

THE
PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FIFTH SESSION OF THE EIGHTH PARLIAMENT OF THE REPUBLIC OF TRINIDAD
AND TOBAGO WHICH OPENED ON OCTOBER 17, 2002

SESSION 2006—2007

VOLUME 20

HOUSE OF REPRESENTATIVES

Friday, December 01, 2006

The House met at 1.30 p.m.

PRAYERS

[MR. SPEAKER *in the Chair*]

LEAVE OF ABSENCE

Mr. Speaker: Hon. Members, I have received communication from Mrs. Camille Robinson-Regis, the hon. Member for Arouca South; and Mr. Larry Achong, the hon. Member for Point Fortin. Both of them have asked to be excused from today's sitting of the House. The leave which these Members seek is granted.

**JOINT SELECT COMMITTEE
(APPOINTMENT OF)**

Mr. Speaker: Hon. Members, I have received communication from Sen. Dr. The Hon. Linda Baboolal, President of the Senate, by letter dated November 28, 2006, which states inter alia:

“At the sitting of the Senate held on Tuesday, November 28, 2006, the following resolution was approved:

Be it resolved that the following five (5) Senators be appointed to serve with an equal number of Members appointed by the House of Representatives on the Joint Select Committee established to consider and report on the Motor Vehicles and Road Traffic (Amdt.) Bill, 2006: Mr. John Jeremie, S.C., Mrs. Joan Yuille-Williams, Mr. Satish Ramroop, Dr. Tim Gopeesingh and Prof. Ramesh Deosaran.”

The letter ends:

“This information is forwarded for the attention of the House of Representatives.”

ORAL ANSWERS TO QUESTIONS

The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley): Mr. Speaker, I ask your indulgence and that of

the House to have the questions on today's Order Paper deferred for two weeks. [Crosstalk]

Mr. Speaker: Hon. Members, the Government has asked for a two-week deferral for questions No. 5, 7 and 12. I would appeal to the Government, whilst one cannot force Government to answer questions—

Mrs. Persad-Bissessar: What?

Mr. Speaker: Well, if the Government keeps postponing, there is nothing much we can do, but I am appealing to the Government to pay some attention to the outstanding questions.

The following questions stood on the Order Paper:

Brian Lara Stadium

5. Could the hon. Minister of Sport and Youth Affairs state:
with regard to the Brian Lara Stadium, could the Minister advise:
- (a) (i) the status of work being conducted;
 - (ii) the expected completion date; and
 - (iii) the cost overruns to date?
 - (b) Could the Minister state what would the stadium be used for in relation to Cricket World Cup 2007? [Mr. M. Ramsaran]

**Early Childhood Care and Education Centres
(Chaguanas)**

7. Could the hon. Minister of Education indicate whether there are plans to construct Early Childhood Care and Education Centres in the constituency of Chaguanas? [Mr. M. Ramsaran]

**Aubrey Armstrong Management Associates of Barbados
(Consultancy Services)**

12. Could the hon. Minister of Labour, Small and Micro Enterprise Development indicate:
- (a) the total amount paid to Aubrey Armstrong Management Associates of Barbados with respect to consultancy services to the Cipriani College of Labour and Cooperative Studies; and
 - (b) the names of the consultants who worked on these consultancies? [Miss G. Lucky]

Questions, by leave, deferred.

Definite Urgent Matter (Leave)

Friday, December 01, 2006

**DEFINITE URGENT MATTER
(LEAVE)**

**University of Trinidad and Tobago
(Allegations of Corruption)**

Mrs. Kamla Persad-Bissessar (*Siparia*): Mr. Speaker, in accordance with Standing Order 12 of the House, I hereby seek your leave to move the adjournment of House at today's sitting for the purpose of discussing a definite matter of urgent public importance, namely the public allegations contained in a front-page newspaper article—

Mr. Speaker: I did approve something else for you to read and I would wish that you read it.

Mrs. K. Persad-Bissessar: A revised draft.

Mr. Speaker: A revised draft, yes.

Mrs. K. Persad-Bissessar: Thank you, Sir. I did not get that one. I will read the Speaker's correction of my matter of urgent public importance.

Mr. Ramnath: Why did the Speaker not read it himself?

Mrs. K. Persad-Bissessar: In accordance with Standing Order 12 of the House, I seek your leave to move the adjournment of the House for the purpose of discussing the following matter as a definite matter of urgent public importance, namely the escalating incidence—Mr. Speaker, this is not mine.

Mr. Speaker: Here you are.

[Document passed to Mrs. K. Persad-Bissessar]

Mrs. K. Persad-Bissessar: Thank you, Mr. Speaker. It is dated December 01, 2006. In accordance with Standing Order 12 of the House, I seek your leave to move the adjournment of the House at today's sitting for the purpose of discussing a definite matter of urgent public importance, namely, the allegations of massive and widespread corruption in the operations and financial transactions at the University of Trinidad and Tobago (UTT) involving a web of private and public companies with links to senior officials of the UTT and Government and private individuals, and that these transactions are occurring in an environment that lacks transparency, accountability, approval of scrutiny of Parliament or the Auditor General of Trinidad and Tobago.

The matter is definite as it pertains specifically to the allegations of corruption and misuse of taxpayers' money by private and public officials, institutions, departments, agencies and companies.

Definite Urgent Matter (Leave)

Friday, December 01, 2006

The matter is urgent because it involves the continuing expenditure of approximately \$1 billion of public funds without the proper checks and balances, and if such circumstances do exist, immediate action is required to protect the public purse from pilferage and to have the matter investigated.

The matter is of public importance because the allegations, if not immediately resolved, stand to further tarnish the country's international reputation, increasing the perception of corruption in public institutions, the UTT itself, its board of management, their relatives and other named persons and holders of high public office.

I thank you, Mr. Speaker.

Mr. Speaker: Hon. Members, this matter does not qualify under Standing Order 12 and would qualify under Standing Order 11. May I indicate to hon. Members, I think there is a Motion on the adjournment to deal with this matter.

**BWIA
(CLOSURE OF)**

Mr. Harry Partap (*Nariva*): Mr. Speaker, I beg to move the following Motion standing in my name:

Whereas the Government has taken the unprecedented decision to close down the operations of BWIA and in the process retrenched, through VSEP, hundreds of BWIA workers as at December 31, 2006:

And whereas the Government in the mid-1990s initiated a failed policy of the privatization and sell-out of BWIA to Edward Acker;

And whereas air transport is crucial and vital to the economic and social interest of the people of Trinidad and Tobago, and by extension, the people of the region;

And whereas it is the intention of the Government to seek private sector participation on a national and regional basis in the ownership of the new airline;

Be It resolved that the Government provide to the Parliament a detailed account, explanation and rationale for its decision to close down the operations of BWIA as at December 31, 2006.

We have brought this Motion for debate this evening so that we may get information that would help us to understand the rationale of the Government's decision to shut down BWIA which has served Trinidad and Tobago and the region for the past 66 years. We also hope to get a clearer understanding of the

decision to close down the operations of BWIA and the opening up of a new entity in an industry fraught with so many difficulties.

On September 07, 2006, the Member for Arouca North told the country at a media briefing at Whitehall that a statement on BWIA would be made shortly. When questioned by reporters if the BWIA issue would be taken to Parliament, the Member for Arouca North replied, and I quote from the *Trinidad Guardian* of September 08, 2006:

“It may be. I don't know.”

Mr. Speaker, I still cannot understand why the Government had put the Member for Arouca North in the firing line to answer questions about BWIA when BWIA was not part of his portfolio responsibility.

Mr. Narine: I thank the Member for giving way. Mr. Speaker. On that day I was leading our team at the press conference.

Mr. H. Partap: But at any rate, the ambivalence of the reply suggests that this was another—and “this” means the BWIA issue—Government decision by “vaps” and that the PNM had no working plan to deal with the problems at BWIA. It was typical PNM. They had no plan, but they expected that one would evolve eventually. It was the same approach they took in closing down Caroni (1975) Limited and several other state-owned enterprises. [*Desk thumping*]

Dr. Moonilal: Good point, man, Harry.

Mr. H. Partap: In the case of Caroni (1975) Limited, the PNM was completely unconcerned about the dislocation of some 9,000 workers and the chaos in managing a huge idle asset of this state company. Even as we speak, their policy for handling the assets of Caroni (1975) Limited and fulfilling their legal obligation to sugar workers and cane farmers are changing by the minute. They are saying different things at different times. No plan!

Mr. Speaker, three months has elapsed since the decision was taken to shut down BWIA and all we know about this major move by the Government is what we read in the newspapers or hear on the electronic media. Totally unacceptable!

Mr. Ramnath: Shame on you all! Shame!

Mr. H. Partap: Up to today, nothing was brought to Parliament; a total contempt of Parliament, and that contempt is reflected in the treatment of the four trade unions representing workers at the various levels of the industry. These trade unions are: The Aviation Communication and Allied Workers Union (ACA-WU); the

BWIA (Closure of)
[MR. PARTAP]

Friday, December 01, 2006

Trinidad Airline Pilots Association (TALPA); the Association of Superintendents; the Communication and Transport Trade Union (CATU). And the fact is, none of the unions was brought into the decision-making loop. They were kept in the dark. There was a total absence of consultation with the interest groups and the stakeholders.

Government decides to dispose of the assets of BWIA worth millions of dollars but refuses to justify its action to the taxpayers of this country. How do you do it? You do it through Parliament. However, when BWIA management did speak to the workers' representatives, important issues were left out and this prompted CATU spokesman, Mr. Clyde Weatherhead, to remark, and I quote from the *Express* of September 09, 2006 at page 3:

“There is a lot that they are not telling us.”

I want to tell the Government this afternoon that BWIA's assets do not belong to the PNM. You are holding BWIA's assets in trust for the people of Trinidad and Tobago. It is not PNM's assets. They owe it to the nation, to the workers, to the stakeholders, to let them know of the plans. Do not take them by surprise. So this Motion comes as a result of this constipation of information on BWIA by the Government. Is it that the Government is hiding something? It is only when you have something to hide that you give information in bits and dribbles, or you give no information at all. I want them to tell us what the Government is hiding from the people of Trinidad and Tobago.

Let me say at the outset that the United National Congress is not in favour of holding a fire sale of our national patrimony. We are not in favour of disposing of the family jewels unless we have examined all the options. We would have gone the route of restructuring the industry; we would have gone the route of re-engineering the industry; we would have gone the route of reorganizing the industry. This would mean that there must be collaboration between management, labour and Government, and it is during this collaboration that we can take hard decisions to keep the industry afloat or to keep it under national control.

We are convinced that given this tripartite approach, BWIA could have survived. Closing down the industry and raising up a new entity is not a creative option. It represents a lack of vision; it represents an easy way out; it is an absence of new and innovative ideas. It is thinking inside the box. But closing down the industry seems to represent the best of the PNM. That is the most they can do. One would have thought that the Government would make an assessment of what went wrong; it would have conducted a cost benefit analysis to ensure

BWIA (Closure of)

Friday, December 01, 2006

that creating the new entity was the best option. If the Government had done this, then it must share that information with the taxpayers. It must tell us here in Parliament.

You did not do such an analysis in 2002 when BWIA workers were retrenched; you did not do it in 2003 when 600 workers were retrenched, and I am certain that you did not do it in 2006 when over 1,800 workers would be placed on the breadline. BWIA has fallen victim to PNM corruption, PNM mismanagement, PNM cronyism, PNM favouritism, PNM bad decisions and PNM's lack of vision.

Mr. Valley: Develop every one—

Mr. H. Partap: I will do that; just wait.

PNM's strategy for the airline exposes an absence of the political will to make planning a strategic component of economic management for the Government. The collapse of BWIA is a manifestation of the decline we are witnessing in all the major institutions in the country. BWIA was bleeding under the PNM. There were no serious plans to put things right. In fact, no serious plan could have been put in place to rescue BWIA because it would have meant getting rid of all those PNM cronies seated at the BWIA trough. They could not touch them. There were too many sacred cows in BWIA with strong political connections.

Mr. Valley: Like whom?

Mr. H. Partap: You will know; I will tell you. This was responsible for the systematic decline in the fortunes of BWIA shortly after it became a state enterprise. Corruption was the order of the day. It is no secret that those in charge of the airline feathered their nests and the frenzied feeding at the trough resulted in the well-documented DC9 and Lockheed scandals. Millions of dollars of taxpayers' money went into the pockets of PNM cronies. The assault on this Parliament in July 1990 by miscreants and bandits was a direct result of the exposing of PNM corruption, and that is how they respond—

Mr. Ramnath: Who are they; miscreants and bandits?

Mr. H. Partap: No. That is how the PNM responds, by using miscreants and bandits. That is how they respond when you catch them with their hands in the cookie jar. There is no doubt in my mind that BWIA was mismanaged to the ground. In one incident—I am sure you would recall, which would have been a most humorous episode had it not been for such a critical breach of safety—the then public relations manager of BWIA, Louis Lee Sing, hopped on one of BWIA's planes in Kingston, Jamaica and insisted that he had to travel home on that flight

BWIA (Closure of)
[MR. PARTAP]

Friday, December 01, 2006

even though the flight was overbooked. Mr. Lee Sing, I am told—and it is now being confirmed by my friend—was returning from a Carnival fete in Jamaica. I do not know if Mr. Lee Sing believed that he was on board an old bus out of Kingston, Jamaica—

Mr. Valley: Mr. Speaker, that has nothing to do—

Mr. Ramnath: You are not the Speaker. Sit down! [*Crosstalk*]

Mr. Speaker: No. You are not raising a point of order.

Hon. Member: Harry, give way; give way.

Mr. Speaker: Okay, he has given way; very good.

Mr. Valley: Mr. Speaker, I am making the simple point that the BWIA that the Member is speaking about died in 1995 and, therefore, he is far off; he is not on the Motion. He is not dealing with the BWIA that was born in 1995, a very efficient BWIA until they drove it into the ground.

Mr. H. Partap: Mr. Speaker, I will tell him what killed the old BWIA.

I was saying that Mr. Lee Sing boarded the airplane as though he thought it was an old bus coming out of Kingston that was licensed for 55 passengers seated and five standing, so he came on board. My understanding is that he sat in the toilet compartment for the flight and came out only when passengers wanted to relieve themselves.

Mr. Valley: Mr. Speaker, I repeat, the Member is not on the Motion. The matter he is dealing with—

Mr. Speaker: Please. I think if you are talking pre-1995, then you are not on the Motion. If you are talking post-1995, you are okay.

Mr. H. Partap: Mr. Speaker, I am giving, really, a history of what caused the old BWIA to fall and it came into the new BWIA. Thank you for your guidance.

Mr. Valley: Mr. Speaker, on another point—

Mr. H. Partap: Mr. Speaker, what I am talking about is the level of mismanagement—
[*Crosstalk*]

Mr. Speaker: Please, please. Order please!

Mr. Valley: On another point, Mr. Speaker— [*Crosstalk*]

Mr. Speaker: No. Listen, let us not get carried away this afternoon. You can only stand to raise a point of order to ask the Member to intervene or under Standing Order 33(4), but you have not spoken yet so you cannot come under Standing Order 33(4). So, please, if the Member is not giving way, then—

Mrs. Persad-Bissessar: He is not giving way.

Mr. Speaker: No, but listen, it is for the Member to decide whether he is giving way. I do not think he needs any help.

Mr. H. Partap: Mr. Speaker, I am not inclined to give way at this time.

Mr. Valley: I am sure you would. Come on; come on—[*Crosstalk*]

Mr. Speaker: Order! Order, please.

Mr. Valley: The Member has given way, Mr. Speaker. I just wanted to ask whether the Member is, in fact, reading, and if he is reading, whether you have given him permission to read his speech. [*Crosstalk*]

Mr. Speaker: That is, in fact, a Standing Order, I think. But you are not reading, hon. Member, are you? You are referring to copious notes.

Mr. H. Partap: Mr. Speaker, I am making use of my copious notes.

I was just linking the level of mismanagement under the PNM, whether it was the old BWIA, the new BWIA or the BWIA to come. But that is how they operate. They operate by putting square pegs in round holes and this is why they cannot achieve anything; they cannot do anything right. You put people there who cannot do the job. They would put their cronies into the state enterprises and these cronies would run the thing to the ground, and then they would do it without thinking, without even batting an eyelid.

They mismanaged Caroni (1975) Limited. They had no plans for the industry. They could not manage the problem, so what was PNM's answer? It was to close it down and then open the sugar manufacturing company tomorrow.

Mr. Ramnath: And mixed communities.

Mr. H. Partap: What did they do with the National Broadcasting Network? The NBN was mismanaged by PNM cronies at all levels of the network. In one incident, the same Mr. Louis Lee Sing who was then chairman, bought a building in San Fernando for \$1.3 million—[*Crosstalk*]

Mr. Speaker: No, please, hon. Members, we are talking BWIA. [*Crosstalk*]

Mr. H. Partap: Mr. Speaker, what I am doing is, I am referring to a number of companies that they closed down and I am telling you why they closed them down. Corruption caused them to close them down. So I am just making the point when I talked about the situation with Mr. Lee Sing where he bought a building for \$1.3 million; he renovated it to the extent of \$2 million and then sold that

BWIA (Closure of)
[MR. PARTAP]

Friday, December 01, 2006

building to some of the PNM cronies for \$300,000, so he made a big loss on this. That is what caused NBN to close down. What they are doing now, they closed down NBN but kept a little window open. They have five of their cronies working now in a little office in Morvant, getting big pay. That is what they are doing! That is how they are wasting taxpayers' money!

That is the point I am trying to make. It is corruption at all levels and corruption had been eating away at these state enterprises. They cannot make money. They were about to close down VMCOTT but they found a way to keep VMCOTT open. VMCOTT is the Vehicle Maintenance Company of Trinidad and Tobago. Now they have decided they would not close it down. Do you know why? They can pass money through it for big purchases and big corruption. This is what they are doing.

Mr. Speaker, there seems to be no accountability, no transparency, in what the PNM is doing. What I am doing—and perhaps they do not understand it—I am showing where BWIA's fate is linked by a common thread in the PNM of closing down state enterprises and state agencies when they face critical problems.

Mr. Valley: You are reading that.

Mr. H. Partap: I am referring to my notes. That is what they intend to do with COSTAATT. They intend to close down COSTAATT too. They had inspired problems in COSTAATT. Now what do they want to do? They want to close it down and open the Community College of Trinidad and Tobago. I ask the Government this evening: the Ministry of Education is in collapse; the Minister seems to be out of her depth, what are you going to do? Would you close down the Ministry of Education and reopen a new one?

2.00 p.m.

Mr. Speaker, crime is running out of our control. What are they going to do? What is the PNM's answer going to be? Is it going to close down the Ministry of National Security? Would they close down the Ministry of National Security and create a new one?

The Ministry of Social Development is unable to deal with 300,000 citizens who live below the poverty line. Would the Government close down the Ministry of Social Development because they cannot manage the 300,000 persons who are living below the poverty line? Would they close it down and open a new ministry?

Mrs. Gaffoor found out in the Ministry of Health a number of problems. Apart from all the public relations taking place, there are serious problems in the Ministry of Health. What are they going to do? Are they going to close down the Ministry of Health and open a new one? No, that is not what they are supposed to do.

Mr. Speaker, the prison system today is also in turmoil. What are they going to do? Are they going to close it down and open a new one? That is the line that the PNM has been taking. I am merely showing the futility of the PNM's attitude in this BWIA issue, that is, they want to close down everything.

Mr. Speaker, their strategy to close down the state-owned companies and the state agencies, is taking a heavy toll on workers in this country. Some 13,000 workers have already lost their jobs because of their strategy. Twelve trade unions are being crippled because of their strategy. This is a sign of a government that is anti-worker, anti-labour and which has no tolerance for democracy in the workplace.

The PNM's response to the problems in BWIA is to shut it down and open a new outfit. That is a strategy for postponing dealing with the problem. The Government is postponing the real action it should take to deal with the problem. Clearly, their strategy is not working. It did not work in the past and it is not going to work in the future. We know it would not work. It is set to fail. Let me explain what I mean.

If you close one entity and you raise another using the same inefficient management, it is the same results! It is the same deal you are making. You would not get far with it and that is what they are doing. The Government will have to face up to the fact that the new entity replacing BWIA will fare no better if you walk with the same management and if you do the same things.

It happened in July 1994 when BWIA was faced with mounting debts and was on the verge of insolvency. The PNM entered a deal with the Acker Group and Loeb Partners. That deal was to recapitalize and privatize the operation. Edward Acker came with a three-year turnaround plan, which included a bid to buy 12 per cent of the airline shares immediately and then seek private interest for another 51 per cent of BWIA shares. Mr. Speaker, at that time BWIA was worth US \$90 million.

Part of the deal was that the Government would write off BWIA's debts, which amounted to at that time, US \$83 million. Mr. Speaker, I want you to see the simple connection between what is happening today and what happened in 1994. They gave a commitment to write off US \$83 million and then they promised to

BWIA (Closure of)
[MR. PARTAP]

Friday, December 01, 2006

underwrite another US \$60 million. So it was US \$83 million one way and US \$60 million another way. This was done to give Acker and his friends a clean slate. They had a debt free BWIA.

It is now history that Acker did not last as long as a snowball in hell. By early 1996 Acker took up his hat, his cane, his bag and walked out. It was later discovered that \$21 million which belonged to the workers, pension fund surplus went missing after Mr. Acker left. [*Interruption*] I do not know, but he left with his hat, his cane and his bag.

Mr. Speaker, workers have not been given an explanation from the PNM of what became of that \$21 million up to today. Twenty one million was gone and they feel they do not have an obligation to tell workers—but they are going all over the place looking for money that left, you have said—[*Interruption*] Acker left with \$21 million, what happened? Mr. Speaker, I am asking this evening on behalf of the workers, where did the \$21 million go? Was Edward Acker a happy recipient of that \$21 million? I do not know. Was Loeb Partners a happy recipient of that \$21 million? I do not know. Would the Member for Diego Martin Central tell us who has scuttled the \$21 million from BWIA?

Mr. Valley: Mr. Speaker, lest he call my name, let me please inform this honourable House that in 1996 I was happily in the Opposition. He should look at his colleagues to find out if Acker, in fact, went with \$21 million in 1996. He should find out from his colleagues how he got it. I would like to know how he got it from the people's pension trust also.

Mr. H. Partap: They always make excuses, Mr. Speaker. It is always somebody else. It is never they. It is always: "Not me, it is somebody else." He made the deal!

Mr. Ramnath: Do you mean the Member for Diego Martin Central?

Mr. H. Partap: Yes. He said so. I will tell you just now. You cannot blame the workers of BWIA if BWIA has now fallen into insolvency. You cannot blame ACAWU the workers, representatives. The trade unions representing BWIA and, particularly, ACAWU had objected to the Acker takeover on the ground of Acker's track record. The trade unions knew that record. The union was aware that Acker had featured prominently in the folding up of a US-based airline and the subsequent scandals that followed. But the Member for Diego Martin Central who was then the Minister in charge of BWIA was not prepared to listen to the union.

In fact, Mr. Speaker, he boasted in this House that the Acker deal was the best deal he ever negotiated. He was quoted as saying that the Acker deal would be

BWIA (Closure of)

Friday, December 01, 2006

like fine wine; the older it gets the better it will be.” That was said by the Member for Diego Martin Central. Mr. Speaker, do you know what the Member for Diego Martin Central considered his best deal? Let me tell you: Acker and his partners got a debt free company worth over US \$90 million; in less than two years of the three-year action plan, Acker packed up and left. After Acker left, some \$21 million from the surplus of the workers pension remains unaccounted for, even to this day. The PNM ended up buying back 97.1 per cent of the shares. That is their best deal! Then BWIA went back into debt. Mr. Speaker, their excursion into privatization had failed miserably.

This is what the Member for Diego Martin Central said was the best deal ever. It would have been the best; fine wine, the older it gets the better it will be. Acker did not wait for it. Acker did not stay long enough for the fine wine to get older! He cut and he ran. *[Interruption]* I said he cut and he ran. I would not tell you where he cut from. *[Interruption]*

Hon. Member: Penny, you are too sweet to get involved in this.

Mr. H. Partap: Yes, Penny, I think so. You are a nice person; do not get caught in this.

Mr. Speaker: Order!

Mr. H. Partap: Because I know you did not get any part of that \$21 million.

Mr. Ramnath: Manning did not share it at all, boy.

Mr. H. Partap: Mr. Speaker, what did the Government do to protect the interest of the workers then? The PNM had abandoned the BWIA workers as they are abandoning them now. It was the PNM Government that solicited Acker and gave away the assets of BWIA. It was the PNM Government that gave Acker the freedom to injure BWIA and have it bleed to death.

Mr. Speaker, even up to today the Government is not able to give a full disclosure of the relationship between BWIA and Tobago Express. They must give a full disclosure. They must tell us what the relationship is and whether that relationship between BWIA and Tobago Express was beneficial to BWIA. In fact, Mr. Speaker, ACAWU cannot get BWIA management or the Government to say who owns Tobago Express. If they do not want to answer the trade unions, at least, let the BWIA workers know who owns Tobago Express.

It is understood that a former member of BWIA’s management, that is the top echelon of the management, continues to receive a benefit from those deals

BWIA (Closure of)
[MR. PARTAP]

Friday, December 01, 2006

connected to Tobago Express. *[Interruption]* I do not know; I am asking. Mr. Speaker, BWIA must clear the air on this because in the final analysis it is the workers who are left with the sticky end of the stick, and it is the taxpayers who will have to continue to fund their expensive excursions—come clear; come good on this!

Mr. Speaker, BWIA's management must also explain why it voluntarily accepted liability for the operational cost of Tobago Express, even though Tobago Express was in the hands of a private enterprise? That smells of corruption, Mr. Speaker! My understanding is that BWIA continues to be responsible for the pilots' payroll even after it was relieved of the Tobago run. They must tell us why. This is why I am saying this evening that the union's query over Tobago Express is valid and it deserves a response from either the Government or BWIA management.

This PNM Government continued to contribute heavily to BWIA's insolvency, when in its futile bid for the headquarters of the Free Trade Area of the Americas, BWIA was forced into unprofitable route links to Colombia and Santo Domingo. These routes were highly unprofitable with BWIA planes travelling to these destinations with five and six passengers on board. *[Interruption]* The question is: So what? You are carrying five or six passengers to Colombia and Santo Domingo—*[Interruption]*—You made a futile bid for the FTAA headquarters. Yes, you tried. *[Interruption]* Well, you will have a chance to tell me and I would like to know.

Mr. Speaker, I raise these issues because all these indiscretions add up to the unfortunate situation where bad decisions by BWIA's management have resulted in over 1,800 workers being forced on the breadline. Do not tell me anything about enhanced severance payments. Mr. Speaker, Caroni (1975) Limited workers would testify to the fact that severance payments are no comfort. At any rate, severance payments are never intended as a substitute for sustainable employment.

Mr. Speaker, all these hanky-panky arrangements have impacted on the solvency of the airline and are responsible for BWIA workers getting today the bread that the devil kneads. What is even more distressing is that this Government is never prepared to accept responsibility for its failure. The inflation rate is at a 12-year high of 10 per cent and already the Prime Minister and the Member for Diego Martin East cannot seem to agree on who is responsible. The Member for Diego Martin East blames the farmers, the retailers, the middlemen and the importers. The Prime Minister chimes in with those who eat chicken and the unsustainable jobs that you have said have brought down the unemployment rate to 5.9 per cent. *[Interruption]*

BWIA (Closure of)

Friday, December 01, 2006

Mr. Ramnath: Are you proud of that, where people are doing nothing and you are just giving them money?

Mr. H. Partap: That is questionable because we do not know how long it will last. *[Interruption]* Mr. Speaker, it is always somebody else and not they who are responsible. They are never prepared to accept the responsibility, as I have said. Just like crime, they blame everybody but themselves. We do not need foreign or local professors to solve our crime problems. Get on with the business of governing and start implementing the laws! Deal with the critical legislation which we assisted in passing and put it into action!

What is happening in crime is the same thing that is happening in BWIA; the management is quick to blame the workers. In fact, BWIA's Chief Executive Officer, Peter Davies, was brass-faced enough to tell the *Guardian* that: I quote the *Guardian* dated September 11, 2006:

“...the airline had to be closed due to unsuccessful negotiations between the company's management and the four workers' unions.”

Mr. Speaker, this is what Peter Davies, BWIA's Chief Executive Officer had to say:

“...the airline had to be closed due to unsuccessful negotiations between the company's management and the four workers' unions.”

Of course, ACAWU's Curtis John had to refute this nonsense coming from BWIA's Chief Executive Officer. Mr. John described Mr. Davies as a newcomer. If Mr. John was a politician he would have said that Mr. Davies was suffering from newness and this is why he did not know the real reason.

In the same *Guardian* story, Mr. Speaker, Mr. John pointed out that it was always the Government's intention to close down BWIA. He said the Government wanted to close down BWIA since December 31, 2005, one year ago. Mr. John is right. The PNM wanted to close down BWIA effective December 31, 2005. So how can Mr. Davies say that the airline was shut down because the unions did not sign a collective agreement with the company? Somebody is misleading the workers and the taxpayers of Trinidad and Tobago. *[Interruption]*

Mr. Manning: Thank you very much, Mr. Speaker. I thank the Member for Nariva for giving way. Just for the record, the Government had come to a view long before the board of directors had arrived at that position. In fact, what the board said to the Government was: “We are a new board; give us a chance to see whether it will work.” It was after six months the board, having tried, came to the

BWIA (Closure of)
[MR. PARTAP]

Friday, December 01, 2006

conclusion that it was not workable and in those circumstances recommended the course of action that is now being taken. So they tried.

Mr. H. Partap: Of course, we know differently. We know what you wanted to do. Indeed, the company had exposed itself by Mr. Davies' revelation. It showed that BWIA's management was negotiating in bad faith. It is inconceivable that BWIA's management could have taken such a critical decision as to close down the airline on the pretext that the negotiating parties could not conclude an agreement. We have just heard something else where the Prime Minister said that a year ago they decided to close the industry. They had no discussions with the unions! They did not tell the workers! Oh, man, I tell you! That is PNM for you! They did not tell us either! As far as we are aware workers had not been engaged in any work stoppage, any industrial action and Mr. Davies was wrong to say that they had to take this action because the union did not sign any agreement. Somebody is fooling the people of Trinidad and Tobago and it is not we on this side.

Mr. Speaker, this has been the pattern of behaviour of nearly all employers. They blame the workers, completely oblivious to the fact that workers do not make decisions for companies. Managers make decisions and workers merely implement; they carry out the decisions. When they fail, it is the managers who fail. Any self-respecting industrial relations consultant will tell you that there are no bad workers; there are only bad managers. When Government institutions, ministries and state-owned companies fail, it is the Government to blame and not the workers. [*Desk thumping*]

Mr. Ramnath: On the Government side, the Ministers are to be blamed, not the Prime Minister.

Hon. H. Partap: Of course. When the Ministry of Education fails, the Ministry of National Security, the Ministry of Agriculture, Land and Marine Resources, and when the Ministry of Finance fails, one blames the Government. What do you do? You are not going to close down. You fire them! [*Desk thumping*] And you all would be fired in due course. You have a few months again, make good use of it.

Mr. Speaker, in order to engender a collaborative spirit in the workplace, during the 1995/2001 period the Basdeo Panday administration placed workers representatives on all state boards. We did that! We put them on all state boards, including the board of BWIA. These workers' representatives were recommended by the trade unions; we did not choose them. What the PNM did when they came

BWIA (Closure of)

Friday, December 01, 2006

into office in 2002, they reversed it and they handpicked people. You did not put Paul Harrison, of course; he had died by then, but you did not know—[*Interruption*]

Mr. Manning: What is wrong with you?

Mr. H. Partap: You could not put him, but you did not ask the union to name somebody. [*Crosstalk*] Mr. Speaker, he did not ask the unions. [*Interruption*] But the union was not dead.

Mr. Speaker: I hope that statement you made just now was not in those notes, you know. [*Laughter*]

Mr. H. Partap: It was not, Mr. Speaker. I assure you it was not. What I am saying is that Mr. Harrison was dead but ACAWU was not dead, but they did not consult ACAWU. What they did was to put their henchmen on the board, because they knew what they had planned so they did not want the workers to be part of the decision-making process. Now, BWIA's management and the Government want to blame the workers for the predicament of BWIA.

Mr. Speaker, ACAWU's Mr. John was correct when he said not to blame the workers and we on this side are saying the same thing; you do not blame the workers for that. Blame the management; blame the Government for closing BWIA. The shut down of BWIA was engineered and effected by the PNM; they are responsible.

Mr. Speaker, I want to say a few words on successorship. [*Interruption*] Do not mind our business. We would take care of our business and we are capable of taking care of our business. [*Desk thumping*] We are concerned about the ease with which employers can close a company and reopen for business almost immediately on the same spot, conducting the same operations, using the same furniture and equipment and sometimes the same workers or, generally, with new workers but under a new name. This action effectively dismantles union representation; it dismantles industrial collective agreements and it exposes the workers to the vagaries of unscrupulous employers. It is really a union-busting tactic and it is facilitated by our Industrial Relations Act, because in our Industrial Relations Act there are no specific provisions to discourage such action. That cannot be legal; that cannot be right! However, because our labour laws are not specific on successorship, employers are having a field day, including the Government as an employer. They make every effort to deny successorship even though it may be enshrined in the collective agreements, as in the case of ACAWU. Section 59, I think, of the ACAWU agreement, talks about successorship but they have completely ignored it.

BWIA (Closure of)
[MR. PARTAP]

Friday, December 01, 2006

2.30 p.m.

What is happening now is that there are labour attorneys who sometimes exploit this in order to give the employers the upper hand against workers. And that is what is happening today with BWIA management; this is what they are doing. We are told that BWIA has engaged the services of a former president of the Industrial Court to argue this point. I do not know if it is morally right that a president of an industrial court could have exited yesterday and then come into advising BWIA tomorrow. I am asking, I do not know. I know that if you are in the—[*Interruption*] Okay, there are no restrictions, but there are moral restrictions. [*Interruption*] Is that so?

I am glad to hear that. What I do know is that Government and BWIA management have ignored that section in the ACAWU/BWIA collective agreement that talks to successorship, and this is what that agreement says at article 59:

“The terms and condition of this Agreement are binding on any successor or assignee in accordance with Section 48(1), (2) and (3) of the Industrial Relations Act of 1972 as amended.”

The Industrial Relations Act, section 48(1) states:

“For the purposes of section 47, the following persons shall be deemed to be parties to a registered agreement—

- (a) the recognized majority union;
- (b) the employer who has entered into the registered agreement or on whose behalf and with whose concurrence the agreement has been entered into,
- (c) any successors to, or, in the case of an employer, assignees of, such employer or recognized majority union, as the case may be.”

So, you have ignored that part of the ACAWU/BWIA agreement and you are doing your own thing.

It is important to note section 48(3) of the Industrial Relations Act of 1972 as amended. The only specific thing about successorship is there, and that was any question as to whether a person is a successor to or an assignee of another shall be determined by the court and that the court’s decision be binding.

Mr. Speaker, the Government has acted as if the question of successorship does not exist, and it is proceeding to dissolve BWIA by December 31, 2006 and bring forth the new company, Caribbean Airlines, by January 01, 2007, I understand.

We believe that the matter of whether Caribbean Airlines is the successor to BWIA cannot be swept under the carpet. I will tell you why I say so. We are told that Caribbean Airlines will have the same management from BWIA. It is in the newspapers.

Mr. Manning: It is not true.

Mr. H. Partap: You did not make any announcement. Secondly, Caribbean Airlines will have the same board of directors from BWIA—that is what we read—the same Chief Executive Officer, and we understand that Caribbean Airlines will be honouring all the Frequent Flier Miles chalked up to December 31 2006; they will be honouring all tickets held by BWIA passengers as at December 31, 2006; they will be using BWIA's international code "BW" on tickets issued; they will be using BWIA's fleet of planes, that is, two A340—300 Airbus and seven Boeing 737—800 next generation aircraft. And they will be using all furniture and equipment owned by BWIA.

Mr. Speaker, the only component missing from BWIA-Caribbean Airlines' checklist is the workers. So it walks like a duck, it swims like a duck, it quacks like a duck, it flies like a duck, it tastes like a duck but the PNM Government is saying it is not a duck. And this really confirms what ACAWU's president, Curtis John has been saying, that closing down of BWIA and the opening up of a new entity was designed to get rid of the union and deny workers union representation. That was the reason. Stand up and tell me yes. How do you mean that is not true? It is quite obvious that the action by BWIA was done primarily and purely to deprive workers of the protection of their rights as workers.

I heard the concerns of Vincent Caberrea, General Secretary of the National Trade Union Centre General Secretary, Vincent Cabrera, but I have heard nothing coming from the Federation of Independent Trade Unions, and this evening I call on them to say something about this. The labour movement must bridge the gap and defend workers from PNM onslaught. It is only the trade union movement and we on this side that stand between them and the workers.

Mr. Speaker, the PNM has always been the enemy of the working class. The Member for Point Fortin exposed that fact in very strong language and I will not tell you the kind of language he used—it is not parliamentary—some months ago. He accused the PNM of brutalizing workers. Yes, it came from the Member for Point Fortin. The Member for Point Fortin was a former Minister of Labour, he was a Cabinet Minister, he is a member of the PNM, so I assume that his remarks about the attitude of the PNM to workers, is well informed. I assume that. He has

BWIA (Closure of)
[MR. PARTAP]

Friday, December 01, 2006

made a comment, inside information—an informed criticism. I saw something in the newspapers this week that the Prime Minister says that the PNM is not anti-worker. But he could have fooled me. You could have fooled me, Prime Minister. The things you are doing, you are anti-everything.

Mr. Speaker, the PNM continue to use, have been using and they will always use the strong arm of the State to muzzle and brutalize workers, but they took the criminals into Crowne Plaza and held meetings with them; treated them like people but they treat workers like dirt. So that struggle for peace, bread and justice is a historic and heroic struggle and that will have to continue. It is left to us on this side to continue it.

Mr. Speaker, the labour movement has called for a revision of the Industrial Relations Act. When the UNC left office in 2001, unceremoniously, against the will of the people, a second interim report from the Cabinet-appointed Tripartite Committee to make recommendations for the revision of the IRA was at the Ministry of Labour. I left it there. I received it and I left it there because we did not have time to deal with it. It is now five years and we have heard nothing from the PNM, nothing from the current Minister of Labour. I am wondering now if the Minister is on holidays. I do not think he is. However, Mr. Speaker, with the concurrence of the hon. Leader of the Opposition, both the distinguished Member for Oropouche, Dr. Roodal Moonilal and I have already alerted the UNC manifesto committee on recommendations to deal with the question of successorship in a more direct way that will protect the rights of both the workers and employers. So if you do not want to deal with it, we will deal with it. A UNC Government will right this wrong on behalf of the workers of the country.

Mr. Speaker, the BWIA board of directors and the Government continue to hold back vital information from the workers and the taxpayers of this country.

Last Tuesday, to my surprise, the successor company to BWIA, Caribbean Airlines, held a ceremony to unveil a paint job on one of their airplanes. They painted it over and they had a big ceremony. I heard whisky and so forth, like water, a big fete because they painted over an airplane.

When I paint over my car we will have something. During that ceremony the chairman, Mr. Lok Jack said that the new entity, meaning Caribbean Airlines, will not have shares on the stock market. There was no further explanation from Mr. Lok Jack, and I hope that the hon. Minister will make some comments.

The *Guardian* financial reporter, Asha Javeed, provided a most revealing report on this matter in an article published on Tuesday, November 28, 2006 at page 21 and I quote: *[Interruption]*

Dr. Rafeeq: You have only seven more minutes.

Mr. H. Partap: Mr. Speaker, I will leave you to read that, but according to the *Guardian* report, BWIA's shares were suspended by the stock market since November last year because the company was not providing financial statements.

I consider this a serious matter, and I can tell you that no BWIA worker was responsible for BWIA not submitting its financial statement on time. Why is the Government silent on this development? Why? We demand that the Government stand up to its responsibility and launch an investigation into the management of BWIA before they go out of office on December 31, 2006! This matter is of deep concern to workers. ACAWU invested \$38 million of the surplus on pensions in 15.5 per cent shares on behalf of workers; \$38 million of workers' money jumping up there and they must tell us how these workers will retrieve their money. This is not a joking matter. Whatever happens to the shares bought by workers on their behalf will eventually affect their pensions, how they live after they leave, and it is highly unfair for workers to contribute part of their income to build BWIA only to have them robbed of their future by a series of bad management decisions.

Mr. Speaker, if I had the time I would have continued the report from the *Newsday* on page 16, and it deals with it, but I will leave it for someone else to do, but that is the reality now facing workers. The PNM gave away BWIA's assets in 1994 to Edward Acker so that there is very little left now to secure the workers' investments. I feel sorry for them because the prospect of their regaining their \$38 million in shares is bad, it seems remote and especially in a state where you have a 10 per cent inflation.

Mr. Speaker, it will be a criminal act and a travesty of justice for the BWIA big boys to mismanage the company to the point of insolvency and now they are handed secure jobs in the new entity while the workers are left in the cold with the prospect of losing the little that they had invested. Government cannot stand idly by and allow this to happen. We call on the Government to take decisive steps now to protect BWIA workers' investments. They must do so now, and I am asking the Government and I hope the Minister is going to outline how the Government will help workers retrieve that \$38 million in shares that they will lose. From the report I saw in the *Newsday* which I cannot read now but I hope somebody else will read it, workers stand to lose because you have to give BWIA's creditors first and what is left will be divided among the workers.

BWIA (Closure of)
[MR. PARTAP]

Friday, December 01, 2006

Mr. Speaker, considering all that I have outlined in this short contribution here this afternoon on this crucial matter, and what we are yet to find out in relation to the new deal with Peter Davies, we call on the Government to provide to this Parliament a detailed account, explanation and rationale for its decision to close down the operations of BWIA as at December 31, 2006.

Mr. Speaker, this must include a detailed breakdown of how the assets of BWIA have been leeched over the years. It is our view that the Government has an obligation to level with taxpayers on the question of dismantling of an airline with a 66-year old history, with a brand name known the world over, and an excellent, if not perfect safety record.

Mr. Speaker, thank you and I beg to move.

[Secoded by Dr. H. Rafeeq]

Dr. Rafeeq: Mr. Speaker, I reserve my right to speak at a later stage in the debate.

Question proposed.

The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):

Mr. Speaker, the Motion before the Parliament this evening is as follows:

“Whereas the Government has taken the unprecedented decision to close down the operations of BWIA and in the process retrenched, through VSEP hundreds of BWIA workers as at December 31, 2006;

And whereas the Government in the mid-1990s initiated a failed policy of the privatization and sell-out of BWIA to Edward Acker;

And whereas air transport is crucial and vital to the economic and social interest of the people of Trinidad and Tobago and by extension the people of the region;

And whereas it is the intention of the Government to seek private sector participation on a national and regional basis in the ownership of the new airline;

Be it resolved that the Government provide to the Parliament a detailed account, explanation and rationale for its decision to close down the operations of BWIA as at December 31, 2006.”

Mr. Speaker, the Government is extremely pleased to be able to articulate its policy position on this matter, and really to put on record the issues that, in fact, surround this particular decision.

Irrespective of the legal structure of any entity, the objective of a national airline or third party airlift must be to create a safe, reliable, convenient, sustainable and cost-efficient airlift for the citizens of Trinidad and Tobago. The citizens of Trinidad and Tobago deserve a 21st Century airline to connect them with the world for social and economic development and prosperity. If you accept that this is the objective then the rationale for the closure of BWIA is as follows:

If one looks at the balance sheet of the institution one can come to the conclusion very easily that the institution is insolvent. It has become insolvent because of spiralling losses over a number of years, and I will talk to that in a little while. It is an institution that has aging capital assets and, aging capital assets are going to create issues for you as they relate to reliability. There are inefficient business processes basically from lack of previous investments, poor customer service, a demotivated work force, inefficient labour practices that, were, in fact, negotiated at a different time, increasing competition with increasing loss of market share, outstanding collective agreements, no wage increases for a period of six years. Those are really the circumstances that we have as they relate to an institution called BWIA.

Mr. Speaker, before I speak to this specifically, this Motion, the issue of old BWIA was raised. The privatization of old BWIA was pursued in context of the policy framework adopted by the Government in 1994 with respect to its portfolio of investment and at that time, the strategy was to divest those companies where continued ownership by the State could not be justified on strategic grounds, and to improve the operating efficiencies of those companies which remain under the purview of the State.

The role of the Government will therefore be that of facilitator of economic activity and Government's participation in commercial activities will continue in separate and limited circumstances in particular, in investments which were considered central to the long-term development of Trinidad and Tobago and which might be under-capitalized in the absence of Government's involvement in these investments.

So that the policy position really was a facilitator and where it was possible, get other entities involved. The reason for that is that other entities bring skills to the mix all in the interest of creating a better institution for you.

The Government of Trinidad and Tobago has been looking at this particular institution for a very long time and in March 2005, after looking at a number of issues the Government took the in principle decision that BWIA should be closed

BWIA (Closure of)
[SEN. THE HON. C. ENILL]

Friday, December 01, 2006

in light of its continuing financial loss. But the Government also agreed that in light of the continued need for an airlift between Trinidad and Tobago and the rest of the world, we should find alternative options to ensure adequate air transportation links.

As a result, the Government appointed a transition task force under the chairmanship of Mr. Arthur Lok Jack to examine three options: the closure of BWIA with no replacement by a state-owned air transport company, the existing, bilateral, legal and administrative framework would allow the operation of commercially operated private sector airlines; the closure of BWIA with the simultaneous establishment of a new airline transportation company which would either be wholly or partially state owned, or, the closure of BWIA and in its place a restructured BWIA (2005), Limited.

In September 2005, the Government adopted a plan of action for the restructuring of the new BWIA and that plan of action was informed by the report of the task force.

Mr. Speaker, what are the issues involved in this particular decision? Historically, the airline industry as a whole has been struggling to generate profits despite high growth in passenger numbers.

In the last five years, the crisis has deepened following September 11; SARS as in Asia, the Iraq war, fuel prices growth and economic downturn. As a result the global industry which is measured by the International Air Transport Authority (IATA) basically had losses for the period 1993 of US \$15 billion, which escalated in the period 2001—2005 to \$34.2 billion and while the situation is slowly improving based on current data, with industry margins rising from a low of minus 0.4 per cent to approximately minus 0.5 per cent, the situation is still financially difficult.

In terms of fuel prices, an increase from US \$0.68 per gallon in 2002, to US \$2.10 per gallon in 2006, more than 200 per cent. The global industry today is characterized by a different kind of structure, a different kind of institution, a different type of operating model. We are seeing low cost airlines, we are seeing large increases in capacity on the regional market at very competitive rates resulting in high load factors and very profitable services for other institutions. Some examples being: South West Airline in the US, Ryan Air, and Easy Jet in Europe of a response to market conditions that are different to what they were some time ago.

Mr. Speaker, following the events of September 11, 2001 several US airlines have been forced into Chapter 11. As a result of this, they have been able to get

BWIA (Closure of)

Friday, December 01, 2006

protection from creditors and this has facilitated in renegotiating for them agreements with the bargaining units. As they emerge from Chapter 11 protection, they become more streamlined, ready to compete, and better able to be sustainable. European airlines have also suffered from the crisis but to a somewhat lower extent. That brings us then to the Caribbean market.

The Caribbean market is becoming very competitive with four primary sources of competition.

3.00 p.m.

Mr. Speaker, it is important that we understand the industry in which BWIA operates and what is required to make this particular airline an industry of some value to the citizens of Trinidad and Tobago. The Caribbean market, of course, is very competitive and there are four primary sources of competition:

- (1) the established first service North American and European carriers offering many destinations, seamlessly and more competitively;
- (2) the emergence of North American low-cost carriers;
- (3) charter operators; and
- (4) regional carriers.

The consequence of this heightened competition is evidenced with BWIA's Caribbean market share falling from 9.4 per cent in 2001 to 4.1 per cent by 2006. While that is happening and we are looking at the cost associated with this activity, many countries which do not have national airlines enjoy excellent international air transportation from non-national carriers for their citizens. Some examples, of course, are the Dominican Republic, with a large tourist market, Costa Rica, Barbados and Bermuda.

In those circumstances, therefore, Mr. Speaker, and looking at BWIA's historical financial performance, which basically goes like this:

1996	net loss \$27 million
1997	net loss \$18 million
1998	profit \$9 million
1999	profit \$3 million
2000	profit \$1 million

BWIA (Closure of)
[SEN. THE HON. C. ENILL]

Friday, December 01, 2006

2001 loss \$1 million

2002 loss \$34 million

Hon. Members: O-o-o-o-o-o-h!

Hon. Member: Say that again!

Sen. The Hon. C. Enill:

2002 loss \$34 million [*Interruption*]

That has nothing to do with PNM. It has to do with 9/11.

2003 loss \$21 million

2004 loss \$15 million

2005 loss \$23 million

And in 2006, it will post a loss of \$46 million. The reason is that after 2001 the airline was not sufficiently capitalized and, even with an equity injection of US \$40 million in 2004, the industry was not able to retool and operate in such a way as to enhance customer service while reducing cost and, therefore, BWIA's financial performance indicated that the organization could not respond based on all the challenges that were available to it.

In other words, there was an institution; there were aging assets; there were contracts that were not reflective of what was happening; there was staff and there was a market that was reducing. If your market share is reducing, it means that your revenue is reducing. If your revenue is reducing, your costs are staying fixed, then the equation will be that the losses will mount.

Given this kind of situation and the kind of information that is available, on October 24, 2005, the Government appointed a new board of directors for a new BWIA, with Arthur Lok Jack as chairman, and included on the board members of the task force that we had asked to look at this particular issue. The mandate of the board was as follows:

- To formulate immediately a business plan for the new airline, which would include re-capitalization measures and a medium-term financial forecast;

This basically was to see whether or not there was a way in which putting money into the system would turn it around.

BWIA (Closure of)

Friday, December 01, 2006

- To undertake such action in respect of management and labour agreements to ensure that the new airline could negotiate new employment contracts;

One of the issues that we saw in looking globally at what was happening in the airline industry was that every single airline entered into a phase of renegotiating contract arrangements and, in many instances, many of the management individuals were prepared to give up some of what they had in trying to save the airline. That was an objective that this board was asked to look at.

- To put in place mechanisms for transferring the assets of BWIA to the new airline giving due consideration to all options including the possibility of utilizing vesting arrangements;

That was part of the mandate.

- To introduce the private sector into the airline through one of the following management arrangements: either the engagement of a management operator for the new airline or the attraction of a joint venture partner, which partner could be responsible for the management of the airline and the sale of the new airline to domestic, regional and foreign investors.

So the board had a mandate to find a solution to make BWIA work on the basis of what presented itself.

The board went about its task and followed a process. The task force report considered closure, restructure of a new company and, on May 10, 2005, concluded that restructuring was the most appropriate action. A board was appointed in October 2005—this board—and the industrial relations negotiations commenced because the board, in its deliberations, determined that in order to ensure—

Mrs. Persad-Bissessar: Is he reading?

Mr. Valley: No, he is making references.

Sen. The Hon. C. Enill: That, too. The board decided that in order to carry out its mandate, it will start with industrial relations negotiations. [*Interruption*] I am not reading yet. Let me read now.

The operational business plan that was submitted considered BWIA's viability and the actions that were necessary to restructure the company. The CEO's report concluded that, in the industrial relations negotiations situation, there was a requirement for a cultural transformation and a restructuring plan while, at the same time, looking at the safety requirements. In those circumstances, it concluded that it was not possible to move forward under the basic premise.

BWIA (Closure of)
[SEN. THE HON. C. ENILL]

Friday, December 01, 2006

Mr. Speaker, what then emerged was the following: in terms of service and efficiency, the board, in dealing with the issue of BWIA, had to take into account the reality. What was the reality in terms of service and efficiency? The poor financial position of the airline saw a continuous decline in the service performance. For example, the on-time performance for 2006 was about 60 per cent against the average in the industry of 90 per cent. This meant that one in three flights was late. This contributed to customer loss as a result of customer dissatisfaction. Even while that was happening—half since 2001—the fleet and the support process aged without significant capital investment made it more difficult to continue to maintain current performance levels and, therefore, it continued to deteriorate.

There were other issues with which the board had to deal. For example, the current levels of efficiency were below international standards and did not allow the institution to compete on an equal basis with international carriers. As an example, the number of staff per aircraft that BWIA currently employs is approximately 200 versus the international standard of 125 for established carriers. In a real sense, Mr. Speaker, you are looking at a situation where the construct of the institution—the way the institution has evolved over time—did not make for the kinds of efficiencies that are required to run the institution profitably and efficiently.

In order to change that, therefore, we needed to re-engineer significantly all the business processes and all the work practices. On top of this, BWIA's service performance did not allow it to get involved in code share arrangements, which further restricted the opportunities for the citizens of Trinidad and Tobago. Given that situation, given that reality, the restructuring of the national airline had to be viewed against that background and against an understanding of all the stakeholder groups.

If you looked at the passengers, the current service was not up to global airline standards. Under the current legacy system, it was not possible to enhance the network with new alliances and code shares. Current inefficiencies prevent the offer of competitive ticket prices. Poor on-time performance means you cannot guarantee passengers that they will get there when they want to get there and, at the end of all that, you ask the question: Does Trinidad and Tobago not deserve a quality airline service? The answer is, absolutely yes.

What about the taxpayer who is funding all these losses over a period of time? Clearly, the Government has a responsibility to ensure that the taxpayers get value for their dollars. Therefore, in the scheme of things, the Government had to find

an appropriate way in which to change the structure of the airline to create sustainability while, at the same time, providing Trinidad and Tobago with links to the rest of the world.

Mrs. Persad-Bissessar: As you talk about links internationally, I still do not know what is happening with BWIA's landing rights that we had, in Heathrow, for example. Will you be kind enough to explain? Those were special to BWIA. Now that we have Caribbean Airlines, will they be able to use those landing rights in Heathrow and other places?

Sen. The Hon. C. Enill: BWIA's landing rights are basically structured along "use it or lose it". Once you have an airline operational and you have access to it, if there is no airline, then you do not have access to it anymore. In Caribbean Airlines, we have negotiated the slots for a service into London three times a week, but I will come to that. Let me continue with two other issues.

On the matter of the staff, the plan foresees a net reduction in staff requirements from approximately 1,800 to 800. Once we took the decision that the current arrangements did not work, we had to determine the model going forward. This reduction will be achieved through reduced operations, efficiency improvement and outsourcing for specialist providers. Local companies in Trinidad and Tobago, minimizing job losses, will provide the majority of outsourced roles. Staff re-employment opportunities will be high as the country, at this point, is enjoying low unemployment rates. As part of the VSEP arrangement, all the long outdated grievances, which previous administrations and managements failed to do, will be taken up in this process.

Since 2001, the management has endeavoured, on a number of occasions, to renegotiate expired collective agreements with the unions, but they failed in every attempt. The last attempt was in June 2006. All unions, local and foreign, at this time, have signed supplemental agreements. The management has agreed to resolve all outstanding union grievances. Supplemental agreements have not been registered in the Industrial Court with both the unions and BWIA aligned in their challenge against the current court ruling. BWIA has appealed the judgment of the Court of Appeal.

With respect to the Miami staff, the US unions have found that severance offer to be very generous under US conditions. BWIA management has considered it inappropriate to use taxpayers' money to offer to US citizens the same terms and conditions offered to the Trinidad and Tobago employees and anomalies to this policy are being handled separately.

BWIA (Closure of)
[SEN. THE HON. C. ENILL]

Friday, December 01, 2006

You will recall that in the media there was the issue of the Miami staff indicating that they found the severance offers to be different to that of their counterparts in Trinidad and Tobago. The BWIA management simply used the arrangements that were negotiated in their jurisdiction and any anomalies that they had they have dealt with.

Insofar as BWIA is concerned, over the period of time that the airline has been operating, each year the Government has had to support it in its efforts to keep it going. The Government at this time intends to create a different model. As at December 31, 2006, BWIA, as it is known now, will cease to exist. In its stead Caribbean Airlines will operate a different business model with a streamlined network, reduced staff numbers and less fleet.

The business model will evolve around the following broad elements:

- There will be a network strategy provision of dual class service, business and economy.
- The London route will be closed and there will be an exchange of the London Heathrow slots with code share arrangements with British Airways to ensure travel from Port of Spain to London and beyond.

In looking at the London route, it was very clear to us that the originating traffic was from London and not from Trinidad and, therefore, in a number of instances, there was London traffic coming to Barbados, dropping off along the way and a very small number of passengers coming to Trinidad. The route, from a Trinidad perspective, was very unprofitable.

We intend to deal with that through an arrangement with British Airways to make sure that Trinidadians leaving here to go to London have access to London seven days a week—three days directly and four days in the first instance from here to Barbados, then to London.

Mr. Partap: [*Inaudible*]

Sen. The Hon. C. Enill: None. It is basically going to be seamless. You go in, you use a CAL ticket; you go into in-transit, pick up the plane and move on. That allows you to buy a ticket here and go wherever in the world there is the British Airways network.

On the closure of the Washington route, which was also unprofitable, there is greater international connectivity through code share arrangements. The airline is seeking to make sure that you can travel anywhere on the basis of our relationships.

BWIA (Closure of)

Friday, December 01, 2006

You will buy a Caribbean Airlines ticket and they will take you and your baggage to any destination. You may not be on a Caribbean Airlines plane, but you will be travelling on a Caribbean Airlines ticket.

The airline will develop the inter-island network to feed and distribute the international network; so that when it comes in there will be support infrastructure to take you from Barbados or any of the islands. The fleet strategies involve the reduction of the fleet to six 737 aircraft and revision of the network.

One of the difficulties with BWIA was its fleet configuration, the cost of maintenance as well as the whole question of having sufficient maintenance capacity and capability in-house to maintain the safety records based on the different configurations of the fleet. What this proposal intends to do is to create a reduction in the fleet in the first instance, but because the aircraft we are using are within a smaller jurisdiction we can have more capacity and build in more redundancies into the system, which allows you to get back up to service efficiency, on-time performance, which you will not have to do if the crafts are all over the place.

Caribbean Airlines will basically operate on norfrills model. All the non-strategic functions will be outsourced and it will be Caribbean branded with a focus on the Caribbean region. So, in a real sense, it will be the forerunner to a large Caribbean kind of institution, Caribbean Airlines, that will allow some of the other things that we are doing, CSME, the one region and so on, to be a part.

What is the investment that is required for this? The investment is a total of US \$359.9 million to terminate the employment contracts of all BWIA staff; settle all bona fide liabilities, restructure the existing infrastructure and commence the operations of the new airline.

Mr. Partap: Would the shares owned by workers be in jeopardy?

Sen. The Hon. C. Enill: It will be distributed as follows:

VSEP arrangements to sever all BWIA staff	US \$96 million
Working capital to initiate re-engineering of the airline	US \$2.3 million
Working capital to December 31 to support the current loss making operations	US \$27.6 million
Debt reduction to settle existing debt	US \$51 million

BWIA (*Closure of*)
[SEN. THE HON. C. ENILL]

Friday, December 01, 2006

To close the BWIA balance sheet— liabilities and working capital	US \$67.1 million
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Mr. Partap: [*Inaudible*]

Sen. The Hon. C. Enill: Well in excess.

Mr. Manning: Just like Caroni.

Sen. The Hon. C. Enill: I continue:

To retain key transition personnel in CAL	US \$13.3 million
To refresh current inventories	US \$3.6 million
To refurbish fleet and achieve fuel efficiency	US \$5 million
Plant and equipment	US \$5 million
To re-engineer systems required for the operations of the entity	US \$21 million
To re-deliver the A30 and the A340 and the 737 aircraft	US \$15.5 million
To cover operating losses in first quarter 2007	US \$2 million
To support future operations of working capital	US \$50 million
TOTAL	US \$359.9 million

Mr. Sharma: With the exception of ticket sales and the duty free shops, is there any avenue to generate revenue for the new airline? Previously, there was some opportunity for BWIA to offer maintenance services to other airlines and that was profitable. Can you say the status of that?

Sen. The Hon. C. Enill: The model that the airline has is no frills, low cost, high efficiency. The new airline will be buying services and letting those service providers take all the risk. CAL will have a restructure network. It will offer daily direct connections from Port of Spain to current destinations—Miami, Toronto, New York, Barbados, Kingston and Georgetown. Paramaribo and St. Martin will be flown three times per week and Antigua four times per week. The New York

BWIA (Closure of)

Friday, December 01, 2006

and Miami flights will both originate from Georgetown, stopping in Port of Spain. A decision has been taken to enter a code share agreement with British Airways on the London route. This has been done for a number of reasons.

The route currently operated by BWIA with two A340 aircraft is just not profitable. There is a total loss of \$10.8 million in September year to date on that route. A one-jet operation will not be feasible due to the maintenance cycles and service quality. The code share agreement with British Airways will enable future access to a vast number of onward destinations from London for the passengers of Trinidad and Tobago.

Virgin Atlantic was also evaluated as a possible partner, but it was discarded as not offering the same extensive network and offering less on the exchange of the London Heathrow slots. The BA-operated aircraft, a Boeing 777, will provide a better experience and a more suited asset of this type of route than the current BWIA A340 fleet offering flatbeds in business class and state of the art in-flight entertainment. So it is a better product; at the end of the day, it is a first-class product. The route will be operated from London's Gatwick Airport.

Dr. Khan: British Airways is a better product and we have done the negotiations already. Will Caribbean Airlines benefit from any profit made by BA on that route?

Sen. The Hon. C. Enill: It will benefit from placing passengers and sharing in some element of the revenue. Remember the Trinidad and Tobago passenger books with the airline.

3.30 p.m.

The airline will take you from point A to point B and the other airline will take up the difference. The new airline will share in part of the revenue, as a result of placing that business. You are going to get revenue, without having to carry the cost of the operation. Yes, there will be some revenue.

Dr. Khan: I do not want to take up much of your time. You can get some of my time. When I say profits, I do not mean the profits of the onward journey. Since we have given up one of our lucrative routes, which is the London route—
[*Interruption*]

Mr. Manning: It was not lucrative.

Dr. Khan: I heard it was.

Mr. Manning: No, it was not.

Dr. Khan: Okay, since we have given it up and you said that the product that is being offered is a better product, would Caribbean Airlines, the new BWIA, be given any monetary gain on the Caribbean to London route, not the onward journey but anything from that arrangement?

Sen. The Hon. C. Enill: If the question is—I am trying to understand it—whether or not the business that the airline would receive as a consequence of the onward, the new airline would share in the profits on that, the answer is no. What the code share agreement allows you to do is for you to share revenues. Remember that the new airline is not carrying all of that cost; that cost is being carried somewhere else. Whatever you get from that relationship would be added to your revenue stream. In other words, the London route was not profitable simply because while there was traffic, it was originating in London. There was a lot of traffic coming from London down to the Caribbean and when BWIA is going back to London, they pick them up and move them. That is different to the New York route, which is one in which Trinidadians are leaving here, going across there and leaving there and coming here. Some of them do not come back, but that is not the case with the London route. The way the London route has been reconfigured is to provide, seven days a week, a service from Trinidad, but three days per week directly, you will buy a CAL ticket, get on a BA plane and go directly to London. On the other four days, you will get on a CAL aircraft, which will take you to Barbados, get on a BA plane and then move on. Seven days a week you would get to London.

In the first instance you will get from Trinidad to London, Trinidad CAL aircraft, in transit and to Barbados, board the other airline with a CAL ticket. In the other instance you would have a CAL ticket, board a BA aircraft and go directly to London. That is the London piece of the arrangement, as it relates to the new airline.

Mr. Singh: Thank you very much for giving way. I tried to do a quick calculation as you were outlining the figures, with respect to the investment of \$359 million. I want to find out if you have quantified the figures as of January 01, 2007? What would be the injection of Government investment in Caribbean Airlines as of January 01, 2007, and moving forward?

Sen. The Hon. C. Enill: The opening balance sheet? Insofar as CAL is concerned, the working capital would be US \$50 million. Insofar as CAL is concerned, let me tell you what they are. CAL requires US \$13.3 million to retain key transition personnel. In other words, you move—[*Interruption*]

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

BWIA (Closure of)

Friday, December 01, 2006

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

Question put and agreed to.

Sen. The Hon. C. Enill: I thank hon. Members. To retain key transition personnel in CAL—this is the individuals who are required to ensure that no accidents occur and there is a seamless transition is at a cost of US \$13.3 million; inventories, US \$3.6 million; to refurbish the CAL fleet to achieve fuel efficiency, US \$5 million; maintenance, tools and equipment, US \$5 million; US \$21 million for the business reengineering legacy systems, processes, IT and safety; penalties and redelivery to redeliver the A340 and the 737 aircraft, US \$15.5 million; to cover operating losses in quarter one, 2007 on the London route, US \$2 million; and working capital, US \$50 million. That is what we propose to inject into CAL as of January 01, 2007.

Mr. Speaker, the other issue that, I believe, I need to address is a number of very specific points that came out of the presentation by the Member for Nariva; the rationale for the closure of BWIA. The Member indicated that Government had not put on record the rationale for the closure of BWIA. It is clear, I believe, for all of us that BWIA, as it was currently constructed, was continuing to demand a level of support that the Government found unable to continue and, in that regard, the Government had to find a way in which to change those situations.

Let me give you an analysis that I have of funding by the Government of the Republic of Trinidad and Tobago for the period 1995—2007, as it related to BWIA: In February 1995, debt assumption from official and private creditors, \$485 million; November 2002, a subvention of \$86.6 million; August 2003, subvention of \$116.8 million; May 04, there was a rights issue, \$252.2 million; in May alone, \$222 million; and C checks, \$208 million. That was money that the Government of Trinidad and Tobago had to fund. In December 2006, VSEP, \$602 million; debt assumption, \$924 million; and recap of CAL, \$533 million. In fact, during the period 1995—2007, based on these estimates, \$3,000,431,000.7 is what was placed to support this particular airline.

The rationale for closing BWIA and for a new carrier was really based on the facts, which are that this institution, in its current form, could not continue. While there were other elements in BWIA that, in a different model, would have worked, one of the challenges that the management and the board faced was the difficulty in having current labour relationships changed. In a real sense, at the end of it all, the union took the view and agreed that if you wanted to restructure the institution

BWIA (Closure of)
[SEN. THE HON. C. ENILL]

Friday, December 01, 2006

and come up with a different business model, then you should pay for the services that people had provided over a period of time.

In that regard, they negotiated a VSEP arrangement that was enhanced and dealt with all the issues that were unattended to by previous administrations.

As far as—*[Interruption]*

Mr. Dookeran: Thank you. I was wondering if you could enlighten us as to how you would finance the \$2 billion that is required to do the various things you have spoken about.

Sen. The Hon. C. Enill: The financing for the recapitalization of BWIA was, in fact, discussed in the last budget and the cash flow that is required was considered in the numbers. The intention, at this point in time, is to fund it from the Consolidated Fund.

The Member for Nariva made the point that PNM has always been the enemy of the workers. I wish to advise the Member that the difficulty that the Government is facing right now, based on the challenge of inflation, is as a result of this Government's pursuing policies that between the period 2001—2006, have increased the ability of the population to—let me put it differently, the Government has created the opportunity for 40,000 additional individuals who previously did not have work, to now participate in the workforce. I am unable to understand how, in circumstances where the Government is providing more job opportunities and looking at better jobs and more sustainable jobs by some of its policies, one can conclude that the Government is the enemy of the worker.

It is this Government that took the policy position that whenever workers are to be displaced, the Government will provide transitional mechanisms. It was this administration that changed the limit for employees who find themselves the subject of a Voluntary Separation of Employment Package (VSEP), to receive more of their dollars when they leave.

It was this Government that moved the limit from \$80,000 to \$250,000 per employee. That measure was intended to ensure that the employee, in recognition of the transition that must take place, can receive more of the benefits.

Insofar as the—*[Interruption]*

Mr. Partap: The 1,800 workers would be reduced to 800 workers. Will these workers be allowed to be unionized?

Sen. The Hon. C. Enill: Of course. The answer to the question is yes. The fact of the matter is that the Government is not anti-union or anti-worker. What the Government is seeking to do at all times, is to attempt to find a formula that allows the business model to be profitable, while recognizing that, in order to do that, you need to have the component of labour, management and capital. In other words, it cannot be that as you go forward with a different set of relationships, you keep what you had before, which got you in the problems that you are now in.

There is no issue about blaming workers; it is an issue about recognizing that an industry, any industry, is subject to issues in the global environment, that you have to respond to and the worker operates within that environment. Therefore, as you seek to change certain things to make that industry more effective, you cannot decide to change some and not the other. In those circumstances, what you try to do is make sure that the individuals that are there will benefit.

Before I came here, I was talking to somebody who was part of this process. He was saying to me that the BWIA individuals in this situation have the ability to receive from the Government, a sum of resources that is now available to them but, on the basis of the skills they have, can move to the next day and have these skills absorbed by this institution and preserve, to a very large extent, some of the good things that we have developed over time.

Insofar as the 1,800 workers are concerned, remember we made the point that this is the BWIA network. Many of those employees exist outside of Trinidad and Tobago. Therefore, the extent to which Trinidad and Tobago citizens in Trinidad will be affected will not be as high as it is. My sense is that about 1,000 are in Trinidad. In a real sense, many of the Trinidad and Tobago citizens will find themselves able to access new opportunities in the new airline.

The audited accounts—yes when you spoke it was not available, but my information is that it is now available. It is audited. Insofar as the shares are concerned, there is a valuation.

Mr. Yetming: As you speak of audited accounts, would you give an undertaking that an opening balance sheet for Caribbean Airlines be tabled in Parliament at a very early date, bearing in mind that it is a start-up entity and it is literally taking over the operations of an existing entity? You are pumping \$100 million, as I understand it, into the airline from day one. Could you give us that undertaking?

Sen. The Hon. C. Enill: Absolutely. In a real sense, we have absolutely no difficulty in providing information. When we provide information, then we get

BWIA (Closure of)
[SEN. THE HON. C. ENILL]

Friday, December 01, 2006

feedback that allows us to improve the process. In many instances, if it makes sense, we will accept it. If it does not, we will discard it. [*Interruption*] I speak on behalf of my colleagues as well.

The audited accounts and the valuation of shares of the current organization will be presented to the annual meeting. The minority shareholders will have an opportunity to look at that.

The SEC is holding a hearing in the next two weeks, at which the minority shareholder interest will be looked at in accordance with the law and they would be dealt with, according to what is happening.

The Member talked about the inflation rate. I think the time has come when Members address the issue. They recognize that there really is something to be said beyond simply that the inflation rate is high. Yes, it is high. If you go behind that, you would hear everybody saying that the reason is because of the aggregate demand. In a sense, they are correct.

What has happened is that this Government is suffering the product of being too successful. It is an issue—[*Interruption*—let me explain it—that we had in a previous life with insurance companies. If your premium income comes in at too fast a rate, and you are extremely successful, you have to generate projects to give you a rate of return that would support that.

When this Government took the position that it was going to focus on education, health, national security and social services, what happened was that it created a situation in which there was a significant amount of demand.

We also looked at what was happening with the working class, which you said that this Government does not support and we found that there was a significant amount of the working class that was living from week to week and month to month. They were basically working poor. It was our view then, that what we needed to do was to give the population an opportunity to deal with its debt profile. We removed 5 per cent off the tax rate. There are those who told us, at the time, that if we did that the population would be irresponsible and that they would spend it in consumption and carry up the inflation rate. We said that we believe in the people. We believe that people must have choices. We believe that we must do what is necessary to give individuals individual choices, so that they could determine how they live their lives. But, in so doing, we have found today that there are some issues we have to deal with; inflation being one of them. We will address that on a different occasion.

BWIA (Closure of)

Friday, December 01, 2006

I think I need to make the point that the inflation today is demand pull, that is to say, the private sector and others in the society, have not yet taken the opportunity to create additional goods and services to supply the new demand that is now on the table. Basically, those of us on this side who are studying it are looking at it from the supply side, because it is supply-side issues that we have to deal with.

The policy choice that we took was basically to provide an environment in which everybody in the country would be able to participate in what we call the energy dividend. In order to do that, we have said, that we wanted to get to this stage. We have gotten to the stage where there are jobs and yet there are people who need those jobs. The people who need those jobs and those who have the jobs are not talking.

Dr. Khan: I want to bring you back on track. I did not mean anything by that. I knew you were going on the inflation rate, because it is a very important topic. It just crossed my mind while you were speaking, who are the shareholders of Caribbean Airlines and are they private shareholders like BWIA had?

Also, what would happen to the shareholders of BWIA who are private major shareholders and those people who brought shares on the Stock Exchange with BWIA; the small shareholders?

Sen. The Hon. C. Enill: The shareholders of CAL would be the Government of Trinidad and Tobago 100 per cent, nobody else, initially. The shareholders of BWIA would be those individuals who purchased shares when the IPO was put out. They are going to be the subject of discussions with the SEC. The Stock Exchange has requested the SEC to list the company. Under the law, the SEC has an obligation to ensure that the minority shareholders are dealt with in a particular way. There is a hearing that is being called, I believe, in two weeks' time and at that point in time that matter would be dealt with according to the dictates of the SEC. Those individuals would be dealt with in the normal course of how—*[Interruption]* before the end of this month.

I was making the point that the inflation discussion is one about how do we create additional supply to deal with a population that, basically, has decided that it has made certain kinds of decisions.

Mr. Speaker: Hon. Members, on the Government Benches lower end, I think the Hansard reporter is having a little difficulty.

Sen. The Hon. C. Enill: Thank you, Mr. Speaker. There is a lot that we can learn from other countries, but we have to understand that the countries that we must look at are countries that have our specific characteristics. We are an oil-exporting country, but we are also an oil-importing country. One has to look at it in the context of where we are today and the effect the things we do will have on the poor in our society. Therefore, the measures we are putting in place have to be balanced.

One of the things that the Government is now looking at is how do you get balanced development as you move forward, recognizing that, as you develop, there are going to be some tradeoffs. The discussion is about where the tradeoffs go and at what point in time do we do it.

I will get back to that on another occasion. With respect to the issue that we are responding to, I would like to give the undertaking to Members in the Parliament that the Government is moving in this direction, on the basis of information, analysis, looking at different choices that come to us and determining that—at this point in time, based on what we know, see and hope to achieve—this model represents for us the best possible chances of success. Bearing in mind that there are other instances or factors in the global environment that can mitigate against our success.

There is the issue of the price of petroleum products, other disasters and all kinds of other issues. Based on the information that the Government has at this point in time, and based on the Government's desire to have an airline in Trinidad and Tobago operated in such a way that it provides the best service to our people, allowing them to have access to anywhere in the world at any point in time, but as first-class citizens, we believe that the measures that we have undertaken have some element of success in them.

Therefore, Mr. Speaker, the Government would like to thank the Member for Nariva for giving us this opportunity to certainly present what we have done and we look forward to your support in us making the other airline more successful than we did in the past.

Thank you.

Mr. Ganga Singh (*Caroni East*): Thank you very much, Mr. Speaker. I rise to speak in support of this Motion moved by the Member for Nariva, which is entitled:

Whereas the Government has taken the unprecedented decision to close down the operations of BWIA and in the process retrench, through VSEP, hundreds of BWIA workers as at December 31, 2006;

BWIA (Closure of)

Friday, December 01, 2006

And whereas the Government in the mid-1990s initiated a failed policy of the privatization and sell-out of BWIA to Edward Acker;

And whereas air transport is crucial and vital to the economic and social interest of the people of Trinidad and Tobago, and by extension, the people of the region;

And whereas it is the intention of the Government to seek private sector participation on a national and regional basis in the ownership of the new airline;

Be it resolved that the Government provide to the Parliament a detailed account, explanation and rationale for its decision to close down the operations of BWIA as at December 31, 2006.

It is said that nation states believe that to be a nation you needed a flag, a national anthem and an airline. The first two come cheap but, the third is extremely expensive. This was said by the former Chief Executive Officer of British Airways, Bob Illing. [*Interruption*] It is contained in the report on the task force of the future of BWIA.

Mr. Manning: What year was that?

Mr. G. Singh: The report of the BWIA task force is May 10, 2005, but Illing would not have said that in 2005. The point I want to make is that this Government is seemingly embarked on a course when there is significant funding. We have the national anthem and the national flag. BWIA has gone through a series of restructuring and reconfiguration and in 2006, we are making an investment of over \$2 billion in a new airline, to create a new airline. We want a new airline to complete our independence process.

I want to congratulate the Minister but, first I congratulate the Member for Nariva because were it not for his Private Member's Motion, this Government would not have come to the Parliament or the people of the country and tell them exactly what is happening with BWIA and the creation of the new Caribbean Airlines.

Throughout the process, from the task force report until today, matters relating to BWIA have been shrouded in secrecy. You cannot seek to effect culture change if you shroud matters in secrecy. That is the problem. The problem with this Government is that it is seeking to transform the old BWIA and create a new Caribbean Airlines, but shroud matters in utmost secrecy.

BWIA (Closure of)
[MR. SINGH]

Friday, December 01, 2006

You can effect culture change. One of the areas in the public sector, in which we were able to effect systemic change was TTpost. We moved it out from the postal department into a new organization, with its own systems, funding and regulatory framework. We were able to do that by effecting a measure of culture change. I had the responsibility for so doing. One of the things you had to do throughout that process was to embrace, not only the workers in the environment but also the national community. It was unfortunate that this Government's approach is to shroud everything in secrecy. For what purpose? I do not know.

Over TT \$2 billion will be invested to create this new airline. With the kind of investment that you are putting forward, the question arises: Do you really need an airline to provide the airlift capability for Trinidad and Tobago? Barbados has no national airline, yet Barbados is the leading country in the Caribbean, in the context of aviation industry. Goddard's of Barbados is the premier food catering service in the Caribbean, but they have no national airline. Goddard's won the package to provide food for all of the Caribbean countries for the Cricket World Cup, but they have no national airline. Barbados has an aviation industry, but they have no national airline. They understand that you could have the flag and the national anthem, but an airline comes very, very expensive.

Donald Trump, a successful American businessman, said that one way for a billionaire to become a millionaire is to invest in an airline. We are now in 2006, making available US \$379 million, over TT \$2 billion, to create a new airline.

Has the economics of this investment been quantified, or is it a next smelter project in which you do not make the economic feasibility available to the country? JetBlue invested US \$100 million and operates in an environment that is much more competitive than the Caribbean with higher operating costs, and JetBlue began to make profits in the first year. Why is it, with this significant direct investment, from my calculation of US \$170 million, we have to wait for three years for Caribbean Airlines, the new BWIA, so to speak, to make a profit. Why is it we have to wait for three years?

It is indeed interesting that with this management contract entered into with Mr. Davies, that the projected time period for Caribbean Airlines, the new BWIA, making a profit, is three years down the road. Three years down the road, Mr. Davies contract would come to an end. It means that once more, there is a confluence between the time period for Caribbean Airlines, with this massive capital injection, to make a profit and the time period for Mr. Davies, like Edward Acker, to pack his bags and move on.

The Member for Nariva dealt with the issue of successorship.

Mr. Manning: Say: My colleague.

Mr. G. Singh: You will find out, call the election. He dealt with the whole question of successorship and the investment by the workers, 15.5 per cent, which amounted to \$38 million.

Mr. Valley: That 15.5 per cent that the workers are entitled to, they got that entitlement since 1995. Is there any reason why, in the ensuing period 1996—2001, they were not given their shares?

Mr. G. Singh: It is because we had no intentions, in that period, of shutting down BWIA.

Mr. Valley: The employees had a right to have their shares in their hand.

Mr. G. Singh: The genesis of the problem was the “Ackerization” of BWIA. Therefore, you cannot come now and complain about this quantification of the shares. I do not want to influence the direction of the SEC, but certainly the minority shareholder, the Government, must take into consideration if it is not anti-worker.

The Minister gave us the rationale. I have with me a copy of the report of the task force on the future of BWIA. It comprised the following members: Arthur Lok Jack, Chairman of Associated Brands Industries; Terrance Farrel, Group Executive Director, Guardian Holdings Limited; Simon Kelshall, retired captain, BWIA; William Lucie-Smith, retired Senior partner, PricewaterhouseCoopers; Shaffique Sultan-Khan, Legal and Management Consultant; and Gervais Warner, Executive Director, Neal & Massy Holdings Limited. In this report, the task force indicated that the cumulative losses for BWIA since 1996 are US \$104 million. As a result, all of the capital injected into the airline since privatization and its return to state ownership had been completely dissipated and shareholders' equity was now negative US \$7.6 million.

In addition, the airline had come to rely extensively on borrowings in order to finance its day-to-day operations. More importantly, the task force pointed out that there were certain operational consequences of BWIA's financial distress: damage to aircraft by bag handling vehicles; the need to fly passengers' baggage separately owing to the need to effect repairs to the Boeing 737 cargo hold; and the crash landing of a Dash Eight by Tobago Express, but maintained by BWIA, due to failure of the nose gear, near miss involving a BWIA 737 out of Miami.

BWIA (Closure of)
[MR. SINGH]

Friday, December 01, 2006

What was emerging is not unlike what happens to many state enterprises. Because of their high personnel cost, they begin to chinks on preventative maintenance and equipment. You have that in every state enterprise. I do not want to regale you with my own experience. That is what was happening.

The Minister, in his contribution, spoke of the whole question of maintenance. There was a time when we had the competence and capacity to maintain what is called D-checks, in which they would strip the aircraft down to its bare bones, so to speak, and remount it.

In 2003, the maintenance staff of BWIA was cut by almost half. A company was supposed to be set up in order to deal with that. That was not effected. Here we had the capacity for an aviation industry in this country but we went about it in a manner in which we whittled down that capacity; now we have to build that capacity.

Caribbean Airlines will be a check-oil, check-gas—I do not know whether planes burn water. You do not have the current capacity in which to maintain up to the D-checks, which we had until a few years ago. You farmed that out. Part of your approach to the aviation industry, as you articulate this 2020 vision, must be to build once more, the avionics capacity.

The hon. Minister did not indicate whether or not this direct investment into the new BWIA, Caribbean Airlines, will allow for the purchase of a new aircraft or whether the leases would be bought out from the various leasing companies, for the various aircraft that are currently in the BWIA fleet. There is silence in that area. That is an issue that must be addressed because it will impact upon the operating cost of BWIA.

Will this new airline meet all the regulatory requirements by January 01, 2007, or is it the intention of the Government to direct the Civil Aviation Authority, in order to meet this deadline of January 01? If they attempt to do that, then we will lose category one status. I want to warn this Government, because it has a history of political interference. *[Interruption]*

Mr. Imbert: I thank the Member for giving way. As the Member is very well aware, the Civil Aviation Authority, under the leadership of the Director General of Civil Aviation, is an independent body and oversight, airworthiness and matters of that nature, are not subject to the direction of any Minister. Therefore, if Caribbean Airlines is certified, it will be done by the Civil Aviation Authority in its independent judgment.

BWIA (Closure of)

Friday, December 01, 2006

Mr. G. Singh: I take comfort in what the Minister is saying and I will keep that under scrutiny.

I want to bring what the task force is saying on state-owned airlines. I quote from page 15 of this task force report.

“The experience of state-owned airlines throughout the world has been uniformly bad.”

It went on to note some of the characteristics of state-owned airlines because it appears, from what the Minister is saying, Caribbean Airlines is totally state-owned. These are the characteristics—this one is extremely well capitalized and over politicized. This is your report, Member for San Fernando East. They are saying that:

“State-owned airlines are over politicized in return for Government's support. State-owned airlines are saddled with a variety of obligations to Government, including politically-appointed board members requests for jobs, flying unprofitable routes...”

I know that the Member for Diego Martin Central will recognize that, in his quest for the FTAA, there were series of routes flown by BWIA that were highly unprofitable.

Mr. Valley: If the Member would give way. Let me put this to rest. First of all, the quest to have BWIA go into these new areas had nothing to do with the FTAA. It had to do with the fact that we have trade agreements with these countries and the Government's position was that it made no sense having trade agreements and you could not get to the market. We have trade agreements with the Dominican Republic, Cuba and Costa Rica. Therefore, we thought it essential to have transport connectivity with those countries.

There was an arm's length negotiation between the Government and BWIA, with respect to flying those routes. The Government was keeping the airline whole, with respect to flying those routes.

Mr. G. Singh: I thank the Minister for that explanation. Here it is he is talking about arm's length and there is unequal power in negotiations. Here is BWIA, on bending knees, genuflecting before the Government and when he says, “I want you to fly in that direction”; he says, “Oh very well, hon. Minister.” This is because they want to gain access to governmental funding.

[Mr. Valley rises]

Mr. G. Singh: No, I am not giving way.

Mr. Valley: That is not the PNM's way. Arm's length meant arm's length.

Mr. Speaker: He said that he is not giving way.

Mr. G. Singh: You have arm's length like that and arm's length like that.

In this report, the task force points out the cost of closing BWIA. It says:

“Closing BWIA will lead to the incurring of substantial cost estimated at between US \$1.1 billion and US \$2.2 billion.”

We have seen today that it is US \$379 million or \$2.25 billion. What is interesting about this report is that in the task force's reporting to the Government, it says—I would quote from page 35.

Before I do so, I want to make some kind of reference to the Heathrow slots. The Heathrow slots were part of the kind of grandfather rights granted to BWIA when BWIA took over from BOAC. My information is that, at the time when it was considered a few years ago, Virgin Atlantic was willing to pay US \$15 million for that slot at Heathrow Airport. What that means is that BWIA had the right to fly into Heathrow Airport, which is the primary location in London over a seven-day period, depending on how many flights it can take into Heathrow. We have given up that. It was worth US \$15 million about five or six years ago. What is the cost of that? Why did the management and Government put that before they gave up that right? Why did they not put that on the auction block for either Midland or Virgin Atlantic to purchase? They gave it to British Airways and the benefit is not accruing to the people of this country. Caribbean Airlines will not be able to fly into Heathrow but you are going into Gatwick with all the charters and everybody. That is the way they conduct their affairs.

I want to quote from the Lok Jack task force report at page 35:

“The option of a new airline is the least attractive option. It is actually the most expensive, since most of the cost of closure will still have to be incurred while a new properly capitalized airline with or without Government's participation will cost \$100 million to start up and take up to one year to begin flying.

Implementation of this option is further complicated by the need to create duplicate leadership structure for the maintenance organization that is for the approved maintenance organization of the new airline while running BWIA in transition.”

This is Lok Jack saying that the least attractive option is the new airline option and that is the way you have gone. Would Caribbean Airlines be granted subsidies for fuel, landing fees or airport operations? Would they be given that?

This Government must provide us with the management contract given to Davies and the group of managers that he is bringing with him. What you have effected is tremendous capital investment by the taxpayers of this country, of US \$179 million and new management. We do not know. Have you benchmarked in your management contract, the operations? Are there penalties associated if Davies and his team do not meet their benchmarks? What kind of management contract have you put in place, in order to ensure that we get value for money in this country? Will it be a next Acker? These are the things they ought to come to the people and tell them, then they will effect the culture transformation they want in the airline industry in this country.

We have moved into the environment where you are saying, as a government, that the airlift capability will be done by this airline. You are going into code-sharing with international alliances. That is the model. Effectively, Caribbean Airlines is a bigger LIAT or Caribbean Star. There are a series of truncated routes. What is your load factor? How can you justify this investment of US \$379 million or \$2.5 billion? How can you justify that? The Prime Minister said that it will be one success story, just watch. If you put that kind of capital investment in place, then Caribbean Airlines should start making profits from year one. There is no economic reasons why Caribbean Airlines ought not to start making profit from year one. Look at the JetBlue example; that is the way of the private sector.

Another thing missing from the Minister's contribution is does the State intend to remain in the airline business? Do you intend to remain in the airline business, or is there a plan for private sector involvement in Caribbean Airlines? Has the Tobago Express model worked? What about BWIA's 49 per cent investment in Tobago Express? What about that? Will that be available? You have heard nothing about that. When I say that there is a lot that is shrouded in secrecy—what will happen to BWIA 49 per cent investment in the air bridge? Will it be made available to the local investors? What is the value of that 49 per cent investment in the aerobridge? If you want to effect culture change, you have first to come with full disclosure to the people. What is the requirement for that? This Government did not embrace the workers and the unions, but waited to come to this House. They are not following the remit of the Lok Jack task force.

What about the linkage with the other regional airlines? Is Caribbean Airlines—after 66 years you really have to call Caribbean Airlines the new BWIA.

BWIA (Closure of)
[MR. SINGH]

Friday, December 01, 2006

What about the relationship with Caribbean Star, LIAT and the other Caribbean airlines for the regional airlift? There is not a word about that. Is Caribbean Airlines going to be a competitor with Caribbean Star and LIAT? It appears that many questions are left unanswered. The Government is engaging once more and making an investment of over US \$2.5 billion in an airline, in order to satisfy this need for airlift capability, which can be done by other means.

4.30 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

ARRANGEMENT OF BUSINESS

Mr. Ganga Singh (Caroni): Mr. Speaker, I want this precedent of the House continuing on Private Members' day to continue always. [*Desk thumping*] Because if the Government cannot put their house in order, the practice since time immemorial has been that you end Private Members' day at 4.30 p.m. on the basis of the precedent and the tradition of this House; we operated on that basis.

Mr. Speaker, having regard to that kind of approach of the Government and I am surprised but then I should not be; but I am really surprised at the conduct of the Leader of Government Business in seeking to continue Private Members' day. I may want to ask until what time do we intend to do so?

The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley): Mr. Speaker, as you are aware there is a Motion on the Adjournment. The Government Minister who has to respond to the Motion assured me that she would get here at 5.00 p.m. We did not adjourn the House at 4.30 p.m., as is normal, to protect against the possibility of exactly this happening, that she did not get here on time. Obviously, therefore we have to continue the business of the Parliament until the Minister gets here. "Ent" that is normal? "Ent" that is logical?

Mr. G. Singh: Mr. Speaker, in the conduct of the affairs of the House, what is normal is for the business to end at 4.30 p.m.

Mr. Speaker: Please, I have heard both sides; I think what needs to happen is that the Whips need to get together and arrange and sort that out. Let us get back into the debate before us.

Mr. G. Singh: Mr. Speaker, certainly that was not communicated and we interacted during the tea break.

**BWIA
(CLOSURE OF)**

Mr. G. Singh: It is clear that this Government has not come to this country on the matter of BWIA and the closure of BWIA, and their efforts have been shrouded in secrecy. For example, who is taking over the in-bond shopping? Is that going to be part of the new Caribbean Airlines format? What is the value to BWIA of the bond? This in-bond shopping that they have, what is the value of that?

The hon. Minister was very, very silent and you noticed the Government is so disorganized even the Minister who has conduct of this debate is not here, because he was not informed too. [*Interruption*] I do not think that is the case; what is happening is that the late coming of the other Minister is creating the problem.

What is it we have? We have a situation where the Government is investing on behalf of the people of Trinidad and Tobago US \$380 million, approximately TT \$2.5 billion. There is no plan put forward before this Parliament, as in the case of Caroni (1975) Limited to establish the feasibility of this major capital investment of \$2.5 billion. We do not have knowledge or information as to whether or not the aircraft that are currently being painted in Caribbean Airlines logo, the humming bird, have been bought or whether they are still on lease with the International Finance and Leasing Corporation.

We do not know what was the value of the Heathrow slots that we have given up or whether we have in fact paid for that.

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 Friday, December 08, 2006 at 1.30 p.m. and to inform Members that on that day the Government wishes to continue the debate on the Revenue Stabilisation Fund and, given time, would follow the Order Paper of that day.

Mr. Speaker: Before I put the Motion on the Adjournment to the House there is a matter to be raised. [*Interruption*]

Hon. K. Valley: Mr. Speaker, there are two matters on the adjournment. There is one matter that requires the substantive Minister. The substantive Minister is not here and no useful purpose will be served attempting to debate that Motion.

Adjournment

Friday, December 01, 2006

Mr. Singh: Mr. Speaker, my matter that he is speaking about is entitled, the failure of the Government to protect the public interest and the public purse since the incorporation of the University of Trinidad and Tobago (UTT). I intend to make my contribution on this matter.

Mr. Speaker: Again, I would respectfully ask the Government Leader of the House and the Whips on the Opposition benches to get together and sort their affairs out. I call on the hon. Member for Nariva.

**Nariva Constituency Students
(Adequate Transport Service)**

Mr. Harry Partap (*Nariva*): Thank you very much, Mr. Speaker. The Motion before this honourable House reads as follows: The failure of the Ministry of Education to provide an adequate and reliable transport service to students in the Nariva constituency attending the relocated Biche Presbyterian Primary School and the Cowen Hamilton Secondary School.

Mr. Speaker, it would seem to me that the hon. Minister of Education—and I am glad she is with us this evening—has singled out the children of the Biche and other districts in the Nariva constituency for special punishment.

I had cause to raise earlier this month an absurd plan by the Ministry to have secondary school students in the Sangre Grande area go to school for one week and to stay away for one week. In fact, two weeks for the month they would have been at school and two weeks at home. I was promised that that matter would have been resolved, but as I speak to you this evening, that matter is not resolved.

Today I bring the plight of the children of the Biche Presbyterian Primary school and secondary schools students from villages in the Nariva constituency who have been assigned to the Cowen Hamilton Secondary School in Moruga; two separate issues dealing with transport of students to school. [*Interruption*] This has nothing to do with that.

Mr. Speaker, the transport facilities provided for the students attending the Biche Presbyterian Primary School had been both irregular and unpunctual over the past months, to the point where in some instances they have no transport at all.

Since I filed this Motion on November 13, that a 25-seater maxi-taxi was provided to transport the children from Biche to Cuche, but the Motion is still valid because we have no guarantee that the maxi-taxi would not be withdrawn and the situation reverts to as square one.

The rural bus transport drivers have refused to drive the defective buses, claiming that some of these buses have no brakes; some of them have no seats.

Mr. Imbert: That is UNC buses. [*Crosstalk*]

Mr. H. Partap: No, we put good buses and they have been run down to the point—

Mr. Speaker: Order!

Mr. H. Partap: Let me concentrate on what I have here, Mr. Speaker. Some have no windows at all and the drivers said that they could not guarantee the safety of the students so they have stopped transporting the children. This situation amounts to the Ministry of Education reneging on its promise to provide a regular and efficient service for the children.

In February 2001, the students of the Biche Presbyterian Primary School were relocated to the Cuche Government Primary School because of an alleged emission of gas fumes from the site of the Biche High School. This meant that children had to travel over a distance of about eight miles to get to school and some of them getting up quite early in the morning. These are children from ages five years to 11 or 12 years; so they were at a disadvantage.

When the hon. Leader of the Opposition was Minister of Education, we moved the children from Biche into Cuche. It was supposed to be a temporary measure, we promised the parents transport and this is why the parents agreed that the children should go there. So, we kept our end of the bargain until the end of 2001, when the PNM Government took over from then. Since that time the transport had been very irregular and as I said, it had been in a stage where it was uncertain, because some of the children had to even stay at home because they cannot get to school. When the buses cannot come, parents have to find the money to send these children to school or they stay home and this is what happens. I am saying that what we need is the dedicated transport for these children.

What is a little disconcerting is the fact that we understand the Ministry of Education is flying the kite that they want to close down the Biche Presbyterian Primary School and it means that they will want to force children into an accommodation at the Biche RC School and the Plum Mitan Presbyterian School. Now, parents are not in favour of that. In fact, two weeks ago parents held a meeting and they said emphatically that they do not want the Biche Presbyterian School to be closed; what they want is the building there now reopened or if the Ministry could build a new school.

Mr. Imbert: But you closed it.

Mr. H. Partap: Mr. Speaker, I do not want to get into that because I might say something here that you may not like, it may be unparliamentary.

Parents are at this moment demanding an efficient and regular bus service. You have provided a 25-seater and so far up to today it is working well but we want it to continue and we thank you for providing the 25-seater. It means that that bus has to—

Mr. Valley: What are you complaining about?

Mr. H. Partap: What am I complaining about? What I am complaining about is that we are not sure if it is going to be regular. We are not sure if it is going to be punctual. That is what we are not sure about. We do need to transport children to school from that distance of eight miles; build a school for them or open back the Biche Presbyterian Primary school. [*Desk thumping*] I will talk about the Biche High School at another time; right now we want the school.

Mr. Speaker, the other matter I want to raise is those students—[*Interruption*] It is two matters relating to transport. The other one deals with students who are attending the Cowen Hamilton School from Navet, Rio Claro and Mayaro. There are 58 children assigned to this school, but the Ministry has provided transport for 36 children. They are providing three 12-seater maxi-taxis that can accommodate 36 children. What we are saying is that 22 children on a daily basis either cannot get to high school or parents have to pay \$25 a day to get them to school.

The Minister has a lot of highly paid advisors and they should know that if you have 58 children going to the high school, you cannot send three 12-seater maxi taxis; that is only 36 seats. You take 58 and divide it by 12 and you will get close to 5; so you need five maxi-taxis not three. You are sending three maxi taxis; do not send three, send five. We are asking you if you can make that arrangement so that our children can access secondary school education.

We have worked it out and it is going to cost the Ministry \$15,000 for three months to provide two additional maxi-taxis. The Minister spends about \$30,000 a day in advertisements in the newspapers about the Ministry and each one will have her picture. I will tell you, the Minister has a pretty face and a charming smile, but she need not put her picture on the newspapers every day.

What I am saying is, give us half of that to pay for three months. Half of the money you are spending on advertisements, dedicate it to two additional maxi taxis for these poor children who have to travel into Cowen Hamilton. Once you

do that Minister, we are not going to be making any quarrel, we will be simply asking for more and for better arrangements, but right now we are not satisfied with the transport facilities dedicated to the children of Biche.

I do not want it to be said that you are discriminating against the children of Biche, because I see no reason why you should, but if this is what you are continuing to do, well it means that we will have to draw the conclusion that you do not like the children of Biche. This is not a matter of liking children, this is a matter of they are children of taxpayers of this country and they need the facilities.

I am asking the Minister to work on this problem. At least one part is completed, we need the other part completed and therefore I am asking on behalf of the children of Biche to please provide us with transport.

Thank you, Mr. Speaker.

The Minister of Education (Sen. The Hon. Hazel Manning): Thank you very much, Mr. Speaker. I think the hon. Member for Nariva likes to see the Minister of Education in this Lower House—I just want to put that on the table—every Friday afternoon. It is laudable that the hon. Member for Nariva seeks the interests of the young citizens in his constituency. [*Desk thumping*] He seems to be raising these matters every Friday in this honourable House.

However, he raises these matters in the context of the failure of the Ministry of Education. A few weeks ago, when the hon. Member for Nariva enquired about de-shifting of a school in his constituency in the context of failure, he was told that failure implies lack of success and that under this administration, the concept of lack of success does not apply. [*Desk thumping*]. In fact, we went on to demonstrate then that we are meeting with success in our de-shifting and conversion arrangements not only in the constituency of Nariva but throughout Trinidad and Tobago.

Once again, the hon. Member for Nariva gives me the opportunity to demonstrate success of the Ministry of Education in meeting the transportation needs of the children of this country, not only in the constituency of Nariva but throughout Trinidad and Tobago. The Public Transport Service Corporation (PTSC) has been vested with the responsibility to provide school transportation services for the students of the Biche Presbyterian Primary school and the children of that school are now housed at the Cuche Government School. That decision was taken in the year 2001 when that government on the other side closed the Biche Presbyterian School.

Nariva Constituency Students
[SEN. THE HON. H. MANNING]

Friday, December 01, 2006

The Public Transport Service Corporation has been providing transportation for the children of the Biche Presbyterian Primary school since February 2001, when 151 students were relocated by them to the Cuche Government School. The enrolment has since dropped to 39 students. Presently there are 39 students from the Biche Presbyterian School being transported using two 23-seater maxi taxis.

Mr. Imbert: You have excess capacity.

Sen. The Hon. H. Manning: Yes, that is quite true, excess capacity; 46 students are being transported in the morning from Biche to Cuche and 46 students are being transported in the afternoon from Cuche back to Biche.

The PTSC has also been providing services for the following schools in Nariva: Ecclesville Presbyterian, Poole River Presbyterian, Rio Claro High School, Rio Claro Senior Comprehensive School, Cuche Presbyterian. I do not know what discrimination the hon. Member on the other side is talking about. Over capacity; over capacity, Mr. Speaker. [*Crosstalk*]

Mr. Speaker: Order!

Sen. The Hon. H. Manning: The PTSC has been using maxi-taxis since it was recognized that the buses acquired for it in 1999, under the last administration, were old, used, second-hand buses, very unreliable. These used Mercedes Benz 602 RTS buses, in particular, were known as the rural transportation service. These used buses constantly broke down and this is the situation that this administration inherited.

These second-hand, old, used buses that constantly broke down, were the buses acquired to provide transportation services to the students of Nariva under the last administration. Now, those on the other side want to talk about failure. When we recognized the extent of this horrible legacy, we at the Ministry of Education established a committee and together with the PTSC, the Ministry of Works and Transport, we have made changes.

The hon. Member for Nariva in asking this question is exposing the failure of the other side and our success in ensuring that the students of Biche Presbyterian now have adequate transportation through the maxi-taxi arrangements that we have put in place from since this year; he and all had to admit it. In addition, because of the over capacity, other students from the area benefited from the extra seats provided.

With respect now to Cowen Hamilton Secondary school, 60 seats are provided for students from the muster point of Rio Claro to the Cowen Hamilton Secondary

School and he had said that there are 58 students in that school; we have provided two extra seats. [*Crosstalk*]

Mr. Speaker: Order!

Sen. The Hon. H. Manning: In configuring, the service to secondary schools, muster points have been set up at various places. You will find one at Sangre Grande, Erin, Siparia, Princes Town, Point Fortin, to name just a few. Muster points are safe and convenient meeting points for students coming from a variety of locations but bound for the common destination in this instance, the Cowen Hamilton Secondary school.

An example of the use of a muster point for Cowen Hamilton provides a case in point, where there are three students coming from Cuche—we got the numbers from the PTSC—eight coming from Navet; eight coming from Tabaquite; five coming from Ecclesville and so on. In addition to servicing the students from Nariva, transportation is also provided for students coming from the other catchment areas to Cowen Hamilton Secondary; from Mayaro, Rio Claro, New Grant, Tableland, Brothers Road, Irie Village, San Fernando and Moruga.

Mr. Speaker, our transportation service is very comprehensive and we keep it under constant review to ensure that we are meeting the needs of each catchment area. Ask our Minister of Works, he is making sure that buses are provided.

Mr. Partap: Hopeless, hopeless.

Sen. The Hon. H. Manning: The annual expenditure on transportation services for all school districts in Trinidad and Tobago is approximately \$30 million a year; \$30 million for the combined service of bus and maxi-taxi transportation.

As each year brings a new cohort of students with slightly different needs, the system must be ready to respond. That is why in terms of strategic planning, we have done two things. We have set up a committee to work with the PTSC and the Ministry of Works and Transport to review and to rationalize transportation arrangements with a view to keeping an alignment with the changing needs.

Secondly, we have commenced a research study. The consultant is already on board to determine the economic position of households and the implications for the provision, not only of transportation, but of meals and other support services.

Mr. Speaker, I want to assure the hon. Member for Nariva that this entire House—this entire House through you, Mr. Speaker—that firstly, the maxi-taxi school transportation service is succeeding where the previous administration's

Nariva Constituency Students
[SEN. THE HON. H. MANNING]

Friday, December 01, 2006

unreliable, used, second-hand, old buses failed. Secondly, we are making progress based on research and effective partnering with the Ministry of Works and Transport and PTSC. [*Desk thumping*]

We continue to work with the input of our planners; with the input of our school principals; with the input of our parent/teacher associations to provide the best possible transportation service for students everywhere.

This Government's provision of support services to students is nothing short of phenomenal, not only in the area of school transport but in the provision of nutritional school meals, textbooks, brailers and other equipment for students with special needs, in addition to comprehensive coverage of psycho-social support.

All of this to ensure that all—we are not discriminating—of our students have the opportunity to participate in the activities of school life and to make the best use of their schooling. We look forward to the outcome of the research to strengthen our delivery of these important services that support student performance.

Thank you very much, Mr. Speaker. [*Crosstalk*]

Mr. Speaker: Order! Is there an arrangement between the—

Mr. Valley: Go ahead and let him do it, I will reply.

Mr. Speaker: I call on the hon. Member for Caroni East.

5.30 p.m.

**Incorporation of the University of Trinidad and Tobago
(Government's failure to protect)**

Mr. Ganga Singh (*Caroni East*): Thank you very much, Mr. Speaker, for adhering to the Standing Orders, because if the Government seeks to duck and run from this issue it is not a matter for the Opposition.

Mr. Speaker, it gives me no pleasure—

Mr. Speaker: I will give you a little time. The Speaker always adheres to the Standing Orders. I asked only whether there was an arrangement, and I am happy that the Minister has agreed to respond because, had he not agreed, I would have had to take the adjournment, because as Leader of Government Business he can adjourn the House. Please continue.

Mr. G. Singh: Well, Mr. Speaker, that raises another issue and in my 15 minutes I will not go into that, but that is a matter for some debate.

Mr. Speaker, it gives me no pleasure to rise to speak on this issue, “The failure of Government to protect the public interest and the public purse since the incorporation of the University of Trinidad and Tobago (UTT)”. Mr. Speaker, conceptually, the UTT and what it seeks to do in the context of higher education in this country is a laudable objective. How can one fault that laudable objective if you seek to bring that kind of education? So we have no problem with the concept, but when you conceive of something you must have noble intentions and that nobility of intention must be reflected by your actions. So from the very act, as this Government sought to incorporate the University of Trinidad and Tobago they sought to do so by the least prestigious of means.

University of Harvard, number one, perhaps one of the best rated universities in the world, was incorporated by way of charter in 1650; the Massachusetts Institute of Technology, one of the leading technical schools in the world, incorporated by charter in 1861; the University of London, originally incorporated by Royal Charter in 1836 and subsequently in 1863; Cornell University, so too in 1865; our own University of the West Indies, incorporated by way of charter, and I will read it.

“A new Royal Charter constituting and founding the University of the West Indies as a degree granting university was passed under the great seal of the realm on April 02, 1962 with Princess Alice, Countess of Athlone as the first Chancellor and Phillip Sherlock as the first Vice-Chancellor”.

As those on that side articulate a 2020 vision, what do they seek to do as they seek to incorporate the University of Trinidad and Tobago; not by way of an Act of Parliament; not by way of an Act of Parliament which would provide it with the kind of national endorsement—

Mrs. Persad-Bissessar: Status.

Mr. G. Singh:—provide it with prestige and status as we have seen from Harvard to MIT, to Cornell, to University of London? What did they seek to do, Mr. Speaker? They went into the Companies Act and they incorporated it by way of Companies Act. Why did they seek to incorporate by way of the Companies Act? On September 13, 2004 Ken Julien incorporated UTT and the other two first incorporators are Ian Welch, Managing Director, PCS Nitrogen; Ken Julien, Professor, Executive Chairman, Ken S.J. Systems Limited; Robert Ian Welch, Managing Director, PCS Nitrogen; Robert Riley, Chairman and Chief Executive Officer, bpTT. The fourth, fifth, sixth, seventh and eighth directors to be named by Cabinet: They were never named. Never named by Cabinet!

Incorporation of the UTT
[MR. SINGH]

Friday, December 01, 2006

In the meantime the UTT went and got a legal opinion from Martin Daly in which they sought to avoid the embrace of the Integrity in Public Life legislation and this is what Martin Daly told them on March 21, 2005:

“With regard to the possession of the directors under the Integrity in Public Life Act compliance with that legislation is required in respect of bodies in which the State has a controlling interest. The presence of other shareholders with the same voting power as the State shareholder should negate the application of the Integrity in Public Life Act to the university, but the introduction of those shareholders needs to be made with dispatch.”

So what they were seeking to do whilst they incorporated was to negate the impact of the Integrity in Public Life Act through a device, through a contrivance. And how did they effect that? They effected that by a special resolution of the board of the University of Trinidad and Tobago, a special resolution dated February 07, 2006.

So from 2004 when they incorporated this company, which was effectively a private company with no State involvement, we were pumping money into UTT as a country, hundreds of millions of dollars, and I will tell you, this is what is said, Mr. Speaker, in the resolution:

“There shall be four classes of membership, namely: Founder/member being the Corporation Sole on behalf of the Government of the Republic of Trinidad and Tobago. This Corporation Sole has one vote of any meeting of members and has the power exclusively to appoint no more than one-third of the number of governors or directors of the university from time to time, to remove and replace any governor or director so appointed.”

They expanded the board to 15 and now they confined the Government; you put all the money but you are confined to one-third and you have one vote per member, and in that way you get around the issue of controlling interest which will bring them under the ambit of the Integrity in Public Life.

And then they provide, Mr. Speaker, in this resolution 7.12:

“First members being those first named in the articles of incorporation. The membership of the first members shall cease upon resignation or death. First member shall be entitled to one vote at any meeting of members...”

I will come back to that. And then they have a third class: Benefactor members, but the first members, Ken Julien, you cannot get rid of him except by resignation or if he dies. You understand, Mr. Speaker? So this is what is

happening. Why? Why was there the necessity to come up with this device, this contrivance, this fig leaf to defeat the Integrity in Public Life legislation? What was the motivation?

Mr. Speaker, a senior manager recently left UTT and he said, "I am leaving because there is a cesspool of corruption."

Hon. Member: My God!

Mr. G. Singh: And that is why they sought to come out of the ambit of the Integrity in Public Life. So if you are using hundreds of millions of dollars of taxpayers money; money coming from the PSIP and the Infrastructure Development Fund and you do not want to account for these moneys then you remove yourself from the ambit of the Integrity in Public Life.

The University of Trinidad and Tobago has been hijacked; when the first members will remain there until death. You understand? *[Interruption]* All three first members will remain there until death. What is this, a private enterprise? This is a dynasty? Mr. Speaker, this is people's money.

Mrs. Persad-Bissessar: Family business.

Mr. G. Singh: The legal advice of Senior Counsel, Martin Daly on how to negate, how to avoid, was effected in that amendment to the articles of incorporation. UTT has been kidnapped, it becomes the fiefdom of the first members for life and they confine the Government to five members whilst they control the other 10.

Mr. Speaker, what it is; it is really a sleaze factor, what is a desirable and laudable institution, the sleaze factor has entered that. So under the official facade of building a university, they are pursuing a path of personal gratification, advancement and enrichment. By accessing this device it is a conspiracy to evade the laws and to defraud the State, regardless of the legal language used of hundreds of millions of dollars without public scrutiny. It is wrong! It is morally, ethically and legally wrong to use State moneys in that fashion. And this PNM talks about it stands for morality in public affairs. The Corporation Sole is yet to put a member to protect the public interest on the board of governors of UTT, and the hon. Member for Diego Martin Central is a junior Minister in Finance; the Ministry of Finance has responsibility as Corporation Sole. Why have you not put a member on the board of UTT to look after the public interest? Because, you see, Ken Julien is the anointed one, he is "Mr. Big".

Incorporation of the UTT
[MR. SINGH]

Friday, December 01, 2006

Mr. Speaker, there is the Corporation Sole, no representatives through Ministry of Finance; you have four Ministers of Finance, not one. There are laws preventing the conflict of interest and the disclosure of personal involvement, but they have no regard for that in UTT; there is subterfuge, hundreds of millions of dollars of taxpayers money being spent with no contracts. In UTT, Yorke Structures, no contract to build O'Meara Campus, no contract to build Chaguaramas Campus, but you have open ended. It is open ended. *[Interruption]* No contracts signed, only MOUs. Consultants moved from the professional norm of 2.5 per cent to 4.5 per cent. For example, Mr. Speaker, APR Management Services has the contract for O'Meara and \$150 million contract; on the norm you will get \$3.7 million, but APR is getting \$6.7 million to manage that project; unprecedented. Contract with Cambridge University, no control whatsoever, \$20 million; contract with Johns Hopkins, \$62 million only, and—*[Interruption]*

Mr. Speaker: Order!

Mr. G. Singh: Mr. Speaker, hundreds of millions of dollars in capital expenditure and in addition to that you have cronyism and nepotism. A Volkswagen 4 x 4 2-RF purchased by UTT but used by the wife of Ken Julien.

Hon. Member: What!

Mr. G. Singh: UTT, Tacarigua it is called now. Ken S.J. offices renovated, \$2.8 million, beneficiary, the son of Ken Julien.

Dr. Khan: Sounds like FIFA.

Mr. G. Singh: And then the brother-in-law of Ken Julien, Barry Mc Commie, Advance Dynamics Limited, extension of a contract, \$15 million; nepotism, conflict of interest, family dynastic succession in that place. And the bank accounts!

There are six bank accounts, Mr. Speaker. I have a listing of the bank accounts, and who are the signatories; there is FCB, Royal Bank and so on. There are six banks accounts and the signatories are: Gervaise Warner, Dave Bachan and René Monteil, so Gervaise Warner as a member of the board does not want to embrace the Integrity in Public Life but signs the bank account which is some \$41 million in the bank accounts as of August 2006. That is what you have; you have public office for private gain taking place in UTT. *[Interruption]*

I am not going to deal with NESC, Alutrint, eTecK and Pan American, Value and so on, because there is a whole conspiracy and linkages between the standing committee on energy and how the oil and gas business is being conducted in this country.

Mr. Speaker, there is an incestuous and scandalous state of affairs, friends and family as beneficiaries under the façade of creating a university. I therefore suggest, as a Parliament, how do we retrieve the situation? We retrieve the situation for the benefit of the country by ceasing funding to all UTT capital projects. Appoint an international firm to audit forensically all expenditures to date, present a report to Parliament; all contracts entered into must be tabled for review and an immediate appointment of representatives of Corporation Sole to look after public interest and immediately place UTT under the jurisdiction of the Integrity in Public Life Act and the Integrity Commission, Mr. Speaker. [*Desk thumping*]

If these actions are taken to provide confidence to the public, UTT will be branded a University of Trinidad and Tobago; if not, UTT will be branded “University to tief” (UTT). [*Desk thumping*]

The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley): Thank you very much, Mr. Speaker. Over the last three weeks or month one saw a clear strategy, somehow, to discredit UTT. You would recall sometime ago, I think, it was two weeks ago or something of the sort; there was this call for the President of the Republic who is being placed as the Chancellor of the university to step down, calling on him to step down. And then of course, there is this frontal attack on Dr. Julien and, quite frankly, I do not know how any citizen of Trinidad and Tobago in this day could really attack someone like Dr. Julien.

Mr. Speaker, it is not the first time of course. Thirty years ago, when Ken Julien built Point Lisas—the architect of Point Lisas—some of those who sat on that side were doing the same thing, attempting to pelt mud. In spite of that Dr. Julien soldiered on. Today, when we have visitors to Trinidad and Tobago we all want to show them the marvel that is Point Lisas. He built that, Mr. Speaker! Today, we are using Dr. Julien to work the miracle that he worked in energy 30 years ago; we are using him to do it in education and in the non-energy sector.

The Government came in and as a manifesto promise to build a second university here in Trinidad and Tobago, the University of Trinidad and Tobago, [*Interruption*] with Dr. Julien as the head. There is no issue with respect to transparency, you know that very well! There is no issue with the integrity legislation; there is no issue! Because, Mr. Speaker, let me jump ahead of myself—[*Interruption*]

Mr. Speaker: Order!

Hon. K. Valley: It is pelting mud; that is all you are doing. [*Crosstalk*]

Mr. Speaker: Order, please!

Hon. K. Valley: Let me continue where I am going—the University of Trinidad and Tobago incorporated, and hear the names, Mr. Speaker: Ken Julien, Ian Welch, President of the Trinidad and Tobago Chamber of Commerce; Robert Riley, President of the largest oil company in Trinidad and Tobago. The Government put it at individuals of that level to get our university started, and that is what they have done.

Today we have a complaint that it is only one-third of the members appointed by Government. If we had the majority they would say we want to compromise the independence [*Interruption*] of the university. That is what they would have said! There is no issue with respect to the auditing of the company or the Integrity in Public Life! Mr. Speaker, what does the law says: The law says clearly, that as long as the Government controls—all right—as long as the Government controls, the Government is the funder of the university.

The board of governors or what have you, they must fall under the integrity legislation. They must! [*Desk thumping*]

Mrs. Persad-Bissessar: Why did they not file?

Hon. K. Valley: Why did they not file? The newspaper articles talk about Ken Julien filing.

Mr. Singh: No, no, no; that is UTT.

Hon. K. Valley: UTT cannot file integrity legislation—It is individuals who can file integrity legislation. [*Crosstalk*]

Mr. Speaker: Order, order! Please, take your seat. [*Interruption*] Order, please. Order! I think the reference to—needs to be struck off the record. Please continue, hon. Minister.

Hon. Member: You call the Minister a—[*Crosstalk*]

[*By order of the Chair, remark struck off*]

Hon. K. Valley: Withdrawn, Mr. Speaker. My friends on the other side have to understand, it is not UTT to file an Integrity Commission Report! Okay.

Mrs. Persad-Bissessar: We know that; the members are.

Hon. K. Valley: Right, and the newspaper article talks about Dr. Julien filing an Integrity Commission Report. [*Interruption*] Could I finish? Mr. Speaker, if in fact he is already filing—

Mrs. Persad-Bissessar: You are not speaking the truth.

Hon. K. Valley: Let me ask a question; this newspaper article, they are talking about trying to avoid integrity legislation filing. The newspaper article on which the whole contribution relies, talks about Dr. Julien filing an integrity legislation report.

Mr. Singh: I did not lie.

Hon. K. Valley: You did! The fact that he filed; if he files, then, what could he have to hide by not filing on the UTT?

Dr. Khan: Now you are behaving like a—

Mr. Speaker: Please! No, no, but you served as a Deputy Speaker once; I mean, you ought to know better than that.

Hon. K. Valley: He ought to know better; he does not.

Mr. Speaker: I understand you to be apologizing and you are withdrawing the statement. Yes, go ahead.

Hon. K. Valley: Mr. Speaker, take another one of the three persons; Ian Welch. Ian Welch is the board member of the port, which means he has to file in any case; integrity. He is the chairman of the other company. The point I am making is the member is attempting to rely on an opinion and just reading from the newspaper report here, it does not suggest that Martin Daly was saying what the member is attempting to say at all.

Mr. Singh: I will give you a copy of his opinion.

Hon. K. Valley: Let me finish. There could be no issue with respect to integrity legislation, Dr. Julien by the fact here, files, and at least one other member, I am sure Ian Welch, is clearly subject to integrity legislation. *[Interruption]*

We deal then with the accounts, Mr. Speaker. Again what does the law say? The law says that as long as public funds are involved the Auditor General must be involved, and therefore, whether or not UTT appoints an external auditor—*[Interruption]*

Mr. Speaker: Order!

Hon. K. Valley:—the Auditor General is responsible for the audit of the accounts. What is the issue?

Mr. Singh: That is not in UTT!

Hon. K. Valley: The issue, Mr. Speaker, is that the University of Trinidad and Tobago is doing well and some people seem to have a fear, and the attempt, quite frankly, that one can say, [*Interruption*] really, is to derail the university. And that is what it is!

Mr. Singh: That is not true.

Hon. K. Valley: There is no issue with Integrity in Public Life legislation; there is no issue with respect to the auditing of the accounts. There cannot be, Mr. Speaker, public funds are involved. There is no issue with respect to the fact that the Government has merely five directors; that is going to ensure the independence of the university. So that all that we are hearing this evening is simply an attempt [*Crosstalk*] to cast aspersions on an individual who has given his life work for Trinidad and Tobago. As far as I am concerned, Trinidad and Tobago owes a debt to Dr. Ken Julien. [*Crosstalk*]

Mr. Speaker: Order! Order! Order, please. [*Interruption*]

Question put and agreed to.

House adjourned accordingly.

Adjourned at 5.55 p.m.