Mortgage Bank and he explained the role of Central Bank as such. He said, and I quote:

"The Central Bank...has been primarily to assure the project local credibility."

The Central Bank was being put into the Home Mortgage Bank to give the Home Mortgage Bank credibility and that:

"The weight and dignity of the Central Bank stand behind the Home Mortgage Bank...it will give the institution the credibility that is necessary when the time comes to market its bonds on this market."

It will:

"...make the marketing of the institution's bond easier on account of its deep knowledge of the market and its capability to advise the Home Mortgage Bank as to timing of its bond issues..."

The role of the Central Bank was absolutely clear. It was intended to lend credibility to this new institution and because this new institution was going out to the marketplace and raise bonds of substantial values, in order to assure the potential purchasers that these bonds are safe, you can buy them, to encourage their sale, the Central Bank's presence was there. In fact, there was nothing wrong with that. We have no problem with the principle as spelt out in the White Paper that there are times when the Government needs to intervene in the market and whether it used institutions such as the Central Bank. Although the Governor of the Central Bank said recently that in other developed countries, the role of the Central Bank in some of the things that they are doing here in Trinidad and Tobago would never have been allowed, there is absolutely nothing wrong, in our view, with what happened then and with what is happening now, if that were to be required. But at the time the Central Bank was put in there to lend credibility.

I want to talk today about the conditions that exist today in the marketplace which are very different from the conditions that existed 20 years ago in 1985. You do not have the liquidity constraints that you had in 1985. The Home Mortgage Bank does not require the name of the Central Bank behind it for credibility purposes. The balance sheet of the Home Mortgage Bank could stand on its own, they do not need the Central Bank behind it. Furthermore, the Home Mortgage Bank today is a different institution from what it was in 1985. When it was formed, it was intended for the Home Mortgage Bank to deal in the secondary market alone. When it was formed it was intended that they raise

money through bond issues. It is not happening like that today, because one of the amendments being proposed is to change their purpose; in addition to dealing with the secondary market, to deal with the primary market, by virtue of which they will begin to originate loans—which I understand they are already doing, in spite of the fact that this change has not been made.

In clause 4 of the Bill before us and in section 4 of the parent Act, it speaks of inserting “a mortgage market” between “to develop” and “maintain”. So that the purpose of the bank will now read:

“to develop a mortgage market and maintain a secondary market...”

And to develop a mortgage market gives it the licence to originate loans. But in any case, Mr. Speaker, they are already originating loans. They are not solely dealing with the secondary market, they are dealing with the primary market and whereas the Minister at the time, in 1985, talked about the Home Mortgage Bank not being in competition with the other institutions, they are now in competition with them by virtue of the fact that they are originating loans. But not only are they originating loans, they are now taking deposits from the public. They are not just raising moneys by selling bonds to the market, but they now offer deposits through what they call Mortgage Participation Certificates, with a minimum of \$1,000.

So a man could walk off the street—as is happening right now—go into the Home Mortgage Bank, put in a \$1,000 on deposit in something called the Mortgage Participation Certificate. So, now they have become a retail banker. They are taking deposits of a minimum of \$1,000 in this Mortgage Participation Certificate. They have got a portfolio of about \$200 million in that right now.

Mr. Valley: If the Member would give way. Mr. Speaker, the Home Mortgage Bank is developing the secondary mortgage market. They are securitizing mortgages, they buy a whole lot of mortgages and they are selling participation in that. That is a secondary mortgage market, that is what they are doing, there is nothing wrong. Mortgage Participation Certificates, that is what they ought to be doing to raise funds, to continue the buying of primary mortgages.

Mr. G. Yetming: Mr. Speaker, you and I know that these institutions are becoming innovative in the manner in which they package services and sell them. They put a bundle of mortgages together and they say look, we are going to securitize your deposits through these mortgages. But the point is, that a man

Home Mortgage Bank (Amdt.) Bill
[MR. YETMING]

Friday, January 21, 2005

could walk into the Home Mortgage Bank off the street with \$1,000, and he would be given a Mortgage Participation Certificate in these mortgages; it is a deposit.

Mr. Speaker, I think the Member for Diego Martin Central might be misreading my point. I am not saying it is wrong and I think that maybe when I conclude my contribution, you will see where I coming from. There is absolutely nothing wrong with the Home Mortgage Bank doing that. I am simply saying that the Home Mortgage Bank has changed from its original moorings in 1985, when they were supposed to be not in competition with the local banking sector. In fact their main role was purchasing mortgages on the secondary market and raising money in bonds. Now they are in the primary market and they are taking deposits from the public under the guise of something called Mortgage Participation Certificates, with as low a balance of \$1,000.

So that all I am saying, is that the role of the Home Mortgage Bank has changed from 1985. The point I am really making, is whether in light of the economic changes that have taken place between 1985 and now, 20 years later, and whether the changes that have taken place within the services provided by the Home Mortgage Bank in 1985 to now, where they moved from being in the secondary market to being in the primary market; whether we should be viewing the legislation that is before us in a different light. What I am really leading to, Mr. Speaker, is that in clause 20 of the Bill before us, they are amending the parent Act to make the language of the Bill more current, but they are saying that the Financial Institutions Act (FIA) and the Money Lenders Act will not apply to the bank.

In other words, when the Home Mortgage Bank was formed, it was not dealing in the retail market, so to speak. It was not dealing with retail banking services and, therefore, the Bill at the time said that the Home Mortgage Bank will not fall under the FIA of the time, and this change before us today, is simply to update the names of the Acts that will not apply to the Home Mortgage Bank. And I am submitting that the Home Mortgage Bank, because today, it is providing retail services to customers, it must fall under the FIA. It must fall under the Money Lenders Act and, therefore, this clause 20 should be changed to say that in fact it falls under the FIA, and not, that it should not apply.

The shareholders of the Home Mortgage Bank are the Central Bank holding 15 per cent; National Insurance Board, 7.5 per cent; Republic Bank, 24 per cent; Bank of Nova Scotia, 6 per cent; Colonial Life, 43.8 per cent; Tatil, 3.1 per cent

and British American, .6 per cent. What this means is that the Clico group, the CL Financial Group owns 68.4 per cent of the Home Mortgage Bank. Apart from the NIB, the only other minority shareholder is Scotia Bank with 6 per cent. What is the role of the 15 per cent being owned by the Central Bank? Why is it that today, in today's situation, the Central Bank, the regulator, is owning 15 per cent equity in a retail banking institution? It is a retail banking institution; it is dual.

So I think that the Minister needs to explain why today, 20 years after the Home Mortgage Bank had been formed, after it had been nurtured and now could stand on its own—what is the real purpose of the Central Bank still owning 15 per cent equity in an organization, that because of the changing of the services being provided, it has now ventured into the retail banking sector? I submit, Mr. Speaker, there is absolutely no good reason. In fact, it is wrong for the Central Bank to continue to hold equity position in this.

Furthermore, this company is now a majority owned subsidiary of CL Financial. The Central Bank could be argued to be in bed with a major player in the financial sector, which major player it is expected to regulate—it can happen. When the Home Mortgage Bank was formed in 1985, in order to make it attractive for people to buy bonds in the Home Mortgage Bank, apart from the credibility issue which the Central Bank was intended to provide, the Act at the time provided for the bonds to be issued by the Home Mortgage Bank for the interest to be tax free. The limit put in the Act at the time was \$300 million; by ministerial edict it had been increased to \$600 million. So the Home Mortgage Bank can issue tax free bonds to the extent of \$600 million. Furthermore, the cost of raising bonds—in addition to the \$600 million that was qualified for tax free, but other bonds—for the Home Mortgage Bank is now an allowable expense for tax purposes granted to it by the Government.

My question is; why, would the change of ownership of the Home Mortgage Bank, to the point where it is now a major subsidiary of the CL Financial Group, why is it that this private company should continue to have the benefit, the advantage of giving tax free bonds? Because in the White Paper that I read it said:

"Regime of Taxation:...tax induced distortions within the sector are removed."

And furthermore it went on to talk about:

"Competition Policy: a competition policy...should be expedited."

and it:

Home Mortgage Bank (Amdt.) Bill
[MR. YETMING]

Friday, January 21, 2005

“should encompass rules to deal with anti-competitive behaviour...”

And I am submitting, that by keeping that tax free provision inside the Act, the Government, in fact, is going against its own policy position here, both in terms of the regime of taxation and in terms of the anti-competitive policy that they have spelt out in the White Paper. To be consistent with your policy, this question of tax free bonds and allowing the expense for the raising of other bonds, should be removed completely from this Home Mortgage Bank, which is really a private sector company.

I want to talk about the Board of the bank, and in fact I want to talk about the provisions that are being proposed in this amendment Bill before us. The Minister, in piloting the Bill, made reference to it. The Board shall comprise 11 directors; two directors, who may be appointed by the Governor of the Central Bank, whether or not it owns shares. Why is it, if it is proposed that the company be listed on the Stock Exchange and the shares to be freely traded—because that is the primary purpose advanced for the amendment before us— that for this public company, trading on the Stock Exchange, and I advance, providing retail banking services, should the Governor of the Central Bank have the right to appoint two directors, whether or not it own shares? I do not see the need for it. I think that is a terrible mistake to be made. Even if you decide to sell your 15 per cent— because it is inappropriate that you should hold shares in a company like that—when you take the decision to sell the 15 per cent, you still have the legally entrenched right to appoint two directors to the Board. That cannot be right. It is in conflict with its role as regulator and supervisor. Right now you have the Deputy Governor on the Board.

Under page 9 (b), it speaks of: a minimum of two executive officers are to be on the Board. A minimum of two, meaning it could be more than two. A minimum of five and a maximum of nine directors appointed by the shareholders. If you have 11 directors, two to be appointed by the Central Bank, a minimum of two executive officers, a minimum of five appointed by the shareholders; if the shareholders appoint their five, and the Central Bank appointed its two, that is seven, you still have four positions vacant. A minimum of two executives, one of whom shall be the CEO, means that four executive officers of the Home Mortgage Bank could be directors. You could have a minimum of five, two Central Bank and four executive officers, but a quorum is three. A quorum is three, that is in clause 13 of the Bill before us.

Under clause 14, it speaks of the appointment of an executive committee of not less than four directors. So you could conceivably have four executive officers on the board that would constitute not just a quorum for board meetings, but all four could be members of this executive committee. Now if a private company wishes to have that in its by-laws or its memorandum and articles, so be it. But we should never allow that to be put into legislation. We should never allow that to happen in legislation.

Mr. Speaker, I raised the question of Fannie Mae, 1985. Fannie Mae was created sometime in the 1930s, so the whole concept of buying mortgages from the primary market through bond issues is something that Fannie Mae did since the 1930s in the United States, and Fannie Mae executives came down and advised the Government on the formation of the Home Mortgage Bank. But you know, Mr. Speaker, within the past month the three top executives of Fannie Mae were fired. The reason for that, was that the regulator, the Office of the Federal Housing Enterprise Oversight Organization, found that since 2001, Fannie Mae overstated its profits by \$9 billion. I did not say \$9 million, I said \$9 billion, and the three top executives were fired within the past month. In fact, it found that in one case, \$200 million of expenses were deferred, because the executive wanted their profits to show good in a particular year, for incentive compensation and so on.

All I am trying to draw attention to, is the fact that it is dangerous to have executives on the board to the point where they could constitute among themselves a quorum; dangerous to the point where they can constitute an executive committee that provides oversight on how they lend and whatever it is; dangerous. And when this company becomes a public company and it is a majority owned company—and it is already a majority owned company by CL Financial—if that is what they want, that is fine, but it is dangerous. What is the role of the Central Bank in this? If it is that we are saying by law, that the Home Mortgage Bank is exempt from the FIA and the Money Lenders Act and furthermore, the executives on the board could constitute a quorum and so on, that is a prescription for all kinds of things to happen, Mr. Speaker.

6.10 p.m.

Mr. Speaker, there is already conflict. I am not dealing in personalities. I am going to have to talk about the Chief Executive Officer (CEO) of the Home Mortgage Bank, Mr. Calder Hart, who is also the Chairman of the Trinidad and Tobago Mortgage Finance Company. The Chairman of the Home Mortgage Bank

Home Mortgage Bank (Amdt.) Bill
[MR. YETMING]

Friday, January 21, 2005

is Mr. Andre Monteil; a key executive of the CL Financial Group. Since Mr. Monteil is the Chairman of the Home Mortgage Bank, Calder Hart is his employee. Calder Hart is also Chairman of the Urban Development Corporation of Trinidad and Tobago (UDeCOTT). Andre Monteil is also Chairman of the National Housing Authority (NHA), so you could understand the point raised by my colleague, the Member for Caroni East, when he made reference to the loan transaction of about \$60 million that took place between UDeCOTT and NHA. Whether it was right, wrong, illegal or otherwise, the point is that you could conceivably have a situation where not even the Minister knows what is going on. [Interruption]

Dr. Rowley: Mr. Speaker, I thank the Member for giving way. I want to assist him in not going in that direction. His presentation has been quite instructive and I have been following it very carefully, but I am not aware of UDeCOTT making any loan to the NHA. In fact, that statement made in the other place by one of his colleagues was quite misleading and if that is to be developed the Member would have been misled by his colleague. [Crosstalk]

Mr. G. Yetming: This is not a criticism and I am not ascribing anything. If it did not happen that way then, fine.

Dr. Rowley: There was no loan from UDeCOTT to NHA.

Mr. G. Yetming: Okay, money passed from UDeCOTT to the National Housing Authority; whether there was ministerial approval or not, I do not know. You could, conceivably, have had a situation where the Chairman of the NHA said, "Look, I am running short of money; I did not get sufficient budgetary allocation; Chairman of UDeCOTT, you have funds, could you let me have \$50 million?" The "fella" he asked at UDeCOTT is his employee in the Home Mortgage Bank; let us forget whether it is legal or illegal; it could happen without ministerial approval; that is my point.

Quite frankly, Mr. Speaker, when the point was made about whether it was fraudulent or not, I said that we have to be very careful when we talk about fraud and that kind of thing, because it may not be so. I did not know then that even the ministers knew about it. It might only have been after the issue came to the Minister's attention, by virtue of the Auditor General, that they had to come to Parliament to have it regularized. I do not know; I am only making the point that by virtue of that kind of interlocking directorship and incestuous relationship, things could happen. I am only warning that in the Bill before us we have to be very careful about some of the provisions that were there in 1985, but are not appropriate today. [Desk thumping]

There is a newspaper report about Mr. Hart being considered for the chairmanship of the National Insurance Board (NIB). He is already Chairman of the Trinidad and Tobago Mortgage Finance, which is 51 per cent owned by NIB. I suggest that if it is being considered by the Government, it ought to consider the range of companies that this one person is being asked to head.

Mr. Singh: He has more incarnations than a Hindu God.

Mr. G. Yetming: In any case, Calder Hart was appointed a board member of NIB, as a Government representative. According to the Act, the chairman should be someone who the Minister considers to be independent of Government, business and the union. I cannot see how he could be one day a Government appointee and by the next day be considered by the Minister to be independent, but that is not for this debate; I just made reference to it. I think that we could be travelling down a dangerous road that even they might not be able to control. [*Interruption*]

Mr. Speaker: Hon. Members, the speaking time of the hon. Member for St. Joseph has expired.

Motion made, That the hon. Member's speaking time be extended by 30 minutes. [*Hon. K. Valley*]

Question put and agreed to.

Mr. Gerald Yetming: Mr. Speaker, I thank the House for extending my time.

I suggest that the Government considers withdrawing this Bill and repealing the parent Act, the Home Mortgage Bank Act, Chap.. 79:08. What are the implications? Number one, the issue of the exemption from the Financial Institutions Act (FIA) would disappear, so the Home Mortgage Bank would fall under the regulatory authority. [*Interruption*] I do not want to get into that kind of thing. The uncompetitive tax benefit of tax-free bonds to \$300 million, \$600 million or whatever the Minister might do, would be removed and let the Home Mortgage Bank go about its business.

Furthermore, the question of the Central Bank having either shareholding or board representation should be removed and will be removed by the repealing of the Act. If the Government feels that by virtue of the tax-free bonds it could reduce the cost of mortgages, then it should give tax-free bonds to any financial institution that wishes to lend specified amounts for mortgages; give everybody, but do not concentrate it in the hands of one financial group in the country. We cannot support this Bill in its current form. [*Desk thumping*] I urge the Minister to consider the withdrawing of this Bill and the repealing of the parent Act.

Home Mortgage Bank (Amdt.) Bill
[MR. YETMING]

Friday, January 21, 2005

While I am on the subject, I want to touch on the other institution that was created around that time by the Government, as a means of developing a market, the Unit Trust Corporation. Those were the two institutions mentioned in the White Paper. In fairness to the Government, these two institutions have been highly successful, but since 1998 the public had been told about a plan by the government of that time to go public with the Unit Trust Corporation. I believe when the current administration came into office, they also repeated that and, in fact, talked about the UTC being bought by another institution. Whatever the plan might be of the current administration, certainly there had been a plan by this administration and the public was made aware of the private ownership plan for the Unit Trust Corporation. I do not want to go back to the occasion of this talk about whether the First Citizens Bank was buying it. I am saying that there is no role today for the Central Bank or the Ministry of Finance in the Unit Trust Corporation, the very way there is no role for the Central Bank in the Home Mortgage Bank.

I am going to deal with Government's intervention in things like this and the whole question of stability. The Unit Trust Corporation is a highly successful organization. Between 1982 and 2002 there have been three chairmen; in that 20-year period: John Hunte, Justice Nelson and then Judy Chang. I am sure, together with other factors, they lent credibility and stability to that organization. Between 2002 and today, three years, there have been four chairmen: Judy Chang, Hubert Alleyne, Mr. Harewood and now we have Amoy Chang Fong, who comes from the Central Bank, only because the Government failed to get Gervais Warner to accept the position. I put that to lend to the argument that the Government ought to take an early position on the Unit Trust Corporation, as we would want them to take on the Home Mortgage Bank.

Thank you, Mr. Speaker.

The Minister of Housing (Hon. Dr. Keith Rowley): Mr. Speaker, I promise I will be very short. I want to clarify the issue raised by the Member for St. Joseph, with respect to the relationship of loan funds coming from UDeCOTT, to the National Housing Authority. I know that was not the substance of his argument and my clarification will not diminish what he meant to expand on this evening. I think it is important for me to put on the record of the Parliament what we know as the correct version, since our colleagues on the other side, especially those in the other place, have made some rather broad and, what I may call, mischievous allegations, and put some of the worse constructions on snippets of information which might have come to their attention.

It may very well be their intention to further give the public the impression that there is widespread corruption in the Government and the Opposition believes that is a good political strategy. However, we do not believe that when the facts are at variance with that approach that we should let it go unchallenged. I know that my colleague, the Member for St. Joseph, will want to have no part in that and that he would want to confine his arguments to the facts. When this afternoon he made reference to what was stated in the other place, I think I would be assisting him, and I am sure he will appreciate being told what the real situation is.

The fact on that particular issue is that in 2002 the Government discovered that in UDeCOTT, was a pool of funds which was borrowed by the Ministry of Finance and passed to UDeCOTT, to carry out a particular project, the overpass at the junction of the Uriah Butler Highway. UDeCOTT was given that money to carry out the project. It turned out that the design parameters were never even agreed upon; the engineering designs were not done and, in fact, they are only now being done. Therefore, at that time in 2002 there was no way that these funds to carry out this project, were just to be left at UDeCOTT sitting idle. UDeCOTT could not spend it, because the project was nowhere near a state to bring about construction of the overpass.

At that time, I happened to be the Minister of Planning and Development with responsibility for UDeCOTT. We did say in the Parliament, to the country, that what the Cabinet had instructed and there was Cabinet approval for it, was that this borrowed money sitting at UDeCOTT, on which interest was being paid, but which could not have been used on the very required project, because the engineering and planning were not done, should be put to use; that it should be handed over from UDeCOTT to the NHA, where the money could have been used. That was a position made public in this country. The figure, I think, was in the order of \$67 million. Some of it was spent by UDeCOTT for some other project, in the end, because by the time the moneys were passed to the National Housing Authority, it had actually received, I think, \$45 million. That was a portion of the moneys used in an overall National Refurbishment Programme for NHA assets which had not been maintained for a very long period of time. There was no question of UDeCOTT lending NHA money, which the NHA had to repay to UDeCOTT.

So all these statements about scandal, corruption and accountability are all just meant to create the wrong impression in the public mind, to create public hysteria that there was wrongdoing in UDeCOTT and the National Housing Authority,

Home Mortgage Bank (Amdt.) Bill
[HON. DR. K. ROWLEY]

Friday, January 21, 2005

because there was nothing to hide. We said publicly that rather than let these funds remain at UDeCOTT, waiting until, God knows when, to be spent on that particular project, we would use it now. When the overpass is ready for construction, funds would be made available. There was no secret; there was no issue. I seem to recall that when I said that in the Parliament, there were only a couple of comments about the overpass and so on, but there was never any issue about the propriety of the action. It was much to my shock when I heard some glorified Brown-noser in the other House talk about corruption. [*Crosstalk*]

Mr. Speaker: Glorified what was it?

Hon. Dr. K. Rowley: Brown-noser.

Mr. Speaker: I think you would want to withdraw that. [*Crosstalk*]

Hon. Dr. K. Rowley: Mr. Speaker, I bow to your ruling; I will withdraw the comment. I do not think that I would listen to anybody, like my colleague from Caroni East, telling me how to present my case.

I was quite shocked when I saw this bit of public information being presented in the Parliament, in the other place, in the way in which it was; first saying that there was a loan transaction between UDeCOTT and the National Housing Authority, that the NHA had over expended its funds and hired thugs and whatever and that there was need for an enquiry, because that is fashionable now. But the simple matter was that funds in one agency, which could not be spent, the proper authority was had and the Cabinet directed what should happen.

There was a further extension to an allegation that the NHA had done some very wrong things in the melee of this transaction with UDeCOTT. What happened? If another debate is required, we can give all the details then. In carrying out the repair programme, the NHA convinced the Cabinet to continue the programme, beyond the original scope of work. A last scope of work was done and additional funds were required. Those funds were spent from the National Housing Authority's own resources and \$20 million that was borrowed from the First Citizens Bank (FCB). So, yes, there were some borrowed funds in the programme, but it was \$20 million additional to the \$45 million from UDeCOTT. That \$20 million was borrowed from FCB with the authority of the Minister of Finance, so there was no need for any person who is ill-informed to start beating a drum about inappropriate action at the NHA, with respect to the housing programme.

When the National Housing Authority spent funds that otherwise should have been sent to the Consolidated Fund, Cabinet approval was sought and obtained for that. That caused the Minister of Finance to come to this Parliament and do a reallocation of funds. Where there were excess funds in one Ministry, book transactions were done to clean out the accounts and the closing of the accounts saw the Minister of Finance rectifying and correcting that situation.

Mr. Speaker, the transactions between UDeCOTT and the National Housing Authority, as I have described, the transaction between NHA and FCB for a \$20 million loan and the transaction between NHA and the Ministry of Finance, with respect to funds that otherwise would have gone to the Consolidated Fund, were properly done, publicly documented and are there for the examination of the competent authority required to report on the books of NHA and UDeCOTT; that authority is the Auditor General. Therefore, any and all statements made by Members of the Opposition, particularly those made in the other House about scandal, corruption, lack of accountability or mismanagement at the National Housing Authority, on this particular matter, are wrong, mischievous, malicious and deliberately meant to mislead the public, to create a certain impression in the minds of the public.

I know that my colleague, the Member for St. Joseph, will not want to be a part of that, so this evening I rise to give him the facts, so that he will not join that deliberate mischief and find himself being embarrassed by the facts when they are presented, at some other time, as they have been in this House.

Thank you.

The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill): Mr. Speaker, when we started this discussion, it was clearly intended to do a couple of things; one of which was to, in fact, create the circumstances by which the Home Mortgage Bank could operate in an environment that has changed significantly, as the Member for St. Joseph said. Listening to some of the comments made, however, we have considered some of them and, maybe, I should talk to a couple of them.

The Member is correct when he talked about Clico's current shareholding, which is, in fact, 43.8 per cent of the bank that was acquired through the purchase of the International Financial Corporation's shareholding of 10 per cent, the First Citizens Bank's shareholding of 7.5 per cent and the other insurance company's shareholdings of 3.1 per cent and British American's of .6 per cent. Quite frankly, there was a provision in the Home Mortgage Bank Act and consistent with that

Home Mortgage Bank (Amdt.) Bill
[SEN. THE HON. C. ENILL]

Friday, January 21, 2005

provision and the agreement between the bank, shareholders and the IFC, those transactions, in fact, took place. That having been done, the first issue, there is the question of the concentration issue. Once this institution goes on the Stock Exchange, they are going to bring their shareholding down to 25 per cent. That, in a sense, is going to dilute some of the impact that the Member alluded to.

There was also the issue of cutting the bank's power of issuing tax-free bonds. The view is that even at this point in time, the Home Mortgage Bank still holds a significant public policy role. The Member argued that the Home Mortgage Bank was, in fact, in the business of retail banking, but if we were to look at what has occurred over the last two or three years, we would see that the Home Mortgage Bank was responsible, in large measure, for significantly reducing interest rates at a time when other commercial entities were moving in a different direction. Therefore, from our side, we see the Home Mortgage Bank as an institution by which, given its structure and what it seeks to do, there is a benefit that is demonstrable to citizens, as it relates to the cost of purchasing mortgages. Insofar as Government's policy is to increase the stock of houses and allow us to continue to provide a benefit, I find it difficult to accept that the Home Mortgage Bank can be seen as another institution simply operating on the basis of normal commercial activity.

Insofar as the Government's issues are concerned, I think we can look at some of them and, maybe, when we get to the committee stage we will, in fact, deal with that. Is there a potential conflict with the Chief Executive Officer, Calder Hart? I think it was the same minister who appointed a friend of mine, Claude Musaib Ali, as Chairman of the National Insurance Board, at a time when he was the Managing Director of Clico; Chairman of the National Insurance Property Development Company Limited (Nipdec); Chairman of Trinidad and Tobago Mortgage Finance; the Chairman, I think, of Clico Investment Bank and also Chairman of the Home Mortgage Bank. In fact, in looking at the stewardship of Mr. Ali, I did not think that the institution, in any way, suffered any difficulty, demise or untoward event. Therefore, in our view, the whole issue of concentration of power has to do with if you have one individual who is accountable to no one. In a lot of these institutions and organizations we have checks and balances within the system. Therefore, while I hear the concerns of the Member and, in some instances, they can be dealt with, I am happy that the financial services policy that we have set out is endorsed by him.

I quite frankly believe that some of the things the Member said can be facilitated, at some other point in time. My own belief though is that, at this time, these amendments are appropriate and we will consider them. When we get to the committee

stage, we may have a different discussion. My view is that the amendments are needed and we should proceed with them. I have heard what the Member has said and we will take some of the comments, but, at this point in time, it is the view of the Government that we should move forward with these amendments.

I beg to move.

Question put and agreed to.

Bill accordingly read a second time.

ADJOURNMENT

The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley): Mr. Speaker, I beg to move that this House be now adjourned to Monday, January 24, 2005 at 1.30 p.m. I wish to inform my friends opposite that on that day the Government plans to continue the debate on the Caroni (1975) Limited and Orange Grove National Company Limited (Divestment and Business Development) (No. 2) Bill. They now have the plan, so we are going to take the Bill to completion on Monday.

Mr. Speaker: Before I put the Motion for the Adjournment to the House, there is a matter to be raised. I now call on the Member for Oropouche.

National Broadcasting Network (Dismantling of)

Dr. Roodal Moonilal (Oropouche): Mr. Speaker, with your approval, I raise at this time the matter pertaining to the failure of the Government of Trinidad and Tobago to outline a clear and coherent policy in the context of the dismantling of the National Broadcasting Network (NBN) and the proposed creation of a new state broadcasting entity. The approach to NBN is consistent with the Government's recent track record of recklessly closing down key state sector industries under the guise of good economic management, but, really, masking a darker motive of victimization, discrimination and the incessant need to place significant portions of the national community in a dependency syndrome.

From the beginning the Government advocated, at best, an illogical, misleading and incoherent policy agenda, in the context of NBN. At worst, it was an inclination to subvert and subject over 250 loyal public workers to trauma, malice and insult. This is a government that gave a broadcast licence to a friend of its party ostensibly to save the jobs of 50 people; then fired 250 workers at the NBN. At the heart of this matter is the fact that there is a public belief that the Government has not been transparent, open and honest with the national

National Broadcasting Network
[DR. MOONILAL]

Friday, January 21, 2005

community with matters pertaining to NBN. We still do not know how much money has been paid in voluntary separation of employment (VSEP); how much money of the public purse is being paid for employee counselling—a new field that has now mushroomed in light of this Government's tendency to VSEP everyone, and we still do not know if Eastman and Associates got the contract for counselling either.

Mr. Speaker, it is this attitude that is of concern to the national population. We are now seeing, even at the University of the West Indies, the protracted conflict between lecturers, workers and this Government over wage negotiations. There are a lot of questions to be answered and I intend to pose a few of them. The national community is no more in the wise as to exactly what has happened at 11A Maraval Road. The national community does not know what has happened and what will happen in the future.

We have been told that we have moved from the NBN to the National Carnival Commission (NCC). *[Interruption]* I have only 15 minutes; I do not have time for that now. We need to ask: To what extent has the Government taken any steps to protect our heritage? Forty years of Trinidad and Tobago Television (TTT), the archival material, the literature, the documentation, the videos, et cetera, that represent our history, our heritage. We need to ask to what extent the Government has protected this, since we have information coming to us that a pattern of looting is taking place at TTT, where materials are leaving the compound under the guise of producing shows for carnival, et cetera.

I want to recommend swiftly that the archival material at TTT and NBN be placed under the responsibility of the National Library Information Service and kept there. Unlike Caroni (1975) Limited, where they had their own looting, we are not talking about train lines and iron carrying cane; we are talking about valuable financial products that would be of value to private sector broadcasters. Apart from that, we are talking about our history and, indeed, our heritage. There is also a certain amount of behind-the-scenes lobbying and secrecy surrounding the arrangement—*[Interruption]*

Mr. Speaker: Are you using the computer as an aid in your contribution?

Dr. R. Moonilal: I have a few points on it.

Mr. Speaker: I ruled some time ago that sort of thing would not be allowed in the House. If it is the wish of the Members present, on this occasion, to assist the Member, so be it. *[Crosstalk]* I think you have agreement.

[Dr. Moonilal closes laptop computer]

Dr. R. Moonilal: Mr. Speaker, the issue concerns transparency, openness, the treatment of workers, our heritage and our culture at TTT.

Let me go back to what you all would be familiar with, this type of thing. This is the level that they communicate with.

Mr. Speaker, from my copybook pages with handwriting—the national community would like this Government to produce for the public a copy of the contract of accommodation between the National Carnival Commission and the National Broadcasting Network. We would like to know about that arrangement. The NCC is now hiring staff. Who are they hiring? On what grounds are they hiring and selecting staff for employment?

Mr. Imbert: Trinidadians.

Dr. R. Moonilal: Who is funding and underwriting the expenditure for the NCC production and broadcast of carnival events? We would like this Government to also answer the question of the use of \$71 million to upgrade the facilities at TIC, Channels 4 and 16. They are upgrading the facilities using millions of dollars, while they have given a contract to the National Lotteries Control Board (NLCB) for a three-month period to do the Lotto, Play Whe and Cashpot draws on Channels 4 and 16, yet incurring enormous expenditure at TIC, channels 4 and 16. That has been handed to the NLCB through a favourite son of the PNM operating on that board as well, but that is another issue to which we will like the Government to respond.

The policy incoherence I speak about in the Motion relates to this Government's pronouncement on the National Broadcasting Network. At the end of 2002, under the stewardship, I believe, of the Member for La Brea, the then Minister of Science, Tertiary Education and Technology, the Government outlined the policy proposal on the public broadcasting industry in which they stated clearly that NBN will be partially divested and Channels 4 and 16 will be used for distance learning education initiatives and so on and that NBN will be divested in collaboration, of course, with the private sector. They appear to have made a U-turn on this matter. They have closed down NBN, sent home the workers, under very traumatic conditions, and re-hired their own. In fact, the Minister was quoted as saying that he would get the right people in place. That is a quotation in a newspaper.

Mr. Imbert: Do you want the wrong people in?

Dr. R. Moonilal: The Government's stated policy was to divest NBN. It was to use Channels 4 and 16 for education, distance learning and so on. More than that, when it went to the Industrial Court in a matter involving the workers and a VSEP issue, it tendered into evidence its plans for NBN, which stated that it was going to divest NBN and that a new company would take over immediately, which would consist of Trinidad and Tobago Television (TTT), 98.9FM, 100FM, 6.10AM and so forth. A new company would take over immediately; this is what the Government had put to the Industrial Court when it was defending their actions on the VSEP matter.

Now we hear of this new State entity to start within six months, but their track record of flip-flopping—and that is the lightest word I could find, another word would not be accepted here—on this issue, is clear. That is why several newspapers in editorials talk about the lack of trust that the population has with this Government on NBN and, surprisingly, in an area led by a very experienced politician in his own right. We wonder whether the regrettable absence of this Minister from duties, allowed this matter to just fall to pieces and other ministers intervened.

They have put in the public domain, “NBN to close in April”, “NBN to close in June”, last September; in fact, they said that NBN would close in February. It finally closed last week Friday. This is their track record. The population is looking at them and getting the idea that they do not know what to do. They make policy by “extempo”, by inventing as they go along. They have now given the NCC, in collaboration with—according to a newspaper report it is “tie up” between the NLCB and the NBN to broadcast carnival, the Play Whe draws and so on, without a clue as to what is happening after.

Another issue to be raised: They have given the National Carnival Commission the rights. With great respect to our very good friend Kenny De Silva, there is a view that the NCC has some problems managing its own carnival shows, far less for broadcasting. Does this mean that when Divali comes around they would give Satnarine Maharaj and the Maha Sabha Channels 4 and 16 to broadcast Divali programmes? When Eid ul-Fitr comes around, will they give the ASJA? Clearly that cannot be a policy approach to the problem and they have been advocating this type of adhocism as it relates to policy on public broadcasting.

We want to ask the Government why it departed from this policy statement from the Ministry of Science, Technology and Tertiary Education. Whatever became of the BBC consultancy? They hire the BBC in March 2004 to do a five-

year strategic plan for the National Broadcasting Network. How much did that cost the taxpayer? Did the BBC tell you to close down NBN and six months after open the New Caribbean Media Group? Who and what is the New Caribbean Media Group? At the heart of this matter is also politics. Are they preparing to transfer Channels 4 and 16 to their favourite son who they gave a licence to overnight to save a few jobs? Are they preparing to transfer the control of Channels 4 and 16 to Louis Lee Sing, to create a propaganda machinery for the next election?

Mr. Speaker, notwithstanding Tobago, I think even Members on the other side realized that they have this habit of coming in by their nose on the finishing line. You need to watch that, because sooner or later, somebody might have a bigger nose. [*Laughter*] They must know that they are not sitting quietly there—notwithstanding 11/1—certainly not in Trinidad. The propaganda arm of this Government could well be Channels 4 and 16, under their friend from the NLCB. Those are the questions.

I have to go back to my notes since the Members on the other side had a problem with the technology.

Mr. Speaker, the issue of accounting. [*Interruption*] Concern yourself with the substantive issue. The issue of accounting for the moneys to be spent on this matter. How much taxpayers' dollars are to be spent on NCC, NLCB and NBN? Is NBN a legal entity at this moment? Could we please get a copy of the memorandum of arrangement, understanding, accommodation or anything like that, which we saw in the press? These are some of the issues. If the Minister would also be kind enough to tell us the state of affairs, as it relates to the archival material at TTT and the checks and balances and steps to be taken with respect to that material, we will be extremely gratified.

Thank you.

The Minister of Public Administration and Information (Sen. The Hon. Dr. Lenny Saith): Mr. Speaker, I thank the hon. Member for giving me the opportunity to come to this august House, although it is rather late in the evening.

I took the Motion, as sent to me, as the one I have to respond to; therefore, I prepared for that. A lot of the questions raised by the Member, I would be happy to answer when he puts them in the form of a question. I would get the information and provide it.

National Broadcasting Network
[SEN. THE HON. DR. L. SAITH]

Friday, January 21, 2005

I can say two things before I get into my own text, which I do not have on a computer. The first is that there is no intention to give any station to any individual. As I indicated in the other place, we are not prepared to give any station to the Chairman of the National Lotteries Control Board, the Chairman of the UNC, the PNM or any other chairman. [*Laughter*]

It is simply not true to say that the Government has failed to outline a clear and coherent policy for the National Broadcasting Network and our plans to create a new broadcasting entity. We have kept the national community informed. I have made a number of post-Cabinet statements and a statement in the other place, clearly outlining what we are about to do. As we came in, very early on, we recognized that this company was in such a state of decline that keeping it going was no longer possible. There were mounting losses.

When we left government in 1995, this company was making money. In 1996, the first year of operation under the last government, it made \$3.5 million; the momentum continued. In 1997, that profit went to \$2 million. In 1998, there was a loss of \$1.45 million; in 1999, a loss of \$3.7 million; in 2000, a loss of \$9 million; in 2001, a loss of \$15 million, and that loss has continued escalating each year, because you had built up these losses and you were financing it, mainly by loans, and the interest payments began.

What is curious is that the organization which had 184 persons in 1996, grew to 260 in 1997; 258 in 1998; 252 in 1999; in the election year of 2000 it jumped to 300 and in the election year of 2001, it jumped to 302. Here you had a company with mounting losses, declining revenue and increasing expenses. What these people were doing, I do not know. [*Interruption*]

Yes, and you were in charge of the Water and Sewerage Authority, so you should know.

There were losses. The market share was declining, and I will come to that. There were heavy debt burdens on this company. The Opposition, including the Member for Oropouche, knew the situation very well and did nothing about it when they were in government. In 2001, they hired PriceWaterhouseCoopers to do a diagnostic of NBN and to make recommendations on the way forward. The report said, among other things, that NBN had gone into steep decline. It gave as a major reason the perception in the country that during that period there was acute political interference in the running of the company, to such an extent that it became an instrument of government's political propaganda. That is what the PriceWaterhouseCoopers report said, that it had lost credibility.

The most blatant example of that was when the station, Trinidad and Tobago Television, was commandeered to pre-empt its Panorama programme to allow a minister's statement to be broadcast live. It just lost credibility. In an environment of today, where there is so much choice in what you look at, when a station loses credibility, it means nobody looks at it. So even if you are putting out propaganda—remember in 2000 when you used to go down there—nobody is looking at it. You defeat the very purpose for which you have set it up. [Crosstalk]

The PriceWaterhouseCoopers report said that the average rating of TTT was 11 per cent, compared to its competitor TV6, which had 59 per cent. All NBN stations suffered from poor market share. Trinidad and Tobago Television had a market share of 12 per cent; 105FM, 5 per cent; 98.9, 8 per cent; 91.1, 1 per cent. This was a situation where 74 per cent of NBN's revenue came from TTT. The National Broadcasting Network had experienced an accumulated loss of \$32 million during the period 1998 to 2001 and had projected a loss for 2002 of \$22 million. They had the facts and they did nothing, when they had the responsibility; they allowed that situation to continue.

We took a different approach: We came in and we said, "Let us see what we could do with this situation, whether we could salvage NBN." The company, at that time, was losing \$1.5 million a month. Its debt was about \$23 million, which has now gone to \$85 million. The situation was so bad that the banks were refusing to make any money available without a government guarantee. The company had obsolete equipment; the programming format was bad; poor systems and procedures and excessive staff. As you could see, staff went up by almost 70 per cent. We gave this some attention and decided on a course of action, which we have told the country. We took the decision to wind up NBN; to create a new broadcasting State-owned organization in Trinidad and Tobago; to develop a manpower separation plan and to prepare a new business plan for the company. We made this information available to the population, so to say that they do not know what is going on is not quite correct. We have been implementing that plan. It took us a little time, because in March when we made the offer to separate workers they took it to the Industrial Court. We had to wait until the Industrial Court gave its judgment, which it did in November, before we could pursue it.

As you know, NBN has now ceased operation. We have the manpower separation plan implemented. We have put a transition team in place to oversee this and we are setting up the new company. In fact, the new company, which was

National Broadcasting Network
[SEN. THE HON. DR. L. SAITH]

Friday, January 21, 2005

registered on January 11, will have the following as its objectives: It will operate according to the business plan which was developed by BBC Technologies and which has been approved by the Government of Trinidad and Tobago. The business plan is there; it has been approved by the Government and they will follow that. We will not make it public, because you do not let your competition know what your business plan is, unless you are the Member for Oropouche.

This company will be a 100 per cent state-owned, to start with and its ownership structure will be reviewed on a continuous basis, as we see how it goes along. The new company must operate on a commercially viable basis. We will provide \$71 million in the first year, of which \$50 million will go to the purchase of new equipment. That is the money for new equipment. I do not know where this new equipment you said was being bought with NBN funds. The answer is no.

The company has been registered. The new board is before the Cabinet and as soon as it is approved it will take charge. It will have the following to do: recruit the core management; determine a suitable location for its operation and make recommendations with respect to the number of television and radio frequencies it requires to operate.

We expect that this new company will become fully operational by July 2005; within six months. The hope is that it can come earlier, but that will depend on the length of time it takes to get the equipment in and installed and the company's ability to recruit staff to carry out the operations, but it has an outside limit of six months. That policy has been clearly articulated, but I welcome the opportunity to say it again for the benefit of the Members and the national population.

The Member for Oropouche raised a matter which is kind of tangential, which is what is happening to Channel 4 in the meantime. The Government has decided to make the facilities of Channels 4 and 16 available to the National Carnival Commission for a period of three months, for the sake of the general population, television coverage of the coming Carnival and subsequent cultural events that follow Carnival. That is the decision the Government has taken. The NCC is responsible for programming, running the operation and for all the costs associated. *[Interruption]*

Dr. Moonilal: Thank you for giving way. Can you confirm, therefore—

Sen. The Hon. Dr. L. Saith: I am not giving way.

Mr. Speaker: It is not usual in a Motion like this.

National Broadcasting Network

Friday, January 21, 2005

Sen. The Hon. Dr. L. Saith: I am prepared to explain to him afterwards.

That is the arrangement with Channels 4 and 16. At the end of three months, we will, by that time, have a proposal that will deal with Channels 4 and 16, if the new board says that they do not require it, because they would have already had Channels 2 and 9 and the UHF channels that go with them. [*Crosstalk*] Mr. Speaker, I have indicated that the appointment of a board of this company is before the Cabinet and we hope to announce it pretty soon.

Thank you.

Question put and agreed to.

House adjourned accordingly.

Adjourned at 7.14 p.m.