

**THE
PARLIAMENTARY DEBATES**

OFFICIAL REPORT

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TRINIDAD AND TOBAGO WHICH OPENED ON DECEMBER 17, 2007*

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VOLUME 4

HOUSE OF REPRESENTATIVES

Friday, July 11, 2008

The House met at 1.30 p.m.

PRAYERS

[MR. SPEAKER *in the Chair*]

PAPER LAID

The Report of the Statutory Authorities Service Commission for the period October 01, 2006 to September 30, 2007. [*The Minister of Public Administration (Hon. Kennedy Swaratsingh)*]

ORAL ANSWERS TO QUESTIONS

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, regrettably we have just one answer today. I would ask for a deferral of the other questions for two weeks.

Mr. Speaker: Which one?

Hon. C. Imbert: Question No. 128

**New Bridge
(Harripaul Village Intersection)**

128. Dr. Roodal Moonilal (*Oropouche East*) asked the hon. Minister of Works and Transport.

Could the Minister indicate:

- (a) when construction will begin on a new bridge to replace the old, dilapidated, wooden bridge currently at the Harripaul Village intersection with the M2 Ring Road, Debe;
- (b) what is the estimated cost for construction of the new bridge;
- (c) when is construction of the said bridge scheduled to be completed?

The Minister of Works and Transport (Hon. Colm Imbert): This local access road falls under the purview of the regional corporation, which is under the control of the Opposition UNC at this time. However, the Ministry of Works and Transport has recognized that this road is a significant alternative access route, especially during peak hours. Accordingly, the Ministry of Works and Transport has repaired the bridge at a cost of \$200,000 and the bridge has been reopened to traffic.

Mr. Maharaj SC: Mr. Speaker, I wish to put on record that under the Standing Orders, it is anticipated that the Government would answer questions within three weeks. What is happening is that I have checked and there are over 100 questions in this House, which have not been answered. As a matter of fact, some of the questions have been outstanding for a long time. There have been postponements on several occasions; nine times and 10 times.

With your permission, can I quote something with respect to the questions? There is a book, *Constitutional and Administrative Law*, which states that Ministers are accountable to Parliament in the sense that they must answer questions put to them in accordance with the rules of the House and they must give the House full and frank explanations. This is the function of the Opposition, to call the Government to account. I think that, although the Leader of Government Business has indicated that he would try his best, it is a serious responsibility which the Government must undertake.

Mr. Speaker, I know you have tried to persuade them. I think the time has come for the Government to probably call a special Cabinet meeting and impress upon the Ministers of Government their duty and for there to be a change from next week in respect of these questions.

Mr. Speaker: I must agree with what you have said. Time and again, I have appealed to Ministers to come and answer questions. I do not know if it is within my purview to ask Ministers to look at the process by which they answer questions and to see whether some improvement can be made in that process, so that questions can be answered on a timely basis. I again appeal. When you look at the footnotes on the Order Paper, you would see that questions have been on the Order Paper for quite a considerable period of time. I appeal again, I do not know what else to do. *[Interruption]*

Dr. Moonilal: You have the authority.

Mr. Speaker: If you can quote me and show me, I would do so.

Dr. Moonilal: “Just how yuh close de laptop.”

Mr. Speaker: Again, let me appeal to Ministers to take your duties of the Parliament seriously and answer questions on a timely basis.

The following questions stood on the Order Paper:

**Brian Lara Sporting Complex
(Cost and Completion of)**

- 48.** With regard to the Brian Lara Sporting Complex in Tarouba, could the hon. Minister of Sport and Youth Affairs state:
- (a) the projected cost;
 - (b) how much money has been expended on the project so far; and
 - (c) the expected date of completion of the entire project? [*Dr. H. Rafeeq*]

**Financial Support for Needy Students
(Details of Selection)**

- 60.** Could the hon. Minister of Science, Technology and Tertiary Education state:
- (a) how much money was spent in 2007 to support needy students seeking tertiary training abroad;
 - (b) how these students were selected for financial support;
 - (c) whether there was any advertisement with respect to the availability of this fund for assistance to local students studying abroad; and
 - (d) if the answer to (c) is in the affirmative, could the Minister state the dates and the specific media in which these advertisements were placed? [*Dr. H. Rafeeq*]

**Ex-Caroni (1975) Limited
(Leases for Residential Lands)**

- 75.** Could the hon. Minister of Agriculture, Land and Marine Resources state:
- (a) how many leases for residential lands have been given out to and executed by ex-Caroni (1975) Limited VSEP-availed workers as at February 29, 2008; and
 - (b) where the lands in (a) are located? [*Dr. H. Rafeeq*]

**Caroni (1975) Limited
(Criteria and Selection of)**

- 76.** Could the hon. Minister of Agriculture, Land and Marine Resources state:
- (a) how many residential lots from land previously owned by Caroni (1975) Limited will be made available by sale/lease/rental to members of the public;
 - (b) the price of which the lands in (a) will be sold; and
 - (c) when the land in (a) will become available; and the criteria for selection of purchasers for the above lots of lands? [*Dr. H. Rafeeq*]

Passports

- 77.** Could the hon. Minister of National Security state:
- (a) how many citizens of Trinidad and Tobago are in possession of the 'old' (non machine readable) passports;
 - (b) the deadline for changing all these passports to the machine readable passports; and
 - (c) how many passport applications are processed and new passports delivered at present on a weekly basis? [*Dr. H. Rafeeq*]

**Housing Development Corporation
(Allotment of Houses)**

- 87.** Could the hon. Minister of Planning, Housing and the Environment state the process by which Housing Development Corporation (HDC) houses are allotted to applicants? [*Mr. H. Partap*]

**St. Marie Emmanuel Road
(Re-paving of)**

- 88.** Could the hon. Minister of Local Government state:
- (a) when would the St. Marie Emmanuel Road in Cumuto, Sangre Grande be rehabilitated and re-paved by the Sangre Grande Regional Corporation; and
 - (b) why was this road not previously paved? [*Mr. H. Partap*]

**Major Landslips
(Repair of)**

- 89.** Could the hon. Minister of Local Government state when would the Sangre Grande Regional Corporation repair the major landslips in Cumuto at:
- (a) Harkoo Trace; and
 - (b) Sookoo Trace? [*Mr. H. Partap*]

**University of Trinidad and Tobago
(Details of)**

- 101.** With regard to the University of Trinidad and Tobago (UTT) campuses throughout Trinidad and Tobago, could the hon. Minister of Science, Technology and Tertiary Education state:
- (a) the cost of construction of each; and
 - (b) the annual expenditure for 2006 and 2007 on (i) staff, (ii) scholarships to lecturers/professors and (iii) administration? [*Dr. T. Gopeesingh*]

**University of the West Indies
(Status of Internal Audit)**

- 103.** Could the hon. Minister of Science, Technology and Tertiary Education state:
- (a) whether any internal audit has ever been done at the University of the West Indies since its inception;
 - (b) if the answer to (a) is in the negative, why not;
 - (c) if the answer to (a) is in the affirmative, for what years, and have they been reviewed by the Auditor General; and
 - (d) has the Auditor General ever conducted an audit of the University of Trinidad and Tobago? [*Dr. T. Gopeesingh*]

Official Overseas Travel

- 107.** Could the hon. Minister of Finance state:
- A. What was the actual annual Government expenditure on official overseas travel (airfares) from 2006—2007?
 - B. What is the projected expenditure on official travel for 2008?
 - C. How many aircraft travel hours are envisaged for 2008? [*Mr. J. Warner*]

Purchase of Blimp

- 111.** A. Could the hon. Minister of National Security give the name(s) of the person(s) and/or organization(s) which negotiated the purchase and/or lease of each blimp/sky ship on behalf of the State?
- B. Could the Minister give the name(s) of the person(s) and/or organization(s) which negotiated the purchase and/or lease of each blimp/sky ship on behalf of the suppliers?
- C. Were anti-corruption clauses inserted in the contracts for the purchase and/or lease of each blimp and/or sky ship? [*Mr. S. Panday*]

**Chaguanas Magistrates' Court
(Functioning of)**

- 119.** Could the hon. Attorney General advise when will the Chaguanas Magistrates' Court become functional in the premises rented by Government on Ramsaran Street, Chaguanas? [*Mr. J. Warner*]

**National Commission for Self Help
(Mayaro/Rio Claro)**

- 134.** With respect to the National Commission for Self Help, could the hon. Minister of Community Development, Culture and Gender Affairs state:
- (a) the numbers and types of projects funded and undertaken, within the region of Mayaro/Rio Claro, for the period January 2006—February 2008; and
- (b) the cost of each project undertaken, the location and the status/outcome of these activities? [*Mr. W. Peters*]

**Mayaro/Rio Claro Region
(New Community Centres)**

- 135.** With respect to the Community Centres Programme, could the hon. Minister of Community Development, Culture and Gender Affairs state:
- (a) whether new community centres will be built within the Mayaro/Rio Claro region during the period 2008—2010;
- (b) if the answer to (a) is in the affirmative, at what locations and what is the proposed cost of each;
- (c) whether refurbishment/repairs will be undertaken to the existing community centres within the Mayaro/Rio Claro region; and

- (d) if the answer to (c) is in the affirmative, which centres are earmarked for development, what is the budget for these works and what are the proposed dates for commencement? [*Mr. W. Peters*]

**Sport Company of Trinidad and Tobago
(Projects Undertaken and Cost)**

137. With respect to the Sport Company of Trinidad and Tobago (SPORTT), could the hon. Minister of Sport and Youth Affairs state:

- (a) the total expenditure incurred to date by this special purpose company, all projects undertaken and completed for inspection from the inception of this entity to March 2008;
- (b) the individual cost for each project identified and the names of the various contractors; and
- (c) all ongoing projects, its estimated cost thus far, location and proposed completion dates? [*Mr. W. Peters*]

**Inauguration of the President
(Money Expended)**

143. Could the hon. Minister of Finance state:

- (a) how much money was spent on the functions for the inauguration of His Excellency, the President of the Republic of Trinidad and Tobago in 2008; and
- (b) give a breakdown of the expenses in (a) under the different items of expenditure? [*Dr. H. Rafeeq*]

**Swearing in Ceremony of Prime Minister and Ministers
(Breakdown of Expenses)**

144. Could the hon. Minister of Finance state:

- (a) how much money was spent on the swearing in ceremony for the Prime Minister of Trinidad and Tobago in 2007;
- (b) how much money was spent on the swearing in ceremony for the Ministers of Government in 2007; and
- (c) give a breakdown of the expenses in (a) and (b) under the different items of expenditure? [*Dr. H. Rafeeq*]

**Former Employees of Caroni (1975) Limited
(Government Intentions to Increase Pension)**

145. Could the hon. Minister of Finance state:

- (a) whether the Government intends to increase the pension paid to former employees of Caroni (1975) Limited; and
- (b) if the answer to (a) is in the affirmative, when will the increase be effected and by how much? [*Dr. H. Rafeeq*]

**Debit Cards
(Details of)**

149. Could to the hon. Minister of Social Development state:

- (a) how many persons by region/district have been given debit cards and how many persons are in possession of cards which are still valid and usable as at April 30, 2008; and
- (b) the criteria by which these cards are accessed and the process for accessing them? [*Dr. H. Rafeeq*]

**Poverty Line
(Persons Living Below)**

150. Could the hon. Minister of Social Development state:

- A. How many persons in Trinidad and Tobago by region/district are living below the poverty line?
- B. The criteria used to determine the “poverty line”?
- C. If the answer to (B) involves a “basket” of goods, could the Minister state the composition of the basket? [*Dr. H. Rafeeq*]

**Cuban Farmers
(Allocation of Farms)**

151. Could the hon. Minister of Agriculture, Land and Marine Resources state:

With regard to the demonstration farms:

- (a) how many farms will be allocated to the Cuban farmers for cultivating/management;
- (b) the size and location of each farm in (a);

- (c) the expected date of commencement and the expected date of completion of work by the Cuban farmers on these farms;
- (d) how many Cubans will be coming to Trinidad and Tobago to work in these farms and the amount of money that will be paid to them; and
- (e) whether there will be any subsidies or any other incentives given to the Cubans working on these farms? [*Dr. H. Rafeeq*]

**Programme for Upgrading Road Efficiency
(Details of Repairs)**

159. Could the hon. Minister of Works and Transport state:

- (a) what roads have already been repaired or proposed to be repaired by the Programme for Upgrading Road Efficiency (PURE) in the constituency of Cumuto/Manzanilla;
- (b) the length of the roads already repaired or proposed to be repaired; and
- (c) the cost or estimated cost involved in each? [*Mr. H. Partap*]

Fishing Pond Turtle Patrol

160. With regard to the Fishing Pond Turtle Patrol, could the hon. Minister of Public Utilities state:

- (a) why employees on the patrol gang have been forced to pay \$30 from their wages to meet the salary of the patrol supervisor; and
- (b) what steps would be taken to stop this practice and refund money deducted to affected employees? [*Mr. H. Partap*]

Questions, by leave, deferred.

DEFINITE URGENT MATTER

(LEAVE)

**Package of Children's Legislation
(Government's Failure to Implement)**

Miss Mickela Panday (*Oropouche West*): Mr. Speaker, in accordance with Standing Order 12 of the House of Representatives, I hereby seek your leave to move the adjournment of the House at today's sitting, Friday, July 11, 2008, for the purpose of discussing a definite matter of urgent public importance, namely Government's failure to implement a comprehensive package of legislation for the protection of the nation's children.

Definite Urgent Matter (Leave)
[MISS PANDAY]

Friday, July 11, 2008

Mr. Speaker, the matter is definite as it pertains specifically to Government's failure to implement a package of legislation critical to the protection of children.

The matter is urgent because there is an upsurge in the number of offences against children. Within the last few days, two more infants have been abused—[*Interruption*]

Mr. Speaker: You did submit a Motion to me which offended the ruling I had given earlier on. I had asked—do you have a Motion that I approved? If not, I can pass you one.

Miss M. Panday: Could you pass me one please? I have the one that I submitted to you.

Dr. Moonilal: This is the approved one from the Speaker.

Mr. Speaker: You can continue at: "The matter is urgent..." What precedes that is in accordance with what you have submitted.

Miss M. Panday: Could I please, for continuity just start over? Thank you.

In accordance with Standing Order 12 of the House of Representatives, I hereby seek your leave to move the adjournment of this honourable House for the purpose of discussing a definite matter of urgent public importance, namely Government's failure to implement a comprehensive package of legislation for the protection of our nation's children.

The matter is definite as it pertains specifically to Government's failure to implement a package of legislation critical to the protection of children. The matter is urgent because there has been a recent upsurge in the number of offences against children, including sexual assaults, rape, battery and murder.

The matter is of public importance because young children are vulnerable and easy targets for abuse.

Until the entire package of children's legislation has been passed, children will continue to remain in abusive situations and be abused.

I thank you.

Mr. Speaker: Hon. Members, regrettably, this matter does not qualify under this particular Standing Order. Standing Order 11 would be the appropriate Standing Order.

BAIL (AMDT.) BILL

Bill to amend the Bail Act, Chap. 4:60 [*The Attorney General*]; read the first time.

**DEVELOPMENT LOANS ACT
(INCREASE IN BORROWING)**

The Minister of Finance (Hon. Karen Nunez-Tesheira): Mr. Speaker, I beg to move the following Motion standing in my name:

Whereas it is provided by section 3(1) of the Development Loans Act that the Government is authorized, inter alia, for the purposes of financing general development in Trinidad and Tobago, or repayment of borrowings effected for general development, inter alia, by a statutory authority within the meaning of the Statutory Authorities Act, Chap. 24:01 or by an enterprise that is controlled by or on behalf of the State, from time to time to borrow money externally or internally in a sum or sums not exceeding in the aggregate thirteen thousand million dollars in the currency of Trinidad and Tobago and thereafter such sum in such currency as may from time to time be specified by resolution passed by the Senate and the House of Representatives:

And whereas it is necessary for the Government to borrow further sums of money for the purposes stated in the said section:

Be it Resolved that for the purposes stated in the said section, the Government is hereby authorized to borrow money externally or internally in a further sum or sums not exceeding in the aggregate seven thousand million dollars in the currency of Trinidad and Tobago.

Mr. Speaker, I believe that the Motion is quite clear and the resolution which we seek from this honourable House is being brought under the Development Loans (Amdt.) Act.

In particular, when we reviewed the Development Loans (Amdt.) Act, as indicated in the Motion, it gives the Government, whoever that government may be, the authorization for the general development purposes; to finance general development purposes by raising money through, in this case, the issuance of bonds.

Before I go into the specific provisions of the Act—because the Act is passed and really what we are doing is invoking a provision under the Act which allows us to come to the House and move a resolution to increase the ceiling—we are well aware that the ceiling, \$13 billion has been reached with the last issuance of bonds last week, of \$1.2 billion, which, as in every other case of the issuance of Government Bonds, has been oversubscribed substantially, I think, by over \$767 million, if I am not incorrect. We are not coming here to amend the Act. We are coming here to get the increase in the borrowing ceiling to which the Government has currently reached. We are looking to increase it by \$7,000 million.

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In looking at the issue of the Development Loans Act, I think it is important that we look at it in a broader context. I think I can do so because the hon. Member for Siparia, in her contribution on the last day when we were debating the Treasury Bonds Bill, which is a Bill specifically designed to deal with liquidity management—I want to stress liquidity management, because its objective was not, although it is a loan, that the money should enter back into the system. It was to be put into a blocked account to be sterilized and not enter back into the system for a period, according to the legislation, between a tenor of five and one-half to 10 years.

Although in a very strict, narrow and purist sense, one can speak to the view that the Government is borrowing money in that very strict traditional sense, it certainly is not in the way that one uses it in a commercial sense. If one were to look at it in a commercial sense and you look at the issuance of bonds—we well know that bonds are oftentimes used as a mechanism for debt financing. You want to borrow money in order to really underwrite the cost of a huge project, for example an infrastructural project, you issue bonds in order to provide that debt financing. In an instance like that, of course, there may be some risk attached to that, because you have to pay back the principal and the interest on the bonds for that purpose.

1.45 p.m.

The Member for Siparia made the point in her contribution and I quote:

“...we will be doing the Motion on the Development Loans Act and, therefore, many of the points that may be raised today in this debate”—the Member was speaking about the debate on the last occasion—“are points that would be raised with respect to the Development Loans Act.”

The Member went on to say.

“I want to place on record some of our points and the others, we would continue on Friday, when we deal with the development loans. The issue is a larger issue. If we take both of them together, there is a larger issue as to why we need to deal with liquidity management.”

Mr. Speaker, with your indulgence, I believe that has given the leeway, so to speak. When we speak of the Development Loans Act, in the context of getting the authorization to increase the ceiling, the discussion really is about liquidity management. In so doing, the Bill that was passed in this House dealt with the issue of using bonds as a liquidity management tool.

We are here specifically to deal with the Development Loans Act. In dealing with the Development Loans Act, we know that the Act speaks to using that instrument to finance general development, if I have the wording correctly. So, the question one wants to ask is what one means by “financing general development”? That really speaks to what I had initially started in my introduction.

When one looks at using bonds and using them for the purpose of financing general development, there is one interpretation which I have already addressed, which is borrowing in a very rigid, restrictive, technical or commercial sense where you are debt financing for a project. But there is another meaning to that borrowing for general developmental purposes, and that the purpose for which the Development Loans Act has been used on some occasions, and for the reason on the last occasion we passed specific legislation to deal with the second objective of development. But in the context of the legislation that uses that specific language which is the Act before us, we are looking at borrowing in a very broad sense as a tool, to ensure that our development path and our development thrust are not disruptive and compromised, and to ensure that the prescriptions that we have available respond to the challenges that we currently face.

As I said on the last occasion, it is a challenge, but I am not going into detail on it, but it is a matter for the record that the issue of inflation is a global challenge. For some economies, those in the centre, the challenge is one of stagflation potentially, that is, no growth and inflation.

For those countries which comprise the emerging and developing economies such as Trinidad and Tobago being one of them, you are looking at growth and inflation. So, the issue is, if we are looking at the borrowing in that broader context, as using the borrowing mechanism for the purposes as it has been used under the Development Loans Act, as the Act allows it to be used, as a development tool in the sense of dealing with the challenges of our economy.

Mr. Speaker, I do not want to underestimate the value of that because, as you may well know, there are countries that are emerging and developing—countries like Côte d’Ivoire and other countries in Africa that have been able to achieve substantial growth over the last two years—that is impressive in the context that you are having the United States of America with 0.5 per cent growth and Europe with 1.8 per cent—respectable levels of growth of 7 per cent and 6 per cent and saying today that food prices which are really the issue of inflation, are challenging all the developmental achievements of those economies. In fact, the inflation which is being brought about by food prices for those economies, it has the risk of taking them backward. So that all the gains that they have achieved in

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the development of their economies can be undone by the inflationary pressures those economies are now experiencing.

When we talk about general development, we cannot only look at it in the narrow sense of development and talk loans and bonds for the purposes of infrastructural work, which is clearly one of the objectives, but we must also look at it in the other context of ensuring the respectable development that this country has been experiencing is not compromised and is not in any way debilitated by the impact of inflationary pressures. So, we have looked at the Development Loans Act, as we have done in the past, as a mechanism of achieving both objectives.

As I indicated, on the last occasion, the \$1.2 billion which was left as the ceiling to the Development Loans Act has been utilized and, therefore, if we want to continue to be able to access and to do the developmental work that this Government is committed to, then it is necessary to get the authorization to increase that ceiling.

Mr. Speaker, before I move on to looking at the macroeconomic context in which these inflationary pressures are felt, I want to make the point that when we talk about the Development Loans Act, we are of the view that the Development Loans Act has assisted tremendously in easing inflationary pressures by the issuance of bonds for liquidity management. As a prudent Government and as a Government that strives at all times to be responsive to a very dynamic and volatile situation, we believe that the time has come to create a legal instrument, specifically to deal with the liquidity management. That is why the issue of the ceiling is important.

When we look at all the pieces of legislation which the hon. Member for Siparia mentioned on the last occasion—the various treasury securities, be it the Treasury Bills, the Treasury Notes and even the development loans, we note that none of those pieces of legislation speak to utilizing it for a specific purpose of liquidity management. In other words, those pieces of legislation could well be used for the other objective—the narrow or more technical objective—of issuing debt and incurring debt for the way in which, I believe, the Member of Parliament for Siparia had indicated.

In the context of using it for that purpose, clearly, there is need to put a ceiling and a constraint there. When it is being issued for liquidity management—meaning that all the moneys that are raised by the issuance of that bond, the \$1.2 billion that was raised—when it is put into a blocked account and sterilized—meaning that it does not enter back into the system to feed the liquidity and inflationary pressure—then the question of putting a ceiling there does not appear to have the same resonance of justification, because I believe that the concern

that was being expressed is that not to put a ceiling in the context of the Government borrowing for the purposes of funding projects would, in a way, amount to some level or a lack of fiscal oversight. This is not what was intended here, and the legislation is very clear.

I want to come back to the point where I started. I believe the Member for Siparia did open up the discussion to allow a further consideration, not only on the Development Loans Act which we are seeking authorization to increase the ceiling that has opened up the debate or the presentation of this Motion, in looking at it in this broader context. So, what is this broader context to which I refer? The broader context is this. If we look at Trinidad and Tobago's position, it is consolidating its progress toward the development of a vibrant and sustainable non-energy sector that would generate strong and sustainable growth.

If I may be allowed to give a little digression as I said "non-energy sector", I want to congratulate, if I may, the Trinidad and Tobago Chamber of Industry and Commerce for the cover of their last Volume 8 where it put: "Trinidad and Tobago International Financial Centre" on its cover. I did not have the opportunity to read the articles, but what it does say is that there is collaboration between the Government and the business sector. They understand the Government's commitment to diversifying out of the energy sector. If there is any testimony to that, I believe it is the kind of coverage that the chamber has given to the effort of this Government in establishing an international financial centre. I just want to put on record that we appreciate that gesture and that support. As we understand, an international finance centre requires promotion and promotion. I think we are getting that support from the chamber.

Getting back to the point of looking at Trinidad and Tobago's commitment, the cornerstone of the Government's policy agenda for Trinidad and Tobago is the transformation of the energy wealth into a balanced combination of external financial assets and physical and human capital. To this end, the Government has been implementing a prudent mix of macroeconomic policies that support an orderly and efficient absorption of the country's energy earnings over time. These policies take into account, as we all know, the intergenerational aspects associated with exploiting an exhaustible resource. We know that I am speaking about the Heritage and Stabilisation Fund which in 2007 became part of our law and its objective was two-pronged.

Mr. Speaker, one of them, as the name implies, was to create wealth for further generations and the Government's commitment to put a minimum of 60 per cent of the surplus revenues gained from oil into that account. As I have said,

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on other occasions, the Government has gone beyond the 60 per cent at all times. We have put between 80 per cent to 100 per cent. That is the kind of commitment that the Government has.

This high economic growth that this country has been experiencing over a decade averaging about 9 per cent over the last few years has been the result of the bold reform initiatives implemented in the 1990s by earlier PNM administrations. We know that is a fact because today there is no question that our energy economy is based on gas. We know that the decision to convert the natural gas into LNG—they had the law onto the first LNG train, not in the People's National Movement administration— but the initiative and the whole planning and vision was that of a PNM administration. There is no question about that.

So, Trinidad and Tobago has been remarkable in a regional context, and in comparison to other energy-producing economies. The economy is expected to expand to around 6 per cent by the end of 2008. That is a very respectable figure. In fact, the global growth rate is estimated to be about 4 per cent. I think a 6 per cent growth rate is more than respectable in the context of what we are experiencing today.

However, we have heard about the foreign exchange reserves. I have spoken about this on several occasions. I am going to go back a little on debt management, because the Member for Siparia made some statements and I need to clarify them, at least, for the national community. We know that—unemployment, foreign exchange reserves, our Heritage and Stabilisation Fund—all those macroeconomic indicators are excellent, and it is a matter of public record, so we do not have to debate that.

What we do know, as I have said in the past, is that the issue of inflation and inflationary pressures is a challenge for our Government. We have said that on many occasions that it is not only a challenge for the Government of Trinidad and Tobago. The difference however—I should not say the difference because I cannot speak to other countries—but I can clearly say that this country and this Government does not sit idly by and put its hands up in the air and say: “Inflation, inflation, what can we do about it?” We are a responsive Government, we are a prudent Government and we are a caring Government.

2.00 p.m.

In so doing we understand that the inflationary pressures which are really being exacerbated by what we know as liquidity overhang, which is a fancy term but you could almost say, too much of a good thing; too much of a good thing

because there is a lot of money in the system. Trinidad and Tobago's economy has taken off and there is a tremendous amount of liquidity, a tremendous amount of money in the system, and that liquidity is being exacerbated, so to speak, by bank credit expansion, by the level of consumerism and also by the level of public and private expenditure.

So there is no question that with our exceptional performance there are consequences and it is not an unheard of consequence, because that is the consequence that all emerging and developing economies are grappling with, the pressures of inflation. So, what does this Government do being a Government that is responsible and prudent? This is where the Central Bank plays a critical role in managing our liquidity, because as I indicated at the very offset, and this is what the Development Loans Act in part has dealt with and also the other pieces of legislation to which the hon. Member referred on the last occasion, it is to deal with the liquidity issue and managing our liquidity situation. So the Central Bank has played a critical role, as all central banks and all responsible central banks are so required, and they are playing that crucial role in managing that inflationary pressure.

Let us look therefore at some of the instruments, some of what we call “open market operation initiatives” that the Central Bank has put in place in order to deal with this liquidity overhang that we are experiencing. We looked first at—in terms of looking at that—what we will call in a simple way, quantitative restrictions. What we really mean by that is credit control, limiting access to credit, and that started, not in this dispensation but several years ago. Its various sectors or selected classes of borrowing in the economy for example, in the 1970s, the bank imposed limits on the amount of credit extended to non-residents. These limits were revised several times until the system was dismantled in the 1990s.

Another form of credit control was by means of extending credit to particular sectors of the economy. Example: agriculture and export in the 1970s. By the early 1990s most of the selective credit control mechanisms were removed in an effort to increase efficiency. But most countries have completely abandoned the use of that type of instrument as a monetary policy. What I am speaking to, is that the Government as a responsible Government has always addressed the issues, and the issue at that time would have been an issue of managing the liquidity and that was the mechanism that was put in place.

Another mechanism that the Central Bank has used and continues to use as all central banks all over the world do, is the reserve requirement. In fact the reserve requirement has been raised by the Central Bank over the last few months from 11 per cent to 13 per cent. All that really means is that every commercial bank is required

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to keep a percentage of their cash in deposits in the Central Bank. These reserve requirements have been actively used over the years as a tool of monetary policy.

This system, which was once widespread in both developed and developing countries, however, began to lose favour as financial markets evolved and banks began to receive increased funding from sources other than deposits. Now, when I say that, in the context of Trinidad and Tobago the reserve requirement, as I indicated, had been raised from 11 per cent to 13 per cent. Part of the challenge of that prescription—because it is a prescription for dealing with the liquidity issues in the system—is the very thing that you are trying to fight, which is the liquidity. In other words, banks as we know, as I indicated when I said what are the causes of the inflation in our economy, and I said it was the liquidity and what is feeding the liquidity among other things is the bank credit expansion.

What is happening, in fact, over the last few years, bank credit expansion has increased over a year by about 20 per cent. In fact, it is only very recently we see that that has fallen to about 18 per cent, I think, in the last media release from the Central Bank. But it is using it as a tool to curtail in a sense the amount of liquidity in the system, the Central Bank as other responsible central banks, has used it as a tool, and only recently we have started to feel the positive impact of that as an open market operation prescription.

Mr. Speaker, apart from using the reserve requirements as one of the weapons to deal with liquidity, the Central Bank has also issued a sale of foreign currency. There are certain banks that are authorized so to do and in the last few years, I do not have the exact dates with me, but, certainly, not this year, perhaps the year before or the last two years, the Government did, through the Central Bank as the fiscal agent of the Government, sell US currency. Again, as an effort to mop up liquidity, to pull money out of the system, and that too had its impact on the liquidity system.

So, we see from what I have said, we have looked at the reserve requirements, we have looked also at using the sale of currency, and we are certainly using it as one of the tools to dampen liquidity and to dampen the demand, the repo rate. The repo rate is just what you would call a policy rate. In other words, that is the rate that the Central Bank would charge to a bank which wants to borrow from the bank, usually on using an overnight basis. They have to reconcile their books and then go to the Central Bank and borrow.

Now, at a certain point in time there was not that level of borrowing from the Central Bank because there was so much liquidity in the system, a lot of the banks lent and borrowed, they had that arrangement. Certainly, the repo rate is a

mechanism that sets a sort of policy rate for loans. In other words, if you have to borrow at a particular level, certain commercial banks will not lend below that repo rate. In the context of Trinidad and Tobago, the Central Bank raised the repo rate from 8 per cent to 8.25 per cent.

I want to say on that point, and the point being as I started by saying is, you always want to have mechanisms and prescriptions that are appropriate to the challenge with which you are confronted. So, by way of analogy, we look at what is happening in the United States and many of the European countries, it is the opposite of what is happening in Trinidad and Tobago. They have dropped the equivalent of the repo rate, what they call their federal rate. They have dropped it to 2 per cent in order to encourage consumer spending, to encourage people to take out loans, encourage in an effort to stimulate the economy, because they are facing a tremendous credit crunch. So, that is the prescription that the United States faces with a credit crunch, tight circumstance has used that prescription.

We, on the other hand, are using that same tool, but instead of dropping the repo rate, we increased that repo rate or that policy rate to 8.25 per cent in order to discourage the level of borrowing, and to dampen the liquidity in the system. So, we have dealt with the mechanisms that the Central Bank has used and I come finally to the one at hand which is under the Development Loans Act and the other pieces of legislation to which the hon. Member for Siparia alluded on the last occasion. That is the use of Bonds under the Development Loans Act for liquidity management.

Mr. Speaker, bonds were issued under the Development Loans Act for the purpose of liquidity management despite—and I think in this answer I hope I would be answering some of the queries that the Member for Siparia raised, despite the availability of unutilized balances under the Treasury Bills Act and the Treasury Notes Act, for reasons relating, both to the demand profile in the marketplace and the extent of liquidity overhang in the system. Both considerations pointed towards the need for longer tenors. And when you say longer tenors or longer duration, because what a bond is, it is like an IOU. A bond is like an IOU, you are raising money, and in order to raise money you are creating for the Government, in any event, you are creating an IOU situation. It is a situation where you owe, so you are raising money in that context.

In doing so, the mechanism that has been used in the past is the Development Loans Act and the critical thing with regard to that is the tenor, the duration of those notes or those bills. In the context of the Treasury Bill, its tenor, the duration is one year; in the context of the Treasury Notes it is five years. So when

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you look at the one year tenor and a five-year tenor, what one has to look at is whether a bond issued for that period of one year or five years will assist us in addressing the liquidity issue. What do I mean by that?

If it is a one-year duration, it means that at the end of one year the principal—that is the moneys borrowed—will have to be paid back to whom it had been borrowed. So, from whom ever bonds have been issued—the bond holders—the principal must be paid back at the end of that period. If it is issued for five years it means that at the end of the five years the principal amount will have to be paid back at—what they call the redemption date—the end of the five years. Of course you are paying interest on that bond which is, of course, the attractiveness about the bond. There are many things attractive about a bond which I would not speak to you immediately, but the point is, the duration.

If you are using a bond as we have been using the bond or the bills—Treasury securities—whether it is a bill or a note, and in the case of the last Bill we presented, those Treasury securities as our liquidity management tool, it is clear that if you were to issue it under the Treasury Bill, you are only dealing with a one-year period. That means in one year's time the principal would have to reenter the system. If you do it under the Treasury Notes, it is reentering the system within five years.

What we have come to understand in the context of Trinidad and Tobago, and it is not an issue for Trinidad and Tobago only, that what we are experiencing is a liquidity overhang—too much of a good thing in one sense—that has not persisted for five years, but it is what we call, a structural liquidity. In order to deal with that, it is important if you are using the bond as a mechanism to pull money out of the system, put it into a blocked account, sterilize it, it only stands to reason that you want to have the flexibility and the ability to issue such bonds for a longer period. By so doing you are keeping the money out of the system for a longer period, and also avoiding the bunching up of not only the interest but the principal payments. When the principal redemption date becomes due and moneys have to be paid, it is a charge on the Consolidated Fund and it must be paid out of the Consolidated Fund. You certainly do not want all of those payments being bunched up at the same time. That certainly would not be prudent management of the economy.

So, Mr. Speaker, when we looked at the Development Loans Act, why it was particularly attractive is because it allowed you to issue bonds for a longer period than five years. Because what we had on the books was Treasury Bills for one year, Treasury Notes for five years. We needed the flexibility of bonds that will give you Treasury securities that gave you a longer period to deal with the issue at hand, to give you the prescription to the challenge that we were facing.

So, I hope in a sense that would answer the query of the Member of Parliament for Siparia, why not under the Treasury Bills and why not under the Treasury Notes? Why not? Because the duration does not give us the flexibility. As I speak to that and I speak to the duration under the Development Loans Act and also the Bill that was passed on Monday; it does not only give the Government the opportunity to dampen liquidity by pulling money out of the system, but it helps in the development of the capital market. What it does for the institution and investor, it gives him another investment instrument.

2.15 p.m.

Mr. Speaker, we know today, the financial markets are beset by—I do not think I am underestimating it to say it is a very volatile situation. After the sub-prime mortgage crisis, Bear Stearns nearly went under; the Government almost had to come out and bail it, that is, the federal government, so it will not be an understatement that the financial markets are under tremendously. You are looking for an investment vehicle, a safe haven, an investment that is safe and is going to assure you of fixed earnings, certainly the financial market, at least internationally, does not present such an attractive alternative.

So that when we look at the bond, it is not only something that is good for dealing with the macroeconomic issues, of dealing with inflation, but it is good for the capital development of this country because it allows you to deepen and broaden the capital market. It gives the institution investors another opportunity because the last bond issued was at 8.25 per cent and I heard the Member from the other side say, "Who is going to buy those bonds when the inflation rate is 10 per cent?" Well, I know she read—sorry, I should correct myself because I corrected the other speaker when he referred to a Member as "she", so the hon. Member for Siparia. I know that the Member has read the newspapers, and has read that it is not only this bond was oversubscribed, every single—and without fear of any contradiction on that—bond that has been issued by the Central Bank over the last few years has been oversubscribed.

In fact, I believe I have the figures here with me. Certainly, if I do not have them here, immediately, I would be very happy to read them out for the benefit of the Member in my winding up, but there is no question about it that every single one has been oversubscribed and I have given some of the reasons. If you are looking at a volatile financial market, you are looking at the fact that regardless of what the Member says that 8.25 per cent does not address the 10 per cent inflation, but if you look at what other investment vehicles are available, whether it is through the banks or other financial institutions, I think that competitively 8.25 per cent is an attractive interest payment, and the facts speak for themselves.

In fact, I have a note here that says every single auction of Government paper since November 2006, has been heavily oversubscribed. The July 02 auction was overwhelmingly successful for several reasons. *[Interruption]*

Mr. Dumas: Confidence.

Hon. K. Nunez-Tesheira: Confidence: I want to say this; you will say that all Treasury securities are government-backed, so that in itself gives you a sense of safety. But I want to say in the context of Trinidad and Tobago and our bond issuance, Standard and Poors; I do not think anybody could question the ratings of Standard and Poors. Standard and Poors has given our bonds an A-minus rating on the last occasion, and I anticipate that if we do not get an A-minus, it certainly would go up, definitely not down. *[Desk thumping]* And what that says is that Trinidad and Tobago bonds, if you are an investor, are a good investment. That is what it says. It says to the external investor, the internal investor, whether the institutional or the individual, that bonds are a good investment.

So, Mr. Speaker, we know that looking at Treasury Bonds, under the Development Loans Act it is important as I said for capital market development. An efficient capital market is an indispensable requirement for sustainable economic transformation, as it supports the mobilization of domestic savings by providing investors with alternatives for investment and risk diversification; permits companies and governments to raise long-term resources at lower cost; promotes efficiency and competition in the financial system and creates an avenue for the population to participate—and I want to emphasize that because I want to disabuse if that is the view, that bonds are for the institutional investor. Bonds are for each and every citizen of Trinidad and Tobago, and I want to encourage because we are dealing with inflation and we are trying to encourage the population to develop a culture of savings. The Central Bank has launched a financial literacy programme and I want to encourage the ordinary citizen, not only the institutional investor, to take advantage of the opportunity to hold bonds, because it is a safe and very secure investment opportunity, not only for the institutional investor, but the man in the street. So I want to encourage the man in the street, each and every one of them, to take advantage of that opportunity.

So, we in Trinidad and Tobago are trying to move beyond the limitations dictated by small size to create diversified capital market to facilitate the process of economic transformation and to set the stage for emergence as an international financial centre. I want to say on that point; it is really a case of size not mattering. If you look at Dubai, Singapore, only twice the size I believe of Tobago, Member for Tobago East. *(Member looks at Member for Tobago East)*

Mr. Dumas: Of course.

Hon. K. Nunez-Tesheira: And we look at Dublin, certainly yes, certainly it is not a small country in comparison to Trinidad, but in the context of Europe, what my point is size does not matter. What matters is economic certainty. What matters is political stability. What matters is a government committed to the development of the economy and has the indicators to prove it.

Mr. Speaker, we know for instance in Trinidad and Tobago, we talk about the government's commitment to the energy or focus on the energy sector. Are we aware that the business financial services sector contributed 14.5 per cent to the GDP of this country? Are we aware that the non-energy manufacturing sector has grown an average of about 8 per cent? This country is committed and this Government is committed to the economic transformation of this country and we see the international financial centre as an appropriate vehicle for so doing.

So in Trinidad and Tobago, the Government and the Central Bank have made a series of critical interventions to spur capital market development along market-based lines. For example, in 2004, we changed the mechanism for primary market issuance from an underwriting system to an auction mechanism which serves—which is something this Government is committed to—to increase transparency, stimulate competition and improve the process of price determination.

Mr. Speaker, these various interventions, auction system, the online system and the central depository system, all provide the platform for further development of the secondary market for government's securities. We understand the tremendous benefits that the secondary market brings to the economy of Trinidad and Tobago. Why I say that is the issuance of bonds, as I indicated, it is what you might want to call a win-win situation; a win-win in the context that it helps assist the Government to deal with the challenge and provide the appropriate prescription to the inflationary pressures. But it also provides a vehicle for those who are looking for investment opportunities, to find a safe haven, a profitable one, no question about it to invest their money, but also to help in the development of the secondary bond market to which this Government is committed.

I want to turn to a point that was raised, if I may, and I perhaps may have mentioned it, but I think it is worth reinforcing so that certainly when the press covers this, that there is no question of the intent and focus certainly of the Treasury Bonds Bill that we had debated, and also in the context of a ceiling. We understand that there must be a ceiling to the Development Loans Act. We understand that and that is why the legislation speaks to that because the

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Development Loans Act, as I indicated when I began, I stated that it serves two purposes. It serves the purpose of general development in the context of borrowing for the purposes of financing, infrastructural work in a commercial sense. But it also serves another purpose which it has been used for and used for successfully, to deal with the challenges to our development which inflationary pressures present.

Mr. Speaker, in the context that that Development Loans Act serves a two-pronged purpose in the context that the Treasury Notes Act does not stipulate the purpose for which bonds may be issued, or neither the Treasury Note or Treasury Bills Act. We understand, therefore, it is important to put the ceiling because it could be used for the first purpose, the purpose of financing debt as the Member for Siparia had indicated. So we understand why there must be a ceiling, but the absence of a ceiling to the issuing of Treasury Bonds, which is a matter that the Member for Siparia was violently opposed to, but I can only hazard, because that is the only thing I can hazard and I am going to be guided by the comments that were made. The comments that were made in relation to the concern raised about not putting a ceiling, seem to come from a fundamental misunderstanding of the objective of that legislation, and I would only speak to what the Member had said on the last occasion, when speaking to the Bill.

The Member said:

"The first point I would like to make is that this Bill"—that Bill, the Treasury Bonds Bill—"represents yet another example of Government creating a brand new borrowing instrument. Let us not get carried away with liquidity management. As I have said, we will deal with that whole issue of liquidity in the system in depth on Friday. Our concern is that the Government is creating a brand new borrowing instrument... Let us not fool ourselves. What this means is that the Government would be engaging in borrowing. That is where we are going. This is an instrument to allow the Government to create a brand new borrowing instrument."

Mr. Speaker—

Mr. Speaker: One minute. Minister, there is a point of order.

Dr. Gopeesingh: Mr. Speaker, I think what the hon. Minister is engaging in her presentation—

Mr. Speaker: Which is your point of order?

Dr. Gopeesingh: The point of order, she is irrelevant to this—

Mr. Speaker: No, no. You must quote the Standing Orders, please. Minister.

Mr. Ramnath: No, no, do not be rude. I have seen you [*Inaudible*] rude, shut up.

Mr. Speaker: No, no. no. Please, hon. Members. Hon. Minister of Finance, please proceed.

Hon. K. Nunez-Tesheira:—in order to emphasize that it is important—the reason I refer to this matter is because I read the newspaper articles and one gets the impression under that Treasury Bills that was passed here and it is related because the Member of Parliament made the point when the Member of Parliament for Siparia began, that there was an interconnection between the Development Loans amendment as the Member called it, and those other Bills and I suspect that when the Member speaks, that the Member will speak to those issues, so I am guided by that.

Mr. Speaker, the reason I am at pains to make the point about the ceiling, is that when we spoke about the Treasury Bonds Bill and having no ceiling, it seems I will have to concede perhaps, or the Member for Siparia based on her utterances, seemed to be of the view that we were going to use the Treasury Bonds Act for the purposes of borrowing in the strict commercial sense for incurring debt and not as a liquidity management tool. Perhaps the Member did not hear that we said that it was going to be put into a blocked account, sterilized, and not brought back into the system. It cannot be entered into the system.

But it appeared that there was a misunderstanding because I quote from the Member on the last occasion when speaking on that Bill. The Member said:

"In 1995 it was \$2 billion. I believe that has now been increased. Why do we not use those? Have we exceeded those limits? If we have exceeded those limits and we go to the Development Loans Act, that limit is a very high limit. We have maxed that out as well—"and this is the point—"What has been happening and has already happened with this brand new borrowing instrument is that the Government is taking this country and the future generations into the valley of debt. That is where we are going. When you borrow it is debt. When you go into that valley of death, we are in effect going down the valley of death because these are things that are creating the situation in the country."

2.30 p.m.

Mr. Speaker, I am subject to being corrected in not understanding the contribution, forgive me for that, but it was my impression that the Member was somehow saying to this honourable House and the national community, that the

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Bill which was piloted in this House was going to create debt, when, in fact, it was the opposite. It was the absolute opposite of its intent and purpose. That was why we created a special instrument to do so; that was why there was no need to put a ceiling, since the objective was clearly spelt out, that it was for the purposes of liquidity management to control the inflation in the country. [*Desk thumping*] That was clear. It is not like the development loan which has two purposes; it is not like the Treasury Bills that could be used for both; it was very clear, so there is no need to put a ceiling, because it is not going to be used to take us into a valley of death or a valley of debt, as the Member said.

The absence of a ceiling on the ability of the Central Bank to issue Treasury Bonds is to allow the Central Bank the full flexibility with which to conduct what? Its monetary policy; without having to be dependent on central Government. I read an article and, in fact, it was from *The Economist*. One of the things it talked about was the challenges of central banks all over the world. One of the things it was speaking to was the lack of independence of many of the central banks in emerging developing economies. Two examples were used: China and India. The point was made that while those central banks were willing—[*Interruption*]

Dr. Gopeesingh: Mr. Speaker, I got the relevant Standing Order, 36(3):

"It shall be out of order to attempt to..."—[*Interruption*]

Mr. Speaker: You just have to say 36(3). [*Crosstalk*]

Mr. Ramnath: Totally irrelevant, and rude and cocky.

Mr. Speaker: Please, proceed.

Hon. K. Nunez-Testheira: Mr. Speaker, although I do not have Vision 2020 at this point in time, I suspect that when the Members on the other side make their contributions, they too would be speaking about the Treasury Bills and Treasury Notes; I suspect that their discussion would be on that, but I still stand to be corrected.

In any event, the absence of a ceiling is to give the Central Bank that flexibility and independence. In *The Economist*—which I indicated I like to read—the point was made in the article "Inflation is Back", that one of the challenges was the lack of independence of central banks. One of the things the Government is committed to is ensuring that our Central Bank is independent and has the flexibility to do what it needs to do in order to manage the economy, as it is required by legislation so to do. They are the bankers of the Government, and their responsibility is to ensure that the macroeconomic indicators remain robust and healthy. That is their statutory responsibility.

The fact that the proceeds of the bonds issued for liquidity absorption are sterilized, means that the Central Bank's involvement in liquidity absorption is a one-way street. The bank can only withdraw from the system. Bonds issued under the Development Loans Act, however, as I indicated, are out of statutory provision for sterilization; there is no provision for that. It does not mean it cannot do it, but it does not mean that it is for that particular objective.

In this situation, their proceeds could be directed for either absorption or injection and, therefore, there is the option for that two-way street. So while Government can exercise its discretion to sterilize the proceeds of bonds issued under this authority, this option is being specifically reserved for the Central Bank through the introduction of an additional and longer term instrument, as I indicated on the previous occasion, for liquidity management. In this way, Government's impact on the financial system would essentially be confined to the management of its injection into the system there would result in the effective control of inflation.

On the last occasion, the Member for Siparia asked a question that I think was quite reasonable. The hon. Member asked, "What is the cost of liquidity management through bond issues?" As I indicated, once that money is raised it is put into a blocked account and sterilized; which means it does not enter back into the system; which means really that it is not invested, because if you invest it, you are defeating the very purpose, and it is going back into the system. It is blocked off, sterilized, and in a blocked account. It is a charge on the Consolidated Fund. In addition, the coupon or interest rate that must be paid to those persons who are holders of the bonds must be paid, and it is a charge, again, on the Consolidated Fund. So the Member for Parliament asked a valid question.

Open market operations carry a fiscal cost—there is no doubt about that—which is a function of the interest rate offered on the bond. The fiscal cost for the issue of \$1.2 billion at a coupon rate of 8.25 per cent for nine years, is \$891 million. So there is no question that there is a cost. We openly admit to that. The point I hope I can impress upon this honourable House is that this cost must be weighted against the wider benefits that accrue from preventing further escalation in inflation. Even in Business 101 they talk about opportunity cost. Every time you make a decision, there is an opportunity you are giving up by exercising that. There is no question that by exercising this option, we are looking at an issue of increasing—there is a fiscal cost.

Let us look on the other side, which is really where the issue is. What would be the result if the Government and the Central Bank, acting in conjunction to assist management of that inflation, were to do nothing or if we were to put our

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hands in the air and say, "We cannot do anything about it?" I will tell you what would happen if we do not attack inflation with full force. I will tell you what is the real cost of not issuing bonds to absorb the excess liquidity in the system.

The opportunity cost, as they say in Business 101, of allowing inflation free rein, includes the reduction in the purchasing power of individuals and the prospect of demands for higher wages, as a result of the erosion of real incomes and the reduction of purchasing power that would affect everyone. If inflation is allowed to get out of hand, the demand for subsidies would increase and with it the prospect of exacerbating demand, as a result of what we call pricing distortion. In the final analysis, we not only defer the inevitable, but run the risk that second time around the impact would be more disastrous.

The loss of value on investments and savings would run into the millions of dollars if inflation increases even by a further 5 per cent. The impact on the exchange rate and the balance of payment is certain to cause hemorrhaging of our official international reserves, which have been steadfastly built up over the years and which now represent between nine to 10 months of import cover.

High inflation would affect individuals on fixed incomes, including our most vulnerable: pensioners and other retirees. The social safety net comprising the transfers to vulnerable groups would need to be expanded, if these persons are to maintain a decent standard of living to which they have become accustomed. This could easily lead to higher poverty levels and set us back years, while, at the same time, curtailing aggregate demand, output and employment.

Mr. Speaker, when I started I used the example of countries in Africa where it is a real threat, that if the inflationary trend continues, it will set back the developmental thrust of those countries. In every situation there is an opportunity cost, and we have to weigh, as a responsible government, what would happen if we sit back and do nothing. That is not an option for this Government. So, in the context of the inflationary pressures the Government is experiencing, this Development Loans Act, to which we agree there is a ceiling to be raised on \$13 billion, as it now stands—and we have reached the ceiling to be raised to \$7,000 billion—is to reach \$20 billion.

Mr. Speaker, in concluding my moving of this Resolution, I want to clarify something that I think is important; it was something that the Member for Siparia said. The only reason I am raising it is because I feel a level of responsibility; that, certainly, it was not the intent of the Member to, perhaps, give information that might not have painted the right picture. I certainly think it is our responsibility on this end to respond to it.

One of the things the Member for Siparia indicated, when speaking on the issue of the debt stock to the gross domestic product (GDP), and looking at what I considered very impressive figures—I think at the time I looked at what was happening in other Caribbean islands and I used Barbados as an example; a country that we all admire and consider to have managed its macroeconomy very well. They have a percentage of 88 per cent debt stock to GDP. I used that, not to cast aspersions or to belittle anyone, but to make the point that in the context of our debt management, this Government had brought down the public sector debt, as a percentage of GDP, to 28.3 per cent.

The Member for Siparia in her contribution on the day sought to make—well, I do not know the philosophy of the Member in terms of how you measure public sector debt—the Member, if I understood her, was saying, "No, not public sector debt as a percentage of GDP; it should be as a percentage of revenue." [*Interruption*] In the contribution the Member also made the point that we had not included some figures as our public sector debt. [*Crosstalk*] In fact, the figures that the Member said we did not include, I believe, were what was referred to as "off book budgeting". I imagine what the Member was referring to was the contingency liability, which is the liability that state enterprises incur.

I assure the Member for Siparia that the public sector debt to which we spoke, as a percentage of GDP, the contingent liability to which a letter of comfort or a government guarantee had been given, was included.

When the Member said that the public sector debt was \$24.4 billion and that we borrowed \$2 billion in the public debt and off book budgeting of \$29.9 billion, the Member then came up with a figure of \$51.36 billion. I believe that may be a case of some double counting. I am not saying that the \$29.9 billion only includes contingent liability debt, for which a letter of comfort or government guarantee has been given, but I can say though that it definitely includes that amount.

2.45 p.m.

Mr. Speaker, when we spoke of the public sector debt as being 28.3 per cent of GDP, I want to assure this honourable House that if the Member was speaking of contingent liability and including it in the phrase of book budgeting, I want to assure the Member that that contingent liability was included in that 28.3 per cent.

The other side has said that the Member has not spoken yet and in the closing of this debate, I would want to speak to the point I had raised comparing GDP, the public sector debt—a percentage of GDP—instead of using that well-known, respected and universally accepted formula comparing public sector debt as a percentage of revenue.

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I would like in my winding up particularly, to refer to that matter, but I end by saying I believe this Government has stated, shown and manifested as it has done on so many occasions that we are responsible and responsive and that in the context of that, this resolution to increase the ceiling from the \$13,000 million to \$20,000 million is done in the context of the Government's commitment to the general development of this country for which there can be no question that this Government, by all indication, has done masterfully and for which we can be justifiably proud, not only on this side, but the people and every citizen of Trinidad and Tobago.

Thank you, Mr. Speaker.

Question proposed.

Mr. Vasant Bharath (*St. Augustine*): Mr. Speaker, we are here yet again today to discuss an issue of borrowing more money and incurring further debt on behalf of the population of Trinidad and Tobago because this Government has yet again maxed out its borrowing limits on another financial instrument. To make matters worse, the hon. Minister regurgitated most of her contribution she made on Monday and also a lot of what the hon. Member for Siparia said on Monday. So effectively, I am responding now to the Minister responding to the Member for Siparia.

Mr. Speaker, as the Minister said, this Motion seeks to authorize the Minister to increase the borrowing limits on the Development Loans Act from \$13 billion to \$20 billion in order to sap up further liquidity in the economy.

The Minister also reminded us that this follows very closely on the heels of the issue of bonds of \$1.2 billion some nine days ago. The Minister also went into great detail and took great pains to tell us what great value for money these bonds represented. What the Minister failed to inform us of is the fact that actually more than 98 per cent of these bonds were taken up by institutional investors. The small man-in-the-street took up only less than 2 per cent of these bonds so he clearly understands that the rate of inflation running at 10 per cent, bonds being issued at 8.25 per cent, does not really represent a good investment as far as he is concerned. Clearly, the man-in-the-street has a better grasp of finance than the Minister. [*Desk thumping*]

The Minister went on to quote extensively the coupon rate that is being offered for bonds in the United States of America, 4.5 per cent; Japan, 1.79 per cent; Britain, 5.15 per cent; Canada, 3.89 per cent, but what the Minister conveniently forgot to tell us is that the inflation rates in those countries are significantly lower than those coupon rates. They are not high like in Trinidad,

they are significantly lower. For example, the US average inflation rate for 2007 was less than 3 per cent; in the United Kingdom it is 3.3 per cent; in Japan it is 0.03 per cent and in Canada it is 2.2 per cent.

Additionally, in most of these mature markets these bonds are indexed linked, for example, investors' moneys are not eroded as a result of inflation as it will be in Trinidad and Tobago.

Mr. Speaker, the Minister spoke at length of the Treasury Bonds Bill that she piloted in the House on Monday of this week. We also know that this Bill was passed without any limits or ceiling. You will recall that the Opposition launched a vigorous protest because effectively what it did was to allow the Government an open cheque book on this Government's economy to continue its rampant expenditure, excessive spending and squandermania as a result of no ceiling and no limit.

Mr. Speaker, over the last five years, in fact from 2003—the Central Bank's figure showed that this Government has issued bonds to the tune of \$10 billion into this economy in an effort to hide its incompetence and its fiscal failings. So what is really at stake here is the question of what has brought us to this position. What has given rise to this inflationary spiral that we find ourselves in that we have to continually inject moneys into the economy to curb inflation and mop up liquidity?

Mr. Speaker, as a result of these continuous interventions by the Central Bank, over the last three years the repo rate about which the Minister spoke has been increased nine times since May 2006. In August 2004, the repo rate in Trinidad and Tobago was 5 per cent, today it is 8 1/4 per cent, an increase of 65 per cent, and despite what the Minister tells us, the effect of that is that the commercial rates of interest in the banks would have gone up, and the cost of doing business would have gone up, and the cost of produce and goods to the ordinary consumer industry would also have gone up. So that is the effect of increasing the repo rate in Trinidad and Tobago.

Mr. Speaker, while the Central Bank is busy fighting these economic files, the Government's arsonists are busy pouring more gasoline into the economy. [*Desk thumping*] A country's economy should always function in the interest of all its people, not just a select few, but we all know that in Trinidad and Tobago that is not the case where reckless spending, corrupt practices and a flagrant disregard for the law by this Government has led to an inflationary spiral that pauperizes and threatens the lives of hundreds of thousands of our citizens. [*Desk thumping*]

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We are now in a precarious situation where our economy is in the throes of deep and excessive inflation. We are in a process whereby inflation has taken over everything that is taking place in Trinidad and Tobago. In fact, what we are seeing currently is not just inflation and excessive spending but capital flight. It is a lack of prudence and a simple incompetence in handling our country's affairs that has brought us here to discuss this Bill today and the increase in the limits of the Development Loans Act.

Mr. Speaker, this is despite repeated warnings and pleadings from the Governor of the Central Bank, Mr. Ewart Williams, the IMF, other international agencies, as well as the Opposition. This Government has played fast and loose with this country's money to the tune of almost \$250 billion in the last six years and it is this wild and frenzied spending that is destroying the wealth of our citizens.

Mr. Speaker, we now have a significant liquidity problem in our non-oil fiscal deficit which is currently running at 15 per cent of our GDP. This means that we continually have to create new money to fund this difference and to service these commitments, thereby fuelling further inflation in the economy. And every time we mop up liquidity in this manner, we increase public debt, despite what the Minister tries to tell us, which one day our children would be saddled and burdened with, much in the same way that we were saddled and burdened in 1986 when this country was left bankrupt after 30 years of mismanagement by this Government. [*Desk thumping*]

Mr. Speaker, this Government likes to come to this Parliament and boast that our public debt has decreased as a percentage of our GDP. The actual fact is that our public debt has increased from \$29.78 billion in 2001 when the UNC left office to \$37.4 billion as it is to the end of last year, an increase of \$8 billion in actuality. What a shameful indictment of any government!

No wonder that according to the World Economic Forum's Global Competitive Index this Government has presided over the most cataclysmic and catastrophic decline in the competitiveness in this country since 2001 when we were ranked 35th in the listing. Today we are ranked at number 84 out of 131. In fact, in the last year alone Trinidad and Tobago has slipped by 17 places.

Let me read for you what the report said in the 2007—2008 World Economic Forum's Global Competitiveness Report: It noted that Trinidad and Tobago listed crime and theft, inefficient Government bureaucracy, a poor work ethic in the national labour force and corruption as the four main problematic areas.

The goodly Member for Tobago East—I am not sure why he responded on this matter and not the Minister of Finance—says:

“...the Government was not completely convinced that the ranking this nation received was an accurate assessment of this nation’s competitiveness.”

He went on to say.

“The reliability of the statistics on which this was determined is called into question.”

He is questioning the statistics of the World Economic Forum’s Global Competitiveness Index, *Saturday Express*, July 05, 2008.

Mr. Speaker, what a sad commentary! Where have we reached in Trinidad and Tobago when the Minister of Labour is criticizing the figures of the World Economic Forum?

Mr. Speaker, this is the same Government that has not yet set up the Commission of Enquiry into UDeCott that was determined in this House some seven weeks ago. We have been told through the media that the Prime Minister has been too busy, traipsing around the world on a hired jet all over the place, to pay any attention to this state agency that is bleeding money and spending it as if it is going out of style.

Can you imagine that UDeCott is under a cloud of suspicion and the commission of enquiry that was promised several weeks ago has not yet been put in place, and the persons against whom the allegations have been made are still making contractual obligations on behalf of UDeCott?

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They still have unfettered and unrestricted access to the very files, that they indict them. This is encouraging corruption and using state complicity to do that. [*Desk thumping*] Despite public condemnation and professional protestation by people who are working on these projects, work carries on unabated. As the Member for Diego Martin North/East likes to say, it is full steam ahead.

Let me read for this honourable House, some of the comments made by these professionals regarding some of the work taking place under UdeCott’s watch. It refers to the curtain wall that is going up on the Ministry of Education’s building. I am quoting from an article, “Lost in translation?” in the *Business Guardian* of Thursday July 03, 2008. It says:

“In both of the curtain wall letters, these construction professionals were so concerned about the level of workmanship and the non-compliance with specifications that they called for the installation to be stopped.

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Those letters were written by Gillespie and Steel director Colvin Chen and UdeCott's project manager for the Ministry of Education building, Karen Medina. In other words, the client's project manager was so concerned that she directed the contractor, Shanghai Construction Group's local subsidiary, 'to cease all installations of curtain wall panels at the Ministry of Education until such time as you receive further instructions from us.'"

Those were her words.

The response from Shanghai Construction Limited was to have a full page ad in the *Trinidad Guardian* in which it said:

"...statements carried in the media suggesting that questionable work was done on the curtain wall at the Ministry of Education Tower...by Shanghai Construction Group are absolutely untrue and a misrepresentation of the facts.'

In effect, Shanghai Construction Group is asserting that the 'serious concerns' raised by the building's local architect (Gillespie and Steel), the local professional representative of the client (Udecott's Karen Medina), the local consultant engineer (CEP's Anthony Farrell), the foreign project manager (CH2M Lockwood Greene), the foreign curtain wall consultant (Arup Facade Engineering) and the curtain wall provider (Dow Corning China) 'are absolutely untrue and a misrepresentation of the facts.'

In other words, highly respected representatives of six enterprises from T&T, the US, Europe and China...sat down one day and decided to write statements that were 'absolutely untrue and a misrepresentation of the facts' about the Shanghai Construction Group."

On May 06, another letter was written by Colvin Chen of Gillespie and Steel to Calder Hart. I will give you a brief indication of what was said at the conclusion of that letter. He said:

"We repeat the following issues:

- (1) Panels have been installed in areas where the fire proofing of the structural steel frame was incomplete. Integral safety of the steel structure has been compromised. Building insurance coverage with this known defect could be a problem in the making...
- (3) There is absolutely no quality control in carrying out the installation, as evidenced by the daily record photographs taken by Lockwood Greene.

In fact, there is not even an effort being made to correct any of the defects that have been drawn to SGC's attention;...

'We are emphatic in reinforcing the recommendations of Lockwood Greene and Arup Facade Engineering that the works installed to date must be removed, deficiencies addressed and corrected and reassembly carried out in a proper manner. The curtain wall installation is still proceeding despite three stop-work orders...

Gillespie and Steel Ltd cannot be party to inaction and compromises by the client which permit the acceptance of extremely poor quality product in contravention of the contract specifications and...which is likely to be problematic in the future in terms of both safety and water-tightness.'"

These are some of the comments being made by the professionals. Yet despite that, work continues to go on unabated, aided and abetted by this very sick and unholy Government.

For example, we have been reliably informed that on the day that UDeCott's Commission of Enquiry was announced in this House, a very large private construction taking place in the Chaguanas area was halted. It came to an abrupt and sudden halt. The owner of that large housing construction development is a director of UDeCott.

Mr. Speaker: I have allowed you some latitude, but I am not seeing the relevance of what you are talking about to the Motion before us.

Mr. V. Bharath: Mr. Speaker, I am talking about the reason that we are in this inflationary spiral and have to pump money continually into the system or take out money from the system to correct the inflationary pressures that we have is because of the wild spending and corruption of this Government. [*Desk thumping*] That is the relevance.

Mr. Ramnath: She was totally irrelevant.

Mr. Speaker: Order! Order, please!

Mr. Ramnath: You could put me out if you want. You put out Panday. I could go too.

Mr. V. Bharath: Thank you, Mr. Speaker. Why would these works have been stopped? If everything was above board, why would these works have been stopped?

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I will mention briefly one more issue on UDeCott. It is a headline, “Lockwood Greene washes hands of St. Vincent Street Tower. This is on the *Trinidad Guardian* dated June 17. It states:

“Lockwood Greene, the project manager of the Urban Development Corporation...for the construction of the Ministry of Education tower...is packing up shop and washing its hands of.

Lockwood Greene’s decision to leave Trinidad came after it sent an email to UdeCott on May 27 accusing it of failing to stop the building’s contractor, China’s Shanghai Construction Group from installing the structure’s glass paneling, called curtainwall.

They accused SGC of not installing the acceptable panels in accordance with specifications of their own approved shop drawings.

“...for the majority of issues to be corrected, the curtainwall system ‘would have to be completely disassembled’ which UdeCott knew.”

Works carry on unabated. This Government has absolutely no intention of accounting to the people of Trinidad and Tobago, from the refusal to declare the recipients of \$45 million worth of scholarships to the payment of fees to a leading lawyer for State briefs, to the question of to whom the 28,000 houses that they have built have been allocated. There is much stench in the staterooms of Trinidad and Tobago. The reckless squandermania and megaprojects is now a well documented part of PNM’s history and is firmly entrenched in the annals of the PNM. We must remind ourselves and the people of Trinidad and Tobago that all these projects are capital intensive; foreign exchange-using and unsustainable, as far as the creation of jobs in this country.

They remind us of Venezuela which has built aluminium smelters; the world’s largest hydro-electric dam on the banks of the Orinoco; tunnels and skyscrapers in Caracas; chemical plants and vast highways, but today, Venezuela is an underdeveloped country, that if tomorrow they could not import two-thirds of their food from the United States of America, they would all starve, after all this development and megaprojects they have launched into. The question everyone is asking is: Why the rush? By what convoluted and perverse logic have we embarked on these megaprojects to the detriment of our citizens. Is it that we must complete all these projects before a proper procurement regime is put in place?

That brings me to another haven of corruption, the University of Trinidad and Tobago, fondly known as UTT. That is a matter that has been raised by several

Members of this House on many occasions, particularly my colleague sitting next to me, the Member for Caroni East, and described by none other than their former vice-president of finance, as “a cesspool of corruption”. This is an organization that in its four years of existence has never been subject to any audit. This organization according to the latest PSIP reports, the capital cost of construction has ballooned from \$600 million to \$10 billion. This is an organization where tens of millions of taxpayers’ dollars are being used only to fund the payment of fees. This is an organization where the chairman and president of the board have gone to the court to prevent the Integrity Commission from investigating the more than \$600 million that is being given to the UTT as grants. This is the territory of the energy czar, Mr. Ken Julien.

Let me make mention of some of the irregularities and wastage of this country’s money that is taking place at UTT and the reason we have to come back continually to Parliament to correct the inflationary spiral that is taking place. Diamond Systems and Supplies Limited is an organization that was set up to purchase Dell computers on behalf of the University of Trinidad and Tobago. During the period January 04 to May 05, Diamond Systems and Supplies Limited purchased \$12 million worth of computers. There was no tender for these computers. Diamond Systems and Supplies Limited was the only supplier of these computers.

Upon investigation it was found that the majority of these computers sold to UTT by Diamond Systems and Supplies Limited were inflated by over 300 per cent. A computer that would cost \$6,000 was being sold to UTT by Diamond Systems and Supplies Limited for \$25,000. That is an inflated cost of over \$8 million with no tendering procedures. The University of Trinidad and Tobago could have purchased directly from the manufacturer of the product.

Another company, Advanced Dynamics Limited, for the period September 04 to May 05, produced invoices and got paid to the value of \$657,316.73 for services rendered to the University of Trinidad and Tobago. This was in addition to the \$35,000 per month retainer that they had from UTT. I do not know of any other company in Trinidad and Tobago, that gets paid on a retainer for public relations or for that matter, anywhere else in the world that I have worked. Their contract came to an end on May 31, 2005. After May 2005, in August 2005, the vice-president of finance was presented with a cheque for \$300,000 to sign on behalf of Advanced Dynamics Limited. When he questioned the fact that this contract had ended with Advanced Dynamics, he was told:

Mr. Bhajan who is the corporate services secretary told him, do you not know who Advanced Dynamics is?

Mr. Imbert: Mr. Speaker, Standing Orders 43(2)(1) and 43(2), the Member is persisting in irrelevance. [*Interruption*]

Mr. Speaker: Order! When I drew it to his attention, I think that the Member has indicated that in terms of the resolution before the House, I get the impression that he is saying that the money is being used to fund these projects. [*Desk thumping*] I am giving you a little latitude. You need to bring it closer to the Motion.

Mr. V. Bharath: I am grateful, Mr. Speaker. When the vice-president of finance was told, do you not know who Advanced Dynamics was and he said no, he was told in no uncertain terms that Advanced Dynamics is Barry Mc Comie, the brother-in-law of Prof. Ken Julien.

3.15 p.m.

Mr. Speaker, I would mention one more on the University of Trinidad and Tobago (UTT) area. For the period January 29, 2005—February 08, 2005, two executives of UTT went on a trip; from all appearances, a joyride—London, Paris, Germany. Their fares were paid by the company—\$75,000. What is staggering is that, for that 10-day period, both of these employees, Mr. Doug Exall and Mr. Dave Bhajan, were each paid for hotel and subsistence US \$52,411.12. Each employee, by cheque Nos. 00221 and 00222 was paid hotel and subsistence in the sum of US \$52,411 each, TT \$330,000. I do not know anywhere in the world—Mr. Speaker, I am sure you have been all over the world—where I can spend \$33,000 a day per person for hotel and subsistence.

This is why I say that this Government is robbing our children of their money and their future. [*Desk thumping*] This is nothing more than the conduct of public affairs for private advantage. I can only imagine what is taking place in other places like the Brian Lara Stadium and other projects through the country. As the good Rev. Chubby always warns them, “Stop it and stop it now!” This is the reckless and irresponsible manner in which this Government runs the country.

Very recently, the business community had cause to express concern about the level of crime and to say that as a result their businesses were being affected. It comes back to what the Minister was talking about: the issue of credibility and praising the Chamber of Commerce.

On the *Sunday Guardian* of June 08:

“T&T crime turns back Liat

The seemingly unstoppable crime rate in Trinidad is causing serious grief to the regional airline Liat.

As the murder rate rockets upwards, chances of the carrier setting up a hub at Piarco seems headed for a crash landing.”

The CEO of LIAT goes on to say that the airline had hoped to have the hub up and running in July, but the resistance they were getting from employees who were likely to be stationed in Port of Spain was more than they anticipated.

A few days after that, on June 11, there was another report on the *Daily Express*.

“...Collier: Business owners migrating due to crime rate”

The same organization that the Minister was just praising as being very cooperative and understanding the plight of the Government was saying:

“Business owners are leaving the country because of the continuing escalation of crime...”

Trinidad and Tobago Chamber of Industry and Commerce president Ian Collier said yesterday that the situation is of an even broader concern, especially when it comes to those young people, including potential business owners, who leave Trinidad and Tobago and are ‘thinking twice’ about returning home.”

What was the Government's response on this matter? On June 12, the day after, Mr. Browne, the real Minister of Finance said:

“Crime no threat to local economy

Minister in the Finance Ministry Mariano Browne yesterday said there is no evidence to indicate that current rampant crime and lawlessness is negatively impacting on local and foreign investments and on the local economy.

...Browne said statistics will show crime has no effect on investments.”

The very same people that they are praising now are the same people they are effectively cussing here.

I am reliably informed—the Prime Minister can correct me if he so wishes—that the Prime Minister sent a message to Collier that he would not be attending any future functions of the Chamber of Industry and Commerce while Mr. Collier is President of the Chamber.

Mr. Manning: Mr. Speaker, I thank the Member for St. Augustine for giving way. I think he is associating too much with Members opposite. He knows that no such thing has taken place. I cannot understand why the Member would choose that course of action rather than stay on a line that distinguishes him from his colleagues opposite, and refreshingly so. But then that is his decision.

Mr. V. Bharath: I thank you for that clarification, Mr. Prime Minister. Coming back to the matter at hand to which you were so keen for me to get back, Mr. Speaker, no one can dispute the philosophic reasoning behind the purpose of this Bill. We acknowledge that there is excess liquidity in the system brought on by the \$4.7 billion injection of cash into the economy as a result of the Royal Bank issue of shares.

We must ask questions. Why was the transaction allowed to be organized and structured in the way it was; in a way that created this further liquidity crisis? Surely the Minister of Finance would have had influence to ensure that there was less cash involved in this transaction. Surely the Minister of Finance could have insisted on a share-for-share transaction, for example, one RBC share for three or four RBTT shares? Why were the proceeds not held in Canadian funds? Why did they have to come in the local economy? They could have been held in a Canadian bank and then distributed through mutual funds.

Because of the carelessness of this Government, the people are now saddled with a debt the Minister spoke about of \$99 million every year for the next nine years, that is \$891 million for the payment of interest to cover again the Government's incompetence; but it is business as usual. Forget the Ryder Scott Report! Forget the Central Bank! Forget the IMF! Forget the other international institutions! Oil will last forever. Mercifully, the PNM will not! [*Desk thumping*]

I reiterate that this is not their money. This money belongs to the people of Trinidad and Tobago and they are jeopardizing the lives of the people of Trinidad and Tobago and future generations. How many schools could \$891 million have built? How many more police stations could \$891 million have built? How many more policemen could have been employed? How many more homes could have had running water? How many more health centres could have been built for the benefit of the people of Trinidad and Tobago

I can tell you here today that inflation can be contained at zero cost. All the Government has to do is listen to the advice of the experts and stop spending our money in the reckless way they are. That will hold inflation down so that there will be no cost to inflation. They will not have to spend hundreds of millions of dollars.

This is what we call in economics a moral hazard. They are creating the problems and throwing money to fix it. It is like you go to the doctor with a slight headache and he gives you medication and you suddenly start vomiting and have violent diarrhoea and headache because of the medication. You go back to the doctor and he gives you further medication to cure the vomiting and the diarrhoea and charges you again for doing that. They are causing their own problems and spending more money to try to fix it.

Inflation today stands at over 10 per cent despite assurances from the Prime Minister and Minister of Finance that they would have contained it below 7 per cent. In his last budget debate, the Prime Minister stated:

“The target announced for the Budget 2007 was to reduce inflation to 7 per cent by the end of 2007 and 5 per cent thereafter.”

The brutal reality is that inflation is flying as high as the useless blimp because of the commissions and omissions of this Government since it has taken office. This Government has been sidestepping and ignoring the advice of counsel both locally and internationally. The Governor of the Central Bank said sometime ago that Trinidad and Tobago was too close to a slippery slope with respect to inflation. Let me quote him. He said:

“My 30 years experience at the IMF tells me that once you get on that slope, it’s difficult and it takes very harsh measures to come back, and we’re coming close to that.”

That is the wise counsel of the Governor of the Central Bank. International funding agencies have issued similar warnings. How did the head of the Government, the hon. Prime Minister, respond at the time? He said, and I quote:

“The sky will not fall.”

Mr. Manning: I said: "The sky has not fallen."

Mr. V. Bharath: That was the well-thought-out response of the hon. Prime Minister. That is a vivid example of the haughtiness, arrogance and contempt that this Government has. These are the soothing and reassuring words of the Prime Minister of Trinidad and Tobago, who is currently enjoying renovations to his palatial mansion that cost \$150 million of taxpayers' money. That is the retort from the person who has been advising fellow Caricom leaders at their Heads of Government conferences on economic management. The sky has not fallen.

It would be laughable, if it were not so dreadfully and distressingly disturbing. While the Prime Minister lives a life of regal splendour, a single loaf of bread today costs \$10. I see poor people every single day in my constituency; people who cannot afford to buy medicines; people who cannot afford basic items of food like flour, rice, oil, milk and sugar. Sometimes they are unable to send their children to school. They do not have running water. That is the reality of the small man in the land that President George W. Bush refers to as a high income country.

Mr. Speaker, President Bush should send a representative to see how poor people manage on small fixed incomes and cannot afford to buy food. Mr. Speaker,

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you know that many of our citizens still eat out of dustbins and sleep on cardboard boxes on the pavements of Trinidad and Tobago. President Bush would discover that the poor are getting poorer. He would find out that this Government has set a poverty line of just about \$600 so that they could magically transform and reduce the number of poor people with the stroke of a pen. The sum of \$600 cannot clothe and feed one person for one week, let alone a family for a month. President Bush would find out about people like Cynthia and Sylvester, Trinidad and Tobago's invisible people living and loving in poverty.

There was an article written in the *Sunday Express* dated May 18, 2008. I want to read a few lines of this very tragic tale:

“They met, he said, in Sea Lots, where he had a small home. Cynthia's health was already failing, a body battered by years of drug use and prostitution.

One day two years ago, that home burnt. Sylvester said he would have died if Cynthia had not shaken him out of bed and got them out. They lost everything...”

Cynthia lost her legs as a result of a beating that she received at the hands of some night prowlers.

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“So, Sylvester bought a cart, one of dozens wheeled out of supermarket carparks”—and wheeled his dear Cynthia around—”The couple spent their days at the feet of Mahatma Gandhi's statue on Harris Promenade, their nights under the gaze of Marcus Garvey's smiling likeness. Sylvester fed his lady sips of milk. It was all she could keep down...”

‘Could a doctor come and see her?’ he asked. Most who passed”—averted their gaze—”He promised to buy the medication. The money, he said, was in a disability cheque in Laventille where he is originally from. Expect that he had no way of getting there, no taxi would take an unwashed man. And there was no one to look after Cynthia while he was gone.

Cynthia died on the promenade last weekend...

So last Wednesday”—I would not read the whole story—”in a mauve coloured dress, looking as pretty as she was when she was a teen, Cynthia was buried. Sylvester got a ride from the city to the countryside funeral attended by 60 people...

He helped carry her casket, said his goodbyes and returned to the Mahatma Gandhi statue to await his turn to die on the street.”—of Trinidad and Tobago.

This is life for many in Trinidad and Tobago.

I have another one. I would not read all of it.

“Poverty in Trinidad”

—and Tobago. Coincidentally, this was published on the same day as this other article, but this time in the *Sunday Guardian* of May 18, 2008.

“Things aren’t easy ‘behind God’s back’”

It talks about:

“Reuben Mohammed is a 32-year-old epileptic afflicted with cerebral palsy who lives in abject poverty.”

It talks about the conditions under which they live and the fact that there is no medical health for them; fact. It talks about the fact that when rain falls, the rain blows into their homes. When the river busts its bank or is blocked, the structures that they live in are flooded out and they have to start rebuilding again. They have no neighbours in a place where many would call “behind God’s back”. Where that family of four lives, under the circumstances, may evoke tears from even the hardest heart.

President Bush would find out, if he came to Trinidad and Tobago, or sent his representative here, that—[*Interruption*]

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

Motion made, That the hon. Member’s speaking time be extended by 30 minutes. [*Mr. R. L. Maharaj SC*]

Question put and agreed to.

Mr. V. Bharath: Thank you, Mr. Speaker. President Bush would discover, in this high-income country, that the cost of food alone, in the last five years, has increased by 218 per cent; vegetables have increased by over 40 per cent in the last year; fish by 25 per cent; meat by 20 per cent; transportation and health services; everything else in this country has gone up by more than 20 per cent in the last year.

The cost of living in Trinidad and Tobago is second as a national crisis only to the surge of crime. It is an albatross around the necks of every citizen of Trinidad and Tobago, particularly those living on fixed incomes; all of that in this country of high income. All of that in a country that the PNM, in its propaganda, says is a land of milk and honey. In this land of plenty, we have such huge poverty. What is a shame! All of that in a country in which the PNM is deluding itself. We are heading for 2020 vision and developed nation status in our lifetime.

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Whenever this Government is criticized for mismanagement of the economy, the first thing they jump up and talk about is the Revenue Stabilisation Fund. Let me read for you what distinguished economist and university Professor, Dr. Dhanaysar Mahabir, had to say in the *Sunday Express* of June 08, 2008:

“The Government is not serious about controlling inflation or it would have cut down on its spending,’ ...

...the paucity of the Heritage Fund, which only holds US \$2 billion in its coffers, is testament to the State’s lack of commitment.

‘This country needs a minimum of US \$40 billion in the Fund to satisfy its current expenditures.

‘The Government is also not serious about the Fund or we would be closer to that desired amount. If the”—this is the important part—“oil industry were to collapse, say in the event of a natural disaster, a minimum of US \$40 billion would provide us with US \$12 billion in interest, which is what we need to supplement our revenue.

That is what Dr. Mahabir had to say on the Revenue Stabilisation Fund.

The Finance Minister continually talks about how much money they have put into this Fund; insisting that there are times when they have put in more than they are supposed to put in. In her usual way how she “gallerys”, 60 per cent, 70 per cent, 80 per cent, 90 per cent, 100 per cent and she goes on and on “gallerying” to this Parliament week after week—I had a lot of practice—about how much money they have put into this fund. As they like to say on that side of the House, facts are stubborn things.

I do not know if they have read the Auditor General’s Report or how well they have read it. There was a management letter written by the Auditor General on November 30, 2007, following the audit of the fund. The Auditor had this to say:

“The full excess of petroleum revenue is not deposited in accordance with section 13(1) is of the Act.”

That is what the Auditor General said in the management letter.

Let me read for you what the Auditor General said in this letter written to the Governor of the Central Bank dated November 30, 2007:

“Calculation of Deposits Payable to the Fund

2.1 Discussions with the Director of Budgets on 2007, November 30 revealed that required quarterly Deposits for the Fund are calculated at

60% of excess petroleum revenues net of accumulated quarterly shortfalls in the financial year.

- 2.2 This calculation did not appear to follow strictly the provisions of sections 13 and 14 of the Act”—this is from the Auditor General—“in that the Act does not specifically state that cumulative quarterly variances should be used to arrive at the amounts to be deposited. It is implied in section 13(1) that the calculation of Deposits should be based on current quarter’s excess petroleum revenues only.
- 2.3 In addition, while section 14(1) stipulates”—this is the second part of the Auditor General’s letter—“a minimum of 60% of the aggregate of excess revenues to be deposited during a financial year, sections 13(1)(a) and 13(2) imply that the full amount of the excess is payable no later than the end of the month following the quarter.”

That matter was referred to the Ministry of Finance by the Central Bank and to date, unless the Minister is willing to correct me in her winding up, as far as I am aware, there has been no response from the Ministry.

The Minister of Finance is advocating this legislative measure before us as part of Government’s initiatives to sap up liquidity in the system and to counter the plague of inflation. It is a tool that has been utilized by this Government before, with no positive impact and effect.

In the third quarter of 2006, when inflation hit 10 per cent, Ken Valley, may God rest his political soul, who was a Minister in the Ministry of Finance, touted a similar measure as a solution to the problem. I quote Mr. Valley when he said:

“We expect the inflation rate to go up slightly before it starts to come down, because the Government is putting in place aggressive action to have the rate of inflation decrease over time”—Mr. Valley went on—“you have to take the rate in the context of what is being done by the Central bank to mop up liquidity and other measures employed by the Government.”

We have travelled this road before. The only thing, of course, that has happened since Mr. Valley’s statement is that his political career has come to an abrupt end. While he was expounding on inflation, his leader was determining how to impound him.

Now, we have another Minister parroting the same empty conjectures and the same empty assumptions. How then do we deal with the dilemma and the bane of inflation? The solution has been peddled and trumpeted before this Government

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so often, that if there were any shred whatsoever of competence in their ranks, this country would not be in the mess that it is in today.

Permit me, once again, to quote from the Governor of the Central Bank, Mr. Williams. He said:

“The fact is that the only way to address our inflation problem is the old fashion way, through increasing agricultural output, tight monetary policy, greater fiscal restraint and wage discipline.”—He went on to stress—“a tall order, but that prescription works all the time.”

The Central Bank as we all know, and as the Minister of Finance was very keen to point out and assure us—is the Government’s advisor on monetary matters. As you know, this Governor of the Central Bank is on record as having said that he could only proffer the advice and the Government is under no obligation to take the advice. He is the Government’s advisor on monetary policy. In this regard, you would recall that the Government was cautioned.

“Central Bank will continue to face two main challenges in this short term: containing inflation and efficiently managing the foreign exchange market.

Fiscal policy constitutes a key ingredient to the meeting of the inflation challenge. The increase in the net fiscal injection has been a main factor in the build up of inflationary pressures.”

That’s Government’s spending. The Central Bank Governor is advising them, given these influences, that a moderation in Government spending is a prerequisite for effective inflation control. That is the prerequisite; not bonds. It is financial discipline and fiscal discipline is at the root to curbing inflation.

The report goes on to say that:

“A major factor underpinning the rising inflationary pressure has been the increase in Government’s spending and its impact on the non-energy fiscal deficit.”

This Government has clearly abdicated its responsibility to the people of Trinidad and Tobago because the advice that this Government has had on inflation time and again has been consistent and uniform. Every stakeholder, including the Opposition, has repeatedly proffered the same or similar advice to that given by the Governor of the Central Bank, but the Prime Minister has refused to listen.

When the auditing firm PricewaterhouseCoopers proffered similar advice, stating that in order to bring down inflation, Government must slow up on its construction process, they were ridiculed by the Prime Minister. In fact, that has

been the consistent response from all Government's spokesmen over the last six years, even though the cost of living continues to go beyond the grasp of the ordinary man.

In April of this year, the Governor of the Central Bank, not giving up, came back, again, in the face of soaring inflation, to counsel this Government to do something urgently—those were his words—to get the agricultural thrust going. The Governor noted that agriculture was on the agenda of most countries; developed and developing. Do you know what this Government's response was? This Government's response was to send in their agents to bulldoze and destroy agricultural crops in St. Augustine and other parts of the country. Agricultural crops were bulldozed and fertile lands were wrecked. Honest, patriotic, law-abiding, hard working citizens of Trinidad and Tobago were thrown off their lands; lands that they have nurtured and cultured for years, to feed themselves and this nation. They watched helplessly as these reckless agents of the State came in, and without a care in the world, ruined the crops that they had carefully nurtured for such a long period of time. That is this Government's steady approach to developing agriculture in this country. Everything they say is lip service about agriculture. There is nothing concrete that they are doing to develop agriculture in this country.

While the Government is twiddling its thumbs, with regard to food sufficiency, the imported cost of food is likely to increase by another 30—40 per cent during the course of 2008. Our imported food bill is now in the region of over \$3 billion per year. This is a Government of big business.

3.45 p.m.

Mr. Speaker, you see, this is a Government of big business; this is a Government for friends and family. The importation of food has a lot of money to be made. With respect to the importation of food, warehousing of food, distribution of food and the retailing of food, there is a lot of money to be made. So, when your friends and family are around you want to distribute the largesse, that is how you do it, and that is why you are not encouraging agriculture in this country.

In the meantime, prime agricultural lands of Caroni (1975) Limited have been laid to waste. More than 28,000 acres of arable and productive lands have been rendered useless. Mr. Speaker, do you know why? Because of an agenda of political spite against those who this Government believes are supporters of the Opposition. [*Desk thumping*]

Which other country in the world would permit these atrocities? The megafarms that the Prime Minister and the Government continue to trumpet are

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exactly that, empty and barren promises. The planned greenhouse project is just a red herring! Everywhere, farmers are pleading for access roads, for fishing depots, irrigation, pest controls and for marketing and distribution channels. They are crying out for action against praedial larceny, for adequate compensation for flood damaged crops and for security of tenure.

At a time, when most international rice producers are preserving and hording their local production of rice for their local markets and reducing their exports, the Government has virtually driven rice farmers out of business. Dairy farmers are fleeing the industry. Fishermen and farmers are being kicked out to make room for smelters. No wonder, food security in this country is far away in terms of solving as crime is in Trinidad and Tobago.

It is no wonder that agriculture now accounts for .6 of 1 per cent of the GDP of Trinidad and Tobago. But, what do you expect when only 2 per cent of the national budget is allocated to agriculture? In fact, over the last six years, the average amount of money allocated to agriculture from 2001—2007 was \$600 million. The Brian Lara Stadium is costing more than that. I do not know what it is going to cost by the time it is finished. I presume over \$1 billion. [*Desk thumping*] They are spending \$1.5 billion on the Brian Lara Stadium and they are allocating \$600 million to the agricultural industry in Trinidad and Tobago. [*Desk thumping*]

Mr. Speaker, as recently as 2006, in the *Review of the Economy*, it stated that the agricultural sector is projected to contract—contract at that time from 1.3 per cent of GDP. Mr. Speaker, when most countries in the world are growing more food and attempting to ensure that they have greater food security, we in Trinidad and Tobago are contracting our agricultural sector.

This Opposition has recognized for a very long time that the cost of food is a significant contributor to inflation and, as a result, we have provided on numerous occasions several specific and workable proposals on this subject. This is a crucial front-burner issue that affects all of us in Trinidad and Tobago, and it requires the mobilization of technical, physical and human resources to attack this problem. It requires research, training and equipment, investments in agro-processing, meaningful participation by the farming community, use of new technology, a revision of taxes and charges applicable in the industry and guaranteed markets for these produce.

Mr. Speaker, the Government's lame-duck approach to food prices was the staging of a sham consultation on the eve of the general election. Out of that seminar, a Prices Advisory Council has been established. That council, from what

I have been told, only advises the Minister that prices are going up. That is all they do. [*Laughter*] You do not need a Prices Advisory Council to advise. Everybody here could tell you that. If you go by the cashiers in PriceSmart or anywhere they are going to tell you that the prices are going up.

I want to warn this Government that if it continues on this path of ignoring the urgency of increased food production in Trinidad and Tobago, before long, we are going to be on the fast track to famine in Trinidad and Tobago, or we are going to be in a situation where the ordinary citizen in Trinidad and Tobago is going to be unable to feed himself and his family.

Even Jamaica has been able to resuscitate its farming industry. Let me read from the *Review of the Economy 2007*; it says:

The rebound in the agricultural sector in Jamaica has contributed to a significant fall in the rate of inflation which reached 6.5 per cent at the fiscal year end and this compares favourably to the rate in 2005 which was 12½ per cent.

Mr. Speaker, they have halved their inflation rate because of agriculture. They have concentrated on the agricultural industry. What is wrong with us here in Trinidad and Tobago? Why can we not do the same thing? I am sure we have much more arable lands than Jamaica, but we do not have the political will.

Apart from thumbing its nose at agriculture, this PNM Government has also been callously dismissive of the calls to slow down on its breakneck speed of construction. All the experts agree, Mr. Prime Minister, that it is this hectic rate of construction that is contributing to the crippling inflation under which we are now buckling. [*Desk thumping*]

Mr. Manning: Mr. Speaker, I thank the hon. Member for St. Augustine for giving way. [*Interruption*] He has been kind enough to give way. Is the Member suggesting that it is the Government's breakneck speed in construction that is fuelling inflation? Is that what you are saying?

Mr. V. Bharath: I am saying that it is the major reason.

Mr. Manning: I am asking, therefore, to what extent is construction in the private sector contributing to it?

Mr. V. Bharath: Mr. Prime Minister, I am going to answer that question privately afterwards, because I have only nine minutes left. Mr. Speaker, the monstrous buildings that this Government is parading as signposts of economic development will not help us in crunch time when this country is hungry. [*Desk*

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thumping] They would be a hideous legacy of an incompetent and insensitive regime. But this Government's approach reminds us of the old adage that a fool and his money are soon parted.

The brutal reality is that this economy cannot continue to fund and absorb the current rate of expenditure that this Government has embarked upon. That is the crucial reality. It is critical that this Government reassess and re-prioritize its habits and the course in which we are heading. If it fails to do so, I am sure that the Prime Minister and the Minister of Finance will find out in a very short time that all of the monetary policies that have been put in place and the interventions by the Central Bank will be of no avail in assisting us with this soaring inflation.

In conclusion, this Government represents everything we must recoil from. The provision of yet another vehicle to borrow from the population to repair the damage incurred because of their reckless, mindless and uncontrolled spending spree, whilst at the same time perpetuating even larger fiscal injections into the economy, is the same or akin to a drug addict who borrows money to purchase drugs to cure a fix for his chills. The more drugs he takes, the more money he requires to borrow to fix the chills. There is where we are. This Minister of Finance is on a high, this Government of Trinidad and Tobago is on a high on taxpayers' money. Their policies are isolationist and reckless. Putting more moneys into the hands of these addicts is a recipe for disaster.

I propose that instead of increasing mopping up operations, we fix the problem once and for all. We confront the fact that Government's spending is too high and it should be reduced; we confront the fact that citizens are not getting value for money on these projects and that in the majority of cases these projects are over-budgeted and, in most cases, they suffer from time and cost overruns; we confront the fact that there is inadequate project supervision of all of these mega projects that the Government has embarked upon and that taxpayers are not getting what they pay for; we confront the fact that this Government prefers to hide behind words and PR exercises and that to this Government, transparency and accountability are obscene words to be avoided at all costs; and we confront the fact that even as corruption comes out of the woodwork, the Government is prepared to turn a blind eye and to condone it and look the other way.

Mr. Speaker, putting more money into the hands of such a Government does nothing but prop up an incompetent, callous and corrupt regime that has lost touch with the people and the ability and the credibility to do its job and this is contrary to the oath of all of us at our office and, certainly, to my personal credo.

Mr. Speaker, let me remind this honourable House that upon the conduct of each, depends the fate of all. I offer these humble words of advice. The Government would choose to discount and ignore this counsel to the detriment of all of us in Trinidad and Tobago.

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

Mr. Roger Joseph (*La Horqueta/Talparo*): Mr. Speaker, I thank you for the opportunity to contribute to this debate on the Motion before this honourable House. I wish to thank Almighty God for the opportunity to be a Member of this Parliament. Please permit me to thank the wonderful people of the constituency of La Horquetta/Talparo for choosing the PNM and, in so doing, electing me as their Member of Parliament. [*Desk thumping*] Mr. Speaker, I also wish to thank the Leadership of the PNM for selecting me as the party's candidate in the last general election. [*Desk thumping*]

I am pleased to contribute to this debate on this Motion. The hon. Minister of Finance and the Member of Parliament for D'Abadie/O'Meara, in speaking on this Motion in this honourable House has indicated that authorization is being sought by the Government to increase its borrowing limit by \$7 billion under the Development Loans Act.

Mr. Speaker, I think it would be useful to reiterate the main provisions of the Development Loans Act. This Act was established to authorize the Government of Trinidad and Tobago to borrow money externally or internally, by the issue of bonds for the general development of Trinidad and Tobago.

Mr. Speaker, under section 3(1) of the Act, the Government is authorized to borrow for the purpose of financing general development in Trinidad and Tobago, repayment of borrowings effected for such general development by central government, any statutory authority or an enterprise that is controlled by, or on behalf of the State. Mr. Speaker, the original Act also defines this, but I just wanted to highlight that it also included repayment of borrowings effected for general development by the University of the West Indies. This was an Act enacted in 1964.

Mr. Speaker, Government Bonds are instruments used by governments around the world as instruments of debt financing, as in the case of the Development Loans Act, or as in the case of the liquidity management in the case of the Treasury Bonds Act which was, in fact, debated this week and passed in this honourable House.

Mr. Speaker, governments around the world have funded and continue to fund their development programmes by the use of long-term financing instruments. In the United States of America, it is done by the 30-year Treasury Bond and in the United Kingdom and France by the 50-year Methuselah.

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This Government is obligated to carrying out its development programme if we are to achieve Vision 2020. I want to also suggest to this honourable House that the Government is obligated to pursuing Vision 2020 almost as a social contract with the electorate of Trinidad and Tobago.

4.00 p.m.

In the election of 2007, the Government articulated a vision to the people of Trinidad and Tobago and sought its mandate on that basis. The electorate voted overwhelmingly and conclusively for the PNM, in acceptance of that vision for the country. [*Desk thumping*]

Does the Opposition now wish the Government to renege on its promises to the people in breach of that social contract, as suggested by the hon. Member for St. Augustine? Is the Opposition advocating that the Government abandon its development programmes and its vision, as articulated by the Member for St. Augustine? [*Interruption*] I sincerely hope not, but, how will the Government go about financing the general development of the nation? How will the Government finance its development programmes? This development includes, and it is not limited to the following:

- Infrastructure—for example roads, highways, bridges, drainage, ports and even airports;
- Transportation systems—for example ground transportation, air and sea transportation;
- Health—new hospitals, health centres;
- Education—additional and new early childhood centres, new and additional primary and secondary schools, tertiary education;
- Housing—a target of 10,000 new homes per year.

How does the Government fund that?

- Agriculture—via the creation of infrastructure and drainage projects, the creation of mega farms and even community centres—as my colleague on my right told me—just to name a few. [*Desk thumping*]

There is much evidence in our nation of the development thrusts undertaken by this Government over the past six years. There is ample evidence of the successes of this Government in developing our nation and people in all aspects. The development continues with new hospitals, new schools, new highways,

water taxis, rapid rail, dams, bridges, mega farms, housing, ports, urban rehabilitation, community development, et cetera.

This development has to be financed from somewhere, and some of this is by long-term debt financing. We cannot aspire to developed country status and not incur major expenditure in that transformation. There have been many criticisms levied against the Government on the level of public debt, as we just heard from the Member for St. Augustine.

The hon. Minister of Finance in her presentation has disclosed the facts as they relate to the country's domestic debt and total debt. I even heard in a contribution from the hon. Member for Siparia this week, an assertion that the public debt increased in 2007, up by 14.9 per cent from 2006. Although the hon. Minister of Finance dealt with that matter, in her winding up contribution, I wish to reiterate that the debt should not be viewed in absolute terms, as suggested by the hon. Member for Siparia.

Mr. Speaker, debt is relative as everything else. TT \$37.4 billion may be astronomical for a country like Dominica, for instance, but insignificant for a country like the US where debt is in the trillions. The point is debt must be viewed relative to GDP, as indicated by the Minister of Finance. It must be viewed relative to the growth and strength of the economy and it should be viewed relative to the country's net international reserves, balance of payments surplus, import cover, and of course, the country's savings via the Heritage and Stabilisation Fund.

The hon. Minister of Finance had earlier and in previous contributions given the facts as they relate to the country's economic performance. Mr. Speaker, with your leave I wish to repeat some of these facts, as they are so admirable, they are worth repeating—and obviously, Members on that side did not seem to understand, so with your leave I wish to repeat them.

Public debt has been reduced from over 60 per cent to 28.3 per cent of GDP at the end of fiscal year 2007; [*Desk thumping*] external debt, which was 17 per cent of GDP in 2001—and we all know what happened in 2001—it was 6.78 per cent of GDP by the end of fiscal year 2007. [*Desk thumping*] The Government recorded a surplus of almost \$2 billion for the first six months of the fiscal year—October 2007 to March 2008—compared to a deficit of \$378.4 million for the corresponding period 2006/2007.

On the external front this country recorded a balance of payment surplus of US \$1.5 billion in 2007, equivalent to 7.4 per cent of GDP and a current account balance of 18 per cent of GDP, largely on account of favourable terms of trade and improved export volumes, and this contributed to the overall balance of payment surplus.

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Official reserves at the end of fiscal year 2007 represented just over nine months import cover. Trinidad and Tobago's net international reserves at the end of May 2008 stood at approximately US \$7.4 billion. This represented an equivalent of 10.2 months of imports of goods and non-factor services.

This does not include the balance in the Heritage and Stabilisation Fund at the end of May 2008. The same fund that the Member for St. Augustine wished us all to believe that there is something wrong with. At the end of May 2008 it stood at approximately US \$2 billion. [*Interruption*] In fact, in response to the statement made by the hon. Member for St. Augustine, Mr. Vasant Bharath—

Hon. Member: How you called him?

Hon. R. Joseph: Vasant Bharath—I wish to quote an economic bulletin [*Laughter*] issued by the Central Bank—it is not my words, I am quoting from an economic bulletin issued by the Central Bank, Vol. IX, No. 2:

“Over the past two fiscal years, the Central Government has been making large transfers into the HSF...”

I chose June 2007 to show you how that fund moved. The balance in the fund at June 2007 was just about TT \$9 billion, the fund now is TT \$12.3 billion as at the end of May 2008. As at June 2007, it was TT \$9 billion, now at the end of May 2008, it is now TT \$12.3 billion. [*Desk thumping*]

As the report says:

“Over the past two fiscal years, the Central Government has been making large transfers into the HSF.”

Central Bank's document; not mine!

The total debt must in fact be assessed relative to these impressive economic indicators. There is another side to this Motion that we must look at again—in fact, the hon. Minister of Finance alluded to this in her presentation earlier in this debate—and that is liquidity management. Notwithstanding the fact that we have need for development in this country and we have to finance these developments, there is another side to this, and, again, it is liquidity management.

The issue was dealt with at length at the last sitting of this honourable House when the Treasury Bonds Bill was debated. The point must not be lost that the limit of \$13 billion was exhausted, with the last auction on July 02, 2008 of \$1.2 billion of 8.25 per cent fixed rate bonds due 2017. These bonds, as the Minister of Finance had indicated, were issued under the authority of the Development Loans

Act. The purpose of issue, just like others previously issued, as stated in the Information Memorandum and reiterated by the Minister of Finance, but obviously, it fell on deaf ears, was to provide an investment instrument which will be used to help absorb excess liquidity in the financial system. It was not the Minister of Finance who said that, it was said by the Information Memorandum issued by the Central Bank.

With inflation reaching 10 per cent in October 2006 the Central Bank revised its anti-inflation strategy—and this is in response to what the Member for St. Augustine in fact said, that the policies of the Central Bank and the monetary policies were ineffective. But with inflation reaching 10 per cent in October 2006, the Central Bank revised its anti-inflationary strategy, shifting focus to liquidity absorption rather than on changes in the policy interest rate.

In this new approach, liquidity absorption was to be effected through auctions of long term securities, issued under the authority of the Development Loans Act—because that was the only legislation under which it could be issued—the proceeds of which were to be sterilized in the Central Bank. We now have seen new legislation which, shortly, should give rise for issuance of new auctions, but at the time, with the last two years these long term securities were in fact issued under the authority of the Development Loans Act, and the proceeds of which were to be sterilized in the Central Bank. The hon. Minister of Finance took time out. She was at pains to describe what sterilization in the Central Bank means, and I am not too sure whether the Member for St. Augustine understood that.

In November 2006, a TT \$700 million eight-year government bond was issued, the proceeds of which have been sterilized at the Central Bank. It was not used for spending. It was used for liquidity absorption. In February 2007, another bond in the advertised amount of TT \$300 million was offered, but due to an overwhelming public support—notwithstanding what the other side may want to say, there was overwhelming public support—the actual size was increased to \$674.3 million with a maturity date of 2012 and a coupon rate of 7.80 per cent. The proceeds of that bond were also sterilized in the Central Bank.

In April 2007, a third bond aimed at liquidity absorption was initially offered in the amount of \$650 million, but again, due to the public's reception of that issue, the bond's value was raised to \$1 billion with a coupon rate of 8 per cent and a tenor of seven years. Mr. Speaker, I repeat: an offer of \$650 million was oversubscribed leading to an offer which was raised to \$1 billion. Does that indicate an issue where nobody wants it? The proceeds were again sterilized in the Central Bank. It was not used for spending.

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In fact, the Central Bank of Trinidad and Tobago recently published its report on the results of the Government 8.25 per cent bond 2017 issued on July 02, 2008 which was about nine days ago, and with your leave I wish to quote:

“The auction of the Government Bonds issued on July 02, 2008 was oversubscribed. Compared with the advertised maximum amount of \$1.2 billion, the total bids received amounted to \$1.976 billion. A total of \$1.2 billion was received at par.”

Due to the overwhelming response, all competitive bids submitted at par were allotted at the 77.42 per cent of their bid. Our preliminary assessment shows that there was widespread participation by both former Royal Bank of Trinidad and Tobago (RBTT) shareholders, as well as others.

4.15 p.m.

Mr. Speaker, I wish to repeat that, just in case the point is lost. Our preliminary shows that there was widespread participation by both former RBTT shareholders, as well as others. This other statement is really for the attention of the hon. Member for St. Augustine and I am sorry that he is not here to listen to it. Investors bidding non-competitively, largely individuals and small institutions, received \$18.6 million of that issue and the proceeds of this issue, are to be held at the Central Bank.

The point is that four bond auctions were held in the past 20 months, totalling approximately \$3.4 billion, the proceeds of which are sterilized at the Central Bank, and it was issued; \$3.4 billion was floated under the authority of the Development Loans Act for the purpose of liquidity management. The funds are sterilized, and the limit under the Development Loans Act is now exhausted primarily because of that, which means that it is preventing any further issuance under this Act, for the purpose of financing general development or repayment of borrowings, hence the reason why this Motion must succeed.

The Development Loans Act was used by Government before, as part of its monetary policy to control the supply of money. It was used by Government to control the availability of money and the cost of money, in order to obtain a set of objectives oriented towards the growth and stability of the economy.

Mr. Speaker, the Government has sought to control inflation through the open-market operations of the Central Bank, where it can control the national money supply by buying and selling Government securities. The Government has also sought to develop the local capital market and in particular the local bond

market by providing securities of various tenors that will cater to the needs of all investors, not just the institutional investors, but all investors. The Government has sought to promote thrift among its citizenry and is articulating a position that we as citizens, must save and invest.

This is the working of a responsible government. This is a Government that cares about tomorrow. This is a Government that has crafted a vision for the nation, where Trinidad and Tobago will develop and attain developed nation status by the year 2020 or before, and I have no doubt that this nation will achieve Vision 2020 well before. I have no doubt that the Opposition secretly believes that and perhaps fears that. [*Desk thumping*] I have no doubt that when this is achieved, the PNM Government will formulate a further vision to make Trinidad and Tobago even stronger.

Mr. Speaker, I only need to remind this honourable House of the visions and policies of the past PNM administrations, such as vision for industrialization which gives rise to Point Lisas; the visions for energy which gives rise to LNG; the vision for manufacturing and trade liberalization, which has caused the manufacturing sector to be the strongest in the Caribbean. I only need to remind this honourable House that the PNM Government was severely criticized for its bold vision, but today, the country is reaping the benefits. [*Desk thumping*] Today, this country is experiencing wealth; it is therefore this Government's business to develop Trinidad and Tobago in accordance with Vision 2020.

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

Mr. Speaker: Hon. Members, I wish to sincerely congratulate the hon. Member for La Horquetta/Talparo on his maiden contribution in this House. [*Desk thumping*]

Mrs. Kamla Persad-Bissessar (*Siparia*): Thank you, Mr. Speaker. I take note of the maiden contribution of the hon. Member for La Horquetta/Talparo on this occasion, and I would also like to congratulate the Member for St. Augustine on his brilliant contribution [*Desk thumping*] this afternoon, on the Motion that is before this House today.

Mr. Speaker, before I go into the substance of it—I trust I will not repeat the points; I endorse the brilliant points made by my colleague—I want to deal with some other areas, and the first has to do with a procedural matter. On June 30, 2008, when this Motion first appeared on the Order Paper, the Motion contained within it the ceiling that was set, and at that time within it, the wording there was, "...the State, from time to time to borrow money externally or internally in a sum

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or sums not exceeding in the aggregate seven thousand, five hundred million dollars..." Thereafter, on every Order Paper following June 30, 2008, the Motion wording, the ceiling has been changed to the "...sum or sums not exceeding in the aggregate thirteen thousand million dollars..."

It is in my respectful view, that that first Motion should have been withdrawn before a different Motion was placed on the Order Paper and, that an amendment would have been moved. Therefore, I find it to be procedurally improper that a new Motion is substituted without any withdrawal or without any leave of the House to amend the Motion. I ask how this could have come about. The Order Paper is set in a particular way; it is prepared and circulated under the responsibility of the Clerk of the House by Standing Order 6 of the House of Representatives and, therefore, there appears to be some error in the procedure being followed with respect to the debate on this motion.

That is the first issue. The second has to do—

Mr. Speaker: Yes, what you are saying is correct, but the Speaker has an inherent power to change an obvious error and the Motion was not yet in the possession of the House. It being on the Order Paper does not mean that it is in possession of the House, it is in the possession of the House when the debate has started. Now, had the debate started, then what you are saying would be perfectly in order, but the debate had not started and the Speaker has an inherent power to change something that is obviously incorrect. Please continue.

Mrs. K. Persad-Bissessar: I am guided by the hon. Speaker in terms of what he has said, but it appears to me that this would have been the Motion on the Order Paper at some point in time, and it appears that there are secret powers of the hon. Speaker, within his inherent jurisdiction to deal with matters—

Mr. Speaker: There are no secret powers of the Speaker. The Speaker operates by Standing Orders, he is guided by May's, and he is guided by Parliaments throughout the whole Commonwealth. Please continue.

Mrs. K. Persad-Bissessar: And so I make this first procedural point and I remain guided by the Speaker, in terms of what he said.

The second issue has to do with the fact that we were here on Monday night in the wee hours, and the Minister of Finance did in fact spend quite some time responding to statements I had made in that debate on the Treasury Bonds, and I am still very concerned as to why it is we needed that measure and now this one. Because when we look at it, in that measure, the Government was given the

power to borrow money under the Treasury Bonds Bill without any ceiling being set, at a blank cheque. What I had said was a blank cheque.

So you have powers ad infinitum; you can borrow ad infinitum; why do you need now to raise the ceiling on the Development Loans Act? If it is that it was for liquidity management, you have powers now, plenipotentiary, to borrow any amount, why is it that you are coming now to raise the ceiling on the Development Loans Act? [*Desk thumping*]

My view is that the issuing of bonds under the Development Loans Act for the purpose of liquidity management is illegal, because when we look at the Development Loans Act itself, it tells us what are the purposes. It says to the Government—this is Chap. 71:04—and it tells us that the purpose is for financing general development in Trinidad and Tobago; repayment of borrowings effected for such general development; repayment of borrowings effected for general development by a statutory authority within the meaning of the Statutory Authorities Act, by an enterprise that is controlled by, on behalf of the State, University of the West Indies. The Government is authorized to borrow up to the ceiling set in there, and “general development”, section 2 is defined as, “including development of a statutory authority, state enterprise and the University of the West Indies”.

In any ordinary meaning—I raised this point on the last day—of the word “development”, I cannot see it as pertaining to liquidity management. I am fortified in this view by the fact that this Government came to the Parliament only on Monday to seek the approval of the Parliament, to be able to borrow money through the issue of Treasury Bonds for the sole purpose of liquidity management. So you created an instrument for liquidity management.

I am of the view that open-market operations could have also been done through the Treasury Bills and the Treasury Notes and I am not satisfied with the explanation that was given by the Minister of Finance, why those could not have been continued to be utilized. The Minister mentioned it was the tenor of it, the duration of those would not have been sufficient. Why then do you now need the power to borrow under the Development Loans Act?

If you have the power under the Treasury Bonds Bill that you brought and you are going to get that power, you are going to take it to the Senate and with a simple majority you would go through with it, why do you need to borrow more? Therefore, we are not convinced and we do not believe that it is solely for the purpose of liquidity management that it is in effect for what the Act says it is for,

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which is development. And, therefore, my colleague was totally correct when he talked about moneys being squandered in UDeCott, in corruption and in other issues. We do not believe they will be blocked, because there is no provision in law for blocking. So we must take your word and we do not ever take you word, because even with the HSF, as the Member for St. Augustine pointed out, we saw where the law was being broken and the amounts according to law were not being put in that fund, as read out; the management letter mentioned with respect to the Auditor General.

We are talking about borrowing more money, putting this extra \$7 billion into the system for development—it says for general development—and therefore, to use it for liquidity management, in my view, is illegal. You will be breaching the Development Loans Act, and you will be breaching the purposes for which these moneys are being raised. But that is not new, this Government breaks the law with impunity every day and, therefore, that will not be new. We do not believe you, it is for liquidity only.

When we come to that, if it is for statutory enterprises and so on, we remain very concerned with respect to how these moneys are going to be utilized; for what projects will they be used; and what kinds of cost benefits are being done for those projects. In the one to half minute I have left, I want to raise here a letter that I hold in my hand from Plipdeco. It is dated June 23, 2008 and it is signed by Mr. Traboulay, President of Plipdeco, in which it is addressed to:

"Director
Counter Drug Unit
St. Vincent Street
Port of Spain.

You are hereby requested to conduct means and assets test in respect of the person's name."

We have a list of persons' names for corruption matters, employees of that State Corporation, where number one, it is alleged that in 2006, 2007 and 2008, there was invoicing, over-invoicing for equipment and parts; on occasions invoices were paid for, parts and materials were supposed to be collected; never collected, this occurred at Point Lisas. At the same time, a recent audit of the inventory for which these officers are responsible, disclosed that a number of parts of equipment in the stores were not accounted for. That is, they could not be found anywhere—evidence that they came in, no evidence they went out and the person in charge was assisted by his other officer, and allegations were made that they were both involved in these corrupt practices.

I am not calling their names because I do not want to impugn their character at this point in time, but the letter is there.

There is another one, another person it is alleged—This officer received financial rewards, gifts, contracts awarded because of preferential treatment. At the same time, it has been observed that the lifestyle of this officer has changed to a high degree, for example, continuous change of very expensive vehicles, SUVs, Prados, et cetera, and these vehicles are never brought into the compound, so they cannot be searched. And it continues with about 10—15 persons, that they are all in some way engaged in corrupt practices and there are lifestyle changes that are not commensurate with their salary package.

My question before we close, is what has been done about it? Whether any of these persons have been subjected to lie detector tests? Whether it is that they have been subjected to tests with respect to use of drugs or being involved in drugs? We have seen polygraph testing elsewhere, what has happened? I would like the hon. Minister to say, because this is one of the corporations that will fall under the ambit of the State.

Mr. Speaker: Hon. Members, the sitting of the House is now suspended for tea and will resume at 5.00 p.m.

4.30 p.m.: *Sitting suspended*

5.00 p.m.: *Sitting resumed.*

Mr. Speaker: Is the Member for Siparia here? [*Interruption*]

Mrs. K. Persad-Bissessar: Hon. Speaker, I do apologize to this Chamber and the Members of this House. I thank you for the opportunity to contribute on this very, very important debate.

Before we took the break I was dealing with the issue of the legality of a bond issue under the Development Loans Act. The hon. Member for La Horquetta/Talparo did give us some details of this bond issue which was issued on July 02, 2008. The memoranda for that bond issue indicated that was the first Government bond issue for fiscal 2007/2008, and it was being issued to assist in domestic liquidity management. I think Members on the other side did confirm that this bond issue did have as its purpose liquidity management.

I have made the point and I want to expand on it, that when we look at the laws of the Republic of Trinidad and Tobago, Chap. 71:04, section 3 states very clearly what would be the purpose of moneys raised or borrowed under the

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Development Loans Act. Nowhere within this is there any power given to borrow or raise money or to issue these bonds for the purpose of liquidity management. Therefore, it is my view that a bond issue with such purpose is ultra vires the Development Loans Act. There is no such purpose to which these moneys should be put.

The question is: What happens then, if we are issuing these bonds for a purpose that is outside the statute itself? When we consider that this power to borrow is a statutory power, the law is very clear that where you are exercising that statutory power, your power must be exercised within the four corners of the statute; it cannot be outside of the statute. It cannot be because you are of the view that you have a problem with inflation, you have to do liquidity management and, therefore, it is expedient. It should be done in compliance with the law, and this is something that we certainly need to look at.

I was fortified in that view because Government has brought its own liquidity management instrument through the Treasury Bonds Bill, which was approved here with a simple majority in the House at some late hour of the night. Government stated in that, one purpose and one purpose only, that being liquidity management. Therefore, I repeat the question: Why is it that we need to extend the ceiling of the Development Loans Act for the purpose of liquidity management, when we already have an instrument, or will have that special brand new instrument created by Government, under the Treasury Bonds Bill, and where there is no ceiling fixed; any amount could be borrowed? We have no real explanation as to why it is no ceiling was put in that Act.

We see that the Development Loans Act stated very clearly what the ceiling was, and that is where we are now, increasing it. The Treasury Bills Act says what the ceiling is; the Treasury Notes Act says what the ceiling is, but there is no such ceiling when it comes to the Treasury Bonds. The answer still has not been given, in spite of the statements made by the Minister of Finance in introducing the Bill, and in attempting to respond, because this was one of the issues I had raised on the last occasion.

Here we are being asked to approve the raising of the ceiling for borrowings under this Act, but for a purpose, as stated by the Members, that is outside of the Act. Therefore, this House is being asked, in my respectful view, to authorize an illegality; our action would be subsequently illegal in the context of the law of the Republic of Trinidad and Tobago.

We are told that the bond issue on July 02, 2008 was oversubscribed. The Members were very happy to tell us it was oversubscribed and that persons were very happy to take it up at the 8.25 per cent. I want to clarify, because when I

made the statement on that day, the Minister had made a previous statement that they would come to the Parliament, for very much this measure, to deal with liquidity management on the basis that the RBTT moneys would be coming into the system and would be putting inflationary pressure on the financial system, and therefore, there was a need to come here to get these ceilings increased to sop up liquidity, to deal with liquidity management.

At that time I had said that while large investors, the larger institutions—you have the University of Trinidad and Tobago and pension schemes—may very readily take up the bond issue, the individual person, the ordinary person, the RBTT shareholder, who would have been given cash for their shares, might not have wanted to take up the bonds because the present inflationary rate was higher than that being offered on the bonds. The bonds were oversubscribed. We do not know whether it was from individual investors or whether these were through the various pension schemes, UTT and those other large organizations. It is not attractive for me and, certainly, for most ordinary persons; it would not be attractive at 8.25 per cent when the money would be wiped out by inflationary rates that are higher than that.

There is still something puzzling in all of this. When we look at the amounts expended, at the fiscal position at the end of 2007, we find that the amount as debts under the development loans, reported to be as at the end of 2007, which would be September, it was \$11.825 billion as at September 2007. When we read the bond issue that I just mentioned, July 02, 2008, we were told that was the first bond issue in fiscal 2008. The question arises, if we add what the Auditor General has given us as \$11.825 billion to the \$1.2 billion, issued under the July 02 issue, that would take us to \$13.025 billion. If it is already oversubscribed, as we have been told, that bond issue has come and gone. The question which arises is that already those two numbers would take us above the ceiling of \$13 billion, so you are already outside the ceiling.

I ask if the Minister in her winding up could tell us what has happened with the \$25.8 million that appears to be in excess of the \$13 billion ceiling. There would be a \$25.8 million that is in excess of the ceiling and, therefore, would be outside the authority of the Government under the Development Loans Act. Maybe it would be that there was some maturing of loans and repayment, so that the debt between September 2007 and now is not \$11.825, it might have dropped to allow that extra \$25.8 million above what I am saying is the \$13 billion ceiling. I would be grateful for some kind of explanation as to what that extra \$25.8 million constitutes and whether we are still within the authorized ceiling, because

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this ceiling is only going to be changed after it comes through here and the Upper House. So if you have gone above it, again, you would be in breach of the law; it would be outside of your powers within the law.

Those are the procedural issues I am seeking to have some clarification for.

We come now to the issue of Government priorities. We have been brought to this House on special occasions, as last Monday. We have been brought for expedited hearings on several occasions, and the priorities have been with respect to the Accreditation (Amdt.) Bill extension on Monday night; supplementary appropriations on \$3.5 billion more money for Government; local government extension; Treasury Bonds extension, more money. Government has been giving priority to legislation that really is, in a way, like an avaricious government coming for money all the time. Those issues are being given priority, while we have other very, very important matters not being given that kind of priority by Government.

We see the laissez-faire attitude when it comes to the package of children's legislation. I want to repeat that our children are continuing to be bruised, battered, assaulted and murdered in the most horrific way you can think about, yet that package of legislation has not been given the kind of priority legislation to borrow money has been given; legislation to get extra money through supplementary appropriations. Those things are being given expeditious hearings in this House. So Government's priority is clearly to get their hands on more money, as much money as they can, in the view, mistakenly, that this is for development.

When we speak on this side about fueling inflation, spending so much money, the profligate spending of the Government, the other side says to us, "Well you know what, what you want us to do, stop development, stop spending?" Growth without human development is no growth whatsoever; none whatsoever. [*Desk thumping*] So, for example, when you spend \$148 million on the Prime Minister's mansion, and you are going to extend that to spend more on it, how could that be development? Development for whom? It is not development for the ordinary people.

When we talk about Government spending, squandermania, that kind of increased fiery expenditure—the Member for St. Augustine quoted that they were arsonists—we cannot really say that is development. [*Crosstalk*] My colleague is reminding me that during the budget reply I had talked about absorptive capacity. We are way beyond absorptive capacity. Therefore, when you pump more money in the system, it is just blowing; it is just exploding. That is what is happening; it is an explosion. When that explosion is taking place, through these inflationary pressures, the ordinary man, woman and child on the street cannot buy food, cannot survive.

So when you boast about per capita moneys, it is misleading to depend only on per capita indices to say, "Look, we are doing so great." I have said before that if you have persons making \$50,000 a month or, like Government Ministers, \$33,000 a month, but the old age pensioner with \$1,650 and so on, URP and CEPEP with \$1,700 per month, when you have those kinds of salaries coming in—the \$33,000 per month and the \$50,000 per month for ministers or Prime Ministers—that pulls up the gross domestic product (GDP) where you still have the mass below that.

It is not a true reflection of the income levels of the ordinary man and woman in this country; it is not a true indication of the majority of citizens of this country, because what you are doing with the per capita GDP is taking the highest amount and pulling it up. It might be 100 persons, it might be 500 persons, but that takes the per capita income to a very high amount, which is boasted about, and the ordinary people, the majority of people—I could tell you definitely 217,000 people, by the Government's own numbers—are living on \$655 or less per month. That is their poverty number: \$655 or less per month.

So when you talk about GDP per capita, I am telling you, right away, at least 217,000 persons are nowhere near those high levels of per capita GDP you are talking about. Look where that has taken us. Because of our boasts about per capita GDP, the United States, as the Member for St. Augustine said, has now said that we are a rich country. Look at our per capita GDP; we are so rich now. "We have to stop these preferential treatments, the GSP; we are going to stop this; we are going to stop you bringing in your duty free products into the States under preferential treatment." Why? Because the GDP per capita income in the country is high, yet still the majority of our people are nowhere near to that.

5.15 p.m.

Mr. Speaker, look at where we have reached; we are talking about growth, and where are we today? We have reached a situation where all of us here and anybody could have gone to the United Kingdom without a visa. For 11 years we have had that procedure, where any national of this country could have travelled to Great Britain without a visa, but because of the failure of this Government to deal with crime and national security issues, we are now being blocked and placed into a category of another 100 countries who have to get visas to go to the UK. Where is the growth and development in that? That is retrograde or backward; our position has not taken us forward. The developed nations of the world, the United States of America and Canada, do not need visas to go. That is where we were; we did not need a visa but because of the failure of the Government to deal with crime and national security issues, this is where we are now; we have to get a visa to go to Britain.

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Students are going to be affected—and all of us—because of historical precedence. We have families in the United Kingdom because Britain was the mother country at one time and so many of us have family members living there. We all now have to go through something that was not necessary and it all has to do with, not because of the ordinary citizen of this land, but the failure of the Government to deal with national security issues. I think it is a sad state of affairs and a disgrace that this is where we have reached.

So when we boast about growth, we have to measure it. As I say, where is the human face in growth? Where is the human development? The Member for St. Augustine mentioned the Global Competiveness In Excellence (GCIE) where we have fallen, but the truth is, and I have said repeatedly, that in every single world indicator under this Government, Trinidad and Tobago has fallen in the rankings; in all. Not just the global competitiveness index, we are looking at the human development index, and that is what I want to talk about when I say growth must be tied in with human development.

When we look at the human development index where, under the UNC we were ranking at 41, under the PNM today we have dropped to 59. The corruption index where, in 2001, we were 31, we have gone to a ranking of 79 under the PNM. We have dropped on every single indicator. We have dropped on the environmental indicators which are very important when we talk about sustainable development. We have fallen on those. The environment sustainability indexes as well, so we can boast about growth and development and that is great that we have growth, but it must be married to a human face and human beings in this country and it is not happening under this Government.

So we come now to the issues as we are here today, we are going to extend our borrowings by a further \$7 billion. We already owe \$13 billion because we are maxed out under the Development Loans Act and now we are going to add a further \$7 billion to take us to \$20 billion in borrowings, whether it is sterilized or not. Whatever words you want to use, it is debt; it is money owed by the Republic of Trinidad and Tobago and by the people and whilst the Minister in speaking is saying, to raise moneys, the truth is that raising this money is, in fact, borrowing this money.

While the Minister has said she is going to put it in a blocked account; have it sterilized, nowhere in this law does it say it will go into a blocked account. When she dealt with the Treasury bonds she said that it was going into a blocked account; the law provided that it will go into a blocked account. So if we are amending the Development Loans Act and if you are serious about what you are saying, then we should also insert a section in the Development Loans Act saying

that these moneys I am going to use for liquidity management will be put into a blocked account in the same way it was done with the Treasury Bills. In that way the law will circumscribe that it must be used for that purpose. Block it up there and do not take it to fund UDeCott or Plipdeco or anything else; it is going to be in that blocked account. But whilst you do not amend this, you can do it as a simple majority. You can come and say the Government is now authorized to borrow in the aggregate \$13 billion and you can put in another section that \$7 billion of this will be placed in a blocked account in the Exchequer account and it can only be used to pay the principal on this. [*Interruption*] That is the difficulty; it is the Development Loans Act and that is where, in the first place, you have no powers. You are acting ultra vires this Act when you say you are going to take moneys to use it for liquidity management.

Mr. Imbert: Who said that?

Mrs. K. Persad-Bissessar: I listened to you; I was listening to the Member for La Horquetta/Talparo. I am dealing with the Member for La Horquetta/Talparo in his statements which talked about the issuing of bonds for liquidity management. I spoke about the July 02 bond issue which in a memorandum clearly stated that this first bond issue is for liquidity management.

Mrs. Nunez-Tesheira: Would you give way?

Mrs. K. Persad-Bissessar: The last time you did not want to give way. I am very happy giving way to anybody, so I will give way.

Mrs. Nunez-Tesheira: Thank you, hon. Member for Siparia. I want to make it clear so there will be no misunderstanding at all, so that it will inform the continuation of your contribution, the Development Loans Act is not going to be used as liquidity management; I went to pains to say. That is why we understood the need for the ceiling because that is in order to ensure that for purposes of borrowing, for debt financing, a ceiling was required. But I want to make it very clear that is why the Treasury Bonds Bill has been put forward, specifically to deal with liquidity management. I just want to make that clear.

Mrs. K. Persad-Bissessar: I thank the Minister for doing that because I become really concerned now, when the Minister stands in this Parliament and admits that the Development Loans Act is not for liquidity management, yet on July 02, 2008 the memorandum of \$1 billion bond issue put out by the Government says this is the first Government bond issue for fiscal 2007/2008 and it is being issued to assist in domestic liquidity management. So in one breath the Government is saying it is not for liquidity management and in another breath, in

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its own black and white document, the memorandum for the July 02 bond issue of \$1 billion states very clearly that it is for liquidity management. Then you are admitting that when this was issued that it was done ultra vires the Act.

So tell us when this bond issue was done. I quote from the memorandum. This is the first Government bond issue for fiscal 2007/2008 and it is being issued to assist in domestic liquidity management. This is ultra vires, in breach of the law and the Minister today is admitting that we cannot use the Development Loans Act for liquidity management. So here again is another example—this Government breaks the law on every occasion it can and has done so in the issue of these bonds. What happens now? What do we do when the law is breached for \$1 billion?

The Auditor General does an audit and says that should not have been done and nothing happens. We saw it with CEPEP; an Auditor General's Report on CEPEP, all the irregularities and violation of the law and nothing happens. Do you know why? Because after that report is done, it is the Minister of Finance—himself to himself—who has to take further steps to bring about an investigation and punish the offenders. When it is the Government who is the offender, who will guard the guards when this happens? So the Minister has clarified that it is not for liquidity management and I take her word for it and, therefore, serious questions arise.

You have already got \$3.5 billion in supplementary appropriation. You had so much to spend; you spent it out; took more money and now you want to borrow another \$7 billion. For what? Which projects? Where is this money going to be pumped? What are the projects you are going to spend it on? The Member for St. Augustine, and many others, are very right when they say you are the cause of the inflation because you are going to pump a further \$7 billion in a system that has already exploded with inflationary pressures and you are coming for an extra \$7 billion, and I do not remember what the purposes were and what projects these moneys are going to be expended on.

When you came with the supplementary appropriation you did mention some roads, bridges and schools. Which projects under this Act are you going to use the additional \$7 billion for? Why is it so necessary? What is so important now for the Government to get \$7 billion more when you already had the \$41 billion? What is so important that this is taking precedence over legislation that has to do with children and children's rights in this country?

Let us look at the state of public debt, some of which I talked about on the last occasion. I used the expression that you are taking us further into the "valley of the shadow of debt" and I said further it is not only "debt" but it is also "death"

because each day we see our people dying. They are being slaughtered, murdered, kidnapped, raped, battered and abused. That is where this Government has taken us, into the valley of debt and death—murder—and that is why people cannot now leave this country unless they get a visa.

Let us look at the status of our debt at this time because you want to borrow \$7 billion more, for what, I do not know. What are you going to be doing with the \$7 billion?

The central government public debt, when we look at the reports here from the Auditor General's Report, they gave a four-year, five-year period. It stands at \$21.4 billion. In 1999, it was at \$18.4 billion; in 2000, \$20.7 billion; when you come down to 2007 as at fiscal 2007, \$21 billion. We are now in fiscal 2008. What is it going to be, \$21 billion plus this \$7 billion today? And we do not know which others, because this central government debt that is published does not include four things: contingent liabilities—and they are listed. For example, contingent liabilities are loans or credits guaranteed by the Government; letters of comfort; promissory notes; open market operations re Treasury Bills and Notes; balances outstanding on both projects.

When we look at the contingent liabilities, we have to add to \$21 billion in debt, a further sum at 2007 of \$29.9 billion. That then takes our total debt, when we add contingent liabilities and central government public debt, to \$51.3 billion; page 17 of the Auditor General's Report. So the central government's public debt plus the contingent liabilities of Government, as listed at xvii of the Public Accounts of the Republic of Trinidad and Tobago, stands at \$51.3 billion.

Mr. Speaker, on the same page we are told that the excess of total debt to total revenue at this time—that is to say that debt is more than total revenue as at fiscal 2007—is 26 per cent more than the total revenue for fiscal 2007. So our debt is higher than the moneys we received in fiscal 2007 and we come today to again increase the amount of debt that will be placed on the people of this land without any details as to what projects the \$7 billion is going to be financing.

5.30 p.m.

I talked about the public debt then. I said that it does not include contingent liabilities. I have added those and it takes us to \$51.3 billion. The central government public debt also does not include borrowings of the Government by way of overdraft from the Central Bank. It does not include sums owed to various creditors for goods and services. I mentioned the Ministry of Local Government and the Ministry of Works and Transport where you contract goods and services,

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but you are owing those contractors. I am sure that there are a few of them who are knocking on your doors to please pay the money due to them.

They come to us sometimes after they have done work for the Government. They were contracted to do the work, but they have not been paid and time comes and time goes. That is a debt too, but it is not reflected in the published central government debt or the contingent liabilities. It does not include—for example, I am being told that nursing homes in San Fernando are not being paid. I indicated that it did not include contingent liabilities. I have added those into the debt.

Why can we do that? It is because we have these documents. We must thank the Treasury for putting out those documents as the public accounts and the Auditor General's Reports. I thank them for doing their job under the law. According to the law, they have to put out these documents. They are doing that job which provides us with the information. When it comes to the other two areas which they do not include, we have no way of knowing. There is no published document, except to say that we come to Parliament and file questions. We file questions and seek replies and one question is answered per month. By the end of this session the majority of the questions will lapse.

The Government is now hiding behind the fig leaf of a provision in the Freedom of Information Act and saying that it is private. They are not telling us about the money spent on scholarships and money to pay lawyers their legal fees because those are private matters. They are hiding behind that fig leaf of that section of the Freedom of Information Act which does not apply to when it comes to spending public money. The privacy laws are to deal with people's private business and money. When you are taking public funding to be spent for purposes that must be public purposes, you cannot hide behind that section and say that you would not give that information. As I said, the Government is bent on secret governance in this country and seeks to hide that information.

I come back to the status of public debt. I have indicated that at the end of fiscal 2007, we were at \$51.3 billion in debt which is the central government's debt, plus the off-book budgeting contingent liabilities.

When we compare with 2006, our public debt increased by 14.9 per cent. This comes out of the public accounts on page XIV.

In 2007, our public debt stood at 53 per cent of revenue collected, as compared to 49 per cent of the revenue collected as at 2006.

I raised the public accounts book at page XV. It had been high but in that particular year, 2007, 53 per cent of revenue was collected. Our public debt

represented 53 per cent of that total revenue. It is a frightening situation when your total public debt is more than the money you collect for the year. Anybody living out there, normal human beings in the world, where the money they are owing is more than what they are getting for the year, would be bankrupt. They would say that they are bankrupt. When you paint this rosy picture of growth and development; each year we are growing by 6, 7 or 8 per cent; unemployment is down; per capita is so high, how much are we owing? How much are we indebted? How much are the future citizens from tomorrow onward, with this further debt, owing as you seek to amend the Development Loan Act?

Lets us find out. Before I get there, 53 per cent of the 2007 revenue is public debt. In effect, only 40 per cent of that revenue would have been revenue that you could say did not come.

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

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

Question put and agreed to.

Mrs. K. Persad-Bissessar: Thank you, Mr. Speaker and hon. Members.

The percentage of borrowings to revenue increased in 2007, from 0.55 per cent in 2006. When we got to 2007, it became 5 per cent. When we bring this additional \$7 billion, what percentage would that be in borrowings compared to revenue? By what percentage are we increasing the amount of borrowings to revenue in the country? The Auditor General's Report of 2007 at page 78 gives that percentage of borrowings to revenue. That is where we are when we look at the public debt at this time. It is exceedingly high.

Whilst oil prices may be very high, we have to be concerned about output shocks and price shocks. This country has already faced serious economic difficulty and human suffering when the last oil boom ended. We are in what the economists all know and recognize, the symptoms are there in what is known as Dutch disease. That is where we are again. It is like we do not learn from our mistakes of the past. Whilst our revenues are coming in and this situation is there, we face a situation where this revenue will not be coming in, but we would be owing billions of dollars in public debt to be paid by the citizens of Trinidad and Tobago, from tomorrow on and day after day.

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How much are we paying now? What are the charges on the account of our public debt? I use these numbers not for any cherry picking. I use them because they now appear in the Auditor General's Report, 2007. They give a five-year period and the public accounts Treasury documents for 2007. The charges on the account of the public debt are as follows:

Year	Charges (Billion \$)
2003	5.3
2004	3.9
2005	4.8
2006	3.4
2007	4.28

How much more will it cost us to service the debt that you are seeking approval for on this additional \$7 billion? How much more will that cost the taxpayer, John Public of Trinidad and Tobago? It is already \$4.2 billion.

Do you know how many hospital beds we could have put up? Do you know how many schools we could have built? I see the hon. Minister of Education is putting computers in schools, a programme started by the UNC. I am happy that they are carrying it through. How many computers we could have put in the schools to build the social benefits to the nation? Instead, we are paying off debt in a time when we have so much money. We have so much money, but we keep borrowing money. Our revenue is at the highest it has ever been in the history of this country, but the Government finds it necessary and prudent or expedient to borrow money; \$7 billion more to be borrowed this year. We are already owing \$13 billion on these development loans. I am not going to the ceilings and how much has been borrowed under the other statutes. Under this one, \$13 million is already being owed with an additional \$7 billion. What will it cost us to service that additional debt that the Government wants to incur?

That is money being taken away that could be spent on food subsidies because people cannot afford to buy food; to give the pensioners \$3,000 a month instead of the measly \$1,650; to give NIS people \$3,000 a month; to give CEPEP and URP workers \$3,000 a month and every wage earner at the lower ranks a minimum of \$3,000. I do not think anybody could imagine seeing what is 5, 10, 15, even 100, 500 or 5,000 persons. How do you begin to visualize \$4.2 billion? That may fill this room and more in hundred dollar notes. We are talking about \$4,000 million.

Maybe, my colleague, the Member for Chaguanas West, might be able to assist to tell us how much money we are talking about. We are paying for money borrowed and we are going to borrow more in a time when you should have no difficulty because the oil revenue is so high.

In 2007, the Government borrowed \$2 billion. Do you know how much was debt servicing in 2007? It was \$4.2 billion. You are borrowing here and paying billions of dollars. You are owing \$53 billion in central government debt and liabilities and paying back \$4.2 billion. We are paying back more than we are borrowing and we are increasing the amount to be borrowed. When we look at that same \$4.28 billion, which as I said I cannot visualize whether or not it would fit in this room, it represents 10.3 per cent of government's expenditure in 2007. That is a very high percentage of expenditure. Some ministries do not even get \$1 billion.

The Member for St. Augustine mentioned that the Ministry of Agriculture, Land and Marine Resources got \$600 million. We need to develop that sector. The Government and everybody say it. We need to increase agricultural supplies to bring down the cost of food. You are spending \$4.2 billion to pay back money you have borrowed and now want to borrow, when in effect, you do not need to do that with this excess oil revenue.

Further in 2007, the \$4.28 billion represented 11.12 per cent of total revenue. In 2007, we paid back 11.12 per cent of total revenue. We are getting the money, but 11.12 per cent has to pay debt: here we are today and we want to increase the debt further.

Through you, hon. Speaker, we take a holistic view of debt management and maybe, the economists and accountants will say that some amount of borrowing may be necessary. Today, you spend something that you do not have to pay right away and pay it in the future. Where is the proposed debt management unit and debt management financial analysis system, that the Ministry of Finance is supposed to put in place? They attended a Commonwealth seminar on Debt Negotiation and Re-negotiation, in Kingston, Jamaica and gave a policy paper. At that seminar, a document, *Social and Economic Policy Framework, 2007—2009 Country Report* was prepared. This is the country's report coming out of Trinidad and Tobago. Hear what it says:

“The Government has proposed the establishment of a new Debt Management Unit within the Ministry of Finance with a structure that is more conducive to modern debt management practices. This will include front, middle and back offices separated by way of accountabilities and transparent reporting framework.

The new Debt Management Unit would be supported by a management information system known as the Debt Management and Financial Analysis System (DMFAS). This system will facilitate accurate debt recording and reporting; the timely payment of debt service obligations; an improved quality of budgetary reporting and transparency of Government financial accounts.”

I ask: Where is this debt management unit?

I made a search at the ministry’s website and I found 13 divisions, but not one was the debt management unit that the Government put forward it will be setting up. You will get the Budget Division; Central Tenders Board; Communications Unit; Customs and Excise Division; Divestment Secretariat; Inland Revenue Division; Investment Division; Project Unit Division; Tax Treaty Unit Division; Treasury Solicitor Division; Treasury Division and the Valuation Division. There is no mention of the Debt Management Unit.

5.45 p.m.

I ask through you, Sir, if the Minister would be kind enough, in her winding up, to tell us what has happened with this unit that was stated would be set up in Trinidad and Tobago. The framework was for 2007—2009. The year 2007 has come and gone; half of 2008 has gone. Has the unit been set up and, if so, how does it function? Is it functioning?

As I come to the end of my contribution, I want to raise a few developmental issues—growth versus development. I quote from page 2 of the UNDP Draft Country Programme Document for Trinidad and Tobago 2008—2011. They give a situational analysis of Trinidad and Tobago with respect to developmental issues:

“Economic growth and wealth generation will continue to be energy-based (oil and gas)...While contributing to growth in some sectors, it creates attendant economic, social and environmental vulnerabilities, manifested as land degradation and water and air pollution. A way must therefore be found to deal with these problems at the central and local levels.”

As I mentioned before, Government has fallen on every one of its indices, including environmental indices and it is clear that Government is not dealing with these issues of environmental sustainability. Here it is that the UNDP is saying that this must be done.

“Furthermore, the expansion of the energy sector has unfortunately been accompanied by declines in the manufacturing and agriculture sectors and slow progress in the development of other industries that can contribute to sustained growth in the event of decline or depletion in the energy sector.”

Here we are being warned and told that it is a repeat of previous development reports. We are being told that other sectors continue to decline and cause the development of other industries not to progress as they should. What happens in the event of a decline or depletion in the energy sector?

The Member for St. Augustine alluded to some of that. What will happen is mass starving, mass rioting and a mass collapse of the State of Trinidad and Tobago and the Government is not putting matters into our basket for sustainable development in the event there is this decline in the energy sector.

I continue to quote from the document:

“The relatively high-wage energy sector contributes to wage disparities between sectors. There is continued poverty in the midst of plenty, and recent estimates place 17 per cent of the population below the poverty line...”

That is the situation in Trinidad and Tobago now. Heavy dependence on the energy sector and nobody is preparing for the day if and when the decline comes. It will come because they have also pointed out in other documents that we go up to 15 years in terms of the resources in the energy sector.

Mr. Speaker, the IDB also put out a strategy report for Trinidad and Tobago 2004—2007. In this document, they said:

“Key Development challenges”— in Trinidad and Tobago—“The major development challenge for T&T is to promote sustainable and equitable development and, consequently, to reduce poverty...Although this is a development challenge that could define, in broadest terms, the Bank’s supporting role with most countries, it does particularly apply to T&T. This is the case because T&T is a middle-income country with good prospects for economic growth; but which, nevertheless, also faces great risks.”

So when Members on the other side boast how great things are, yes they are, but the risks are also great as the document is telling us. It says further:

“T&T is at a crossroads characterized by a choice between implementing only small incremental changes, or more fundamental reforms.”

The nation is at the crossroads; the oil revenue is pouring in, but we must take that and use it for sustainable development and not just for PR and glitz. It must be for sustainable human development. I continue to quote:

“Looking ahead, effectively addressing structural problems will require a deeper understanding of the dual characteristic of the economy as defined by

the energy sector...T&T has a dual economy, energy and non-energy, in which developing the oil and gas industry produces wealth in the energy sector but does not create a significant number of new jobs, nor do the benefits significantly spill over to other sectors.”

This is not the UNC, it is the IADB saying that this dual economy does not create a significant number of new jobs, nor do the benefits significantly spill over to other sectors.

“In the past, excess reliance on the performance of the energy sector has been a problem when abrupt negative changes in the prices of gas and oil permeated the economy and resulted in large volatility of fiscal revenues.

It happened before; we know that. Every child knows if you go near to the fire, you get burned, so do not go back, but this Government has not learnt from this experience. This over-dependence on the energy sector the IDB is saying is not benefiting significantly the other sectors and the excess reliance could have serious problems where changes in the prices of gas and oil come through the economy.

“In addition to the economic risks related to this dual economy, the country will also face political risks. These political risks are the consequence of the near equilibrium between the two most important political parties, and how this fragile political context affects the capacity of the country to modernize its public institutions...”

I expand on this. Where this Government continues to disadvantage or treat inequitably the citizens of this country, we are leading to these political risks. Where the Government continues not to deal with high crime—political risk; where the Government continues not to deal with high food prices—political risk. The country is in that volatile state; at explosion point. That is where we are and the political risks as identified by the IADB are before us.

It went on to say in this same document:

“The country should also improve the current level of social development.

T&T may be considered a wealthy state in the region, but it exhibits pockets of poverty that are inconsistent with the country's wealth.”

The IADB is telling us that the country has great wealth, which is what those opposite tell us all the time; but the man in the street knows, 217,000 of them, that they are living below the poverty line. Others who have become the working poor are not on that poverty line, but are very close to it because of the inflationary pressures.

“The authorities recognize that special and prompt attention should be given to ameliorate these problems—in health, education and the social safety net...improving the condition of the poor...is also a necessary condition to achieve...2020 objectives.

An additional factor in the analysis is the changing international environment, where trade opportunities and risks ahead represent an issue as large as the domestic issues.”

We saw a trade issue and trade risk recently where, because of the touted high GDP and high per capita, the United States removed the preferential treatment we were having. We saw where they dismantled the preferential treatment we were having for sugar on the market, which is one of the factors which led to the closure of the sugar industry.

There are trade risks as well. I would be grateful if we could find out how the ruling coming out of the US with respect to trade would affect our oil and gas exports to the United States. I know we supply the eastern seaboard with all of our natural gas, a very high percentage. Will that be affected by the latest ruling from the United States that we will not get preferential treatment for our exports? I do not know. If it does, then we will face serious difficulty when it comes to revenue collection and keeping those increased revenues from the energy sector. Is it going to be affected and if so, to what extent will it be affected? That is a serious matter. I read reports where the Government is saying that it is only 2 per cent. I do not know. Does it include our oil and gas exports? That is a serious issue about which something needs to be done.

The report continues:

“Fortunately, gas and oil wealth provide resources and a cushion in time during which the country may address these issues.”

They have raised all these issues, but we need to deal with them—dependence on the energy sector; poverty in the country; trade risks; political risks. They are saying you have the resources and you have a cushion in time in which to deal with these many concerns and areas. Hear the warning. I quote again from this document:

“The window of opportunity for change, however, is small because current gas and oil reserves are estimated to last about 20 years with current extraction rates and technology.”

The IADB is warning us. We have a window of opportunity to take wealth from the oil and gas and turn it to sustainable development so that whatever

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happens to the sector, the country will survive and its people will be able to live, eat, grow and develop. But you have a small window of opportunity.

New discoveries and technological improvements in industry will expand the exploitation period. However, gas and oil reserves are finite. In other words, they will finish. You have this small window of opportunity now to do the right thing and take the oil wealth of this land and put it to use for the benefit of the citizens of Trinidad and Tobago.

The report tells us further that the Government, in order to address these major problems should try to find answers to three questions:

“(i) how to provide incentives for the creation and maintenance of sustained and more diversified economic growth?”

This was the 2004 report. The Government has not found out how to do that because they have taken no steps to diversify the economy. They remain ever reliant on the gas and oil sector and each year its dependence has been growing.

The second question the Government should have addressed is:

“(ii) how to modify the public sector to play its part in the future?”

This public sector is moribund. The only thing it is good for is corruption and to delay project after project. That is why every budget we go through on their plans and promises, the majority is not completed. Their interchange, their traffic gridlock, the Scarborough Hospital, the Point Fortin Hospital, the Brian Lara Stadium, you name it; all these massive projects, with massive injections of moneys, are not completed. The public sector has not been playing its part in sustainable development.

The third question that the IADB posed was:

“(iii) how to prioritize social development initiatives so that the needs of the poor are attended in the near term?”

Government has no interest in that.

I raised in this House the matter of helping the poor and I said to remove all duties on food right away and that immediately there will be a 40 per cent reduction in a number of food items; immediately there will be a 25 per cent reduction in the price of flour and rice, basic items. Government does not care about that; that is the near term. The long-term is to grow more food on the supply side and that is not happening because of megafarms and superfarms and whatever. Certainly in the near term, Government could take measures and one of those was to remove the Government taxes on food.

6.00 p.m.

I saw an article in the newspaper, where the economist was saying that is not going to help. The headline was: “My suggestion would not help.” I read the story and two economists were saying that would only help in the immediate term, and in the long term we would need supply. That is exactly what I said. I said, while you are getting the supply side ready—because that is longer term; to get your farms going, plant the seeds and get the food to grow—in the immediate short term, give these poor people relief. Bread, as we all know, costs \$10 a loaf. We want to immediately give near term help to those poor people, move the taxes and duties, suspend them for the time being and let the poor be able to buy and eat.

You said that you have smart cards, so that is an immediate relief. That is only 22,000. Your poverty line is 270,000. They do not have smart cards. They have to face the grocery shelves everyday. Again, the strategy report, I continue to quote from it, they have said at the end of the IADB report, that focus should be on three areas. One area is economic diversification. What are we doing for economic diversification? As I have said, instead of diversifying we are staying and over-concentrating and continuing to over-concentrate on the energy sector.

The second is public sector modernization. I am not seeing any of that happening; I do not know if any other Members have. No modernization of the sector, it continues to operate in the same old ways; same old, same old, where the problems continue.

The third area of focus is social development. I have talked about that. The Government has no priority on social development. I talked about legislative measures in the debates on the children’s package and others relating to social development. We have mentioned areas dealing with Government’s failure to take care of those social sectors as well. That is the 2004—2007 country report. I am sure we would be getting the strategy report for 2008 onwards. Thus far, the Government has taken no steps with respect to dealing with the concerns raised and the suggestions put forward by the IABD.

How much time do I have, please Sir?

Mr. Speaker: Three minutes.

Mrs. K. Persad-Bissessar: As I close, if Government’s expenditure has been targeted as a primary source of the problem, then one part of the solution would be very obvious; a comprehensive revision of Government’s expenditure pattern, with a view to stopping their erratic spending pattern. Here we are, seeking yet

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another approval to borrow. We need to confront the fact that Government's spending is too high and reduce it. We need to confront the fact that citizens are not getting value for money from projects. They are over budget, to start with, and we then get cost and time overruns.

We need to confront the fact that there is inadequate project management to ensure we get what taxpayers are paying for. We need to confront the fact that this Government prefers to hide behind public relations and this Government is opposed to transparency. It appears that sometimes the word transparency is obscene to the Government. It is a bad word—

All their secret meetings with the police, holding secret meetings with Williams and Philbert and coming here and voting against it. Secret meetings are being held throughout. Secrets with respect to Government's funding, Government's spending on scholarships, legal fees and other projects. That is what is happening, the corruption. It seems that transparency is an obscene word.

We come here today to put more money into the hands of this Government, but it does nothing. Instead, it continues to fall and is recorded as being more corrupt than any other government in this country on the corruption indices and they want more money to continue with their corrupt ways.

We have very, very serious concerns on this side. In all the secrets, there is a saying that the secret will come out. With respect to this Government, all their measures for secret governance; the secret is out. This is the most corrupt Government in the history of Trinidad and Tobago.

I thank you.

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, once again the Member for Siparia has completely misunderstood the purpose—
[*Interruption*] [*Mr. Ramnath leaves Chamber*]

You can leave, you are of no purpose. Once again, the Member for Siparia has completely misunderstood the purpose of the matter before the House, completely misunderstood the economy of Trinidad and Tobago; completely misunderstood our macro and even microeconomics and generally made a fool of herself. That is in my view—[*Interruption*]

Mr. Speaker: Use a better word than that. You are implying that the Member is a fool. Use another word.

Hon. C. Imbert: The Member has made some very foolish statements and I would demonstrate what they are.

This is the second time within a week that the Member has carried on about the unavailability of information; that information is not published. What I find particularly disappointing is that the Member for Siparia was a Minister of Government and, therefore, can access information from the Central Bank reports, which are published on a regular basis from the Central Statistical Office, which publishes information on a regular basis; from the Ministry of Finance, which has its own website, where the Member can download information; and yet the Member chooses not to do any of this. The Member had some half-baked amateur economist, some dysfunctional person preparing information for her. I cannot believe that she would concoct that foolishness herself; it has to be some dysfunctional person putting it together for her.

Let me now demonstrate. In the last budget, a document called the *Review of the Economy* was laid. This is the standard budget document that has been laid in this Parliament for the 17 years that I have been here. It is laid here every year and in that document there are a number of appendices. Appendix I is the Gross Domestic Product of Trinidad and Tobago at constant prices, usually going back five or six years. It goes through to Appendix II; Appendix III; taking you into population labour force and employment; taking you into more information on employment, development and exploratory drilling, steel production, petrochemical production, money supply, commercial banks interest rate, central government revenue, which is where the Member should have gone to find out what our revenues are, instead of talking that nonsense; central government fiscal operations; central government expenditure; net lending; total public debt and debt service. It has been laid in this Parliament for all of the years that the Member for Siparia has been a Member of this House. This document has been laid, giving you the total public debt, gross public debt, central government debt and domestic external contingent liabilities that the Member claims is being kept a secret. It is right here in front of your face.

Let me deal with this debt story once and for all, because I keep hearing this rubbish that our total debt is \$51 billion and this is 53 per cent of revenue; arrant nonsense. If you go to Appendix XXIII in the *Review of the Economy*, on page 58, you would see that the gross public sector debt in 2001, when they were in power, was \$33 billion. If you go down the table you would see that represented 58 per cent of the country's GDP. When the UNC was in power, the total public debt was \$33 billion and it represented 58 per cent of our gross domestic product; more than half of our gross domestic product was debt, which we have been saddled with by the UNC, and not development.

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You come now to 2007, the total gross public sector debt, \$37 billion representing 28 per cent of our gross domestic product. Even a child could figure out that 28 is less than 58. Let me repeat that; when the UNC was in power, our total public debt was 58 per cent of our GDP. The PNM is in power, our total public debt is 28 of our gross domestic product. It is half, and yet I have to come here and hear this rubbish about how we are being taken into the valley of debt and that our debt is too high. There are few countries in the world whose gross public debt is as low as Trinidad and Tobago's, when compared to gross domestic product. There are few countries in the world. We rank among the highest, in terms of our ability to manage our public debt. We rank among the best. I have to hear this foolishness from the Member for Siparia, absolute, arrant nonsense.

Your public debt was 58 per cent of GDP. Ours is 28 per cent. The Member for Chaguanas West is a businessman. He would explain how happy a company would be when its debt is only 28 per cent of its revenue, as opposed to 58 per cent. Your government placed an albatross around the necks of the people of Trinidad and Tobago with that severe public debt that you imposed on this country and we have reduced it by 50 per cent in the last six years and I have to hear this foolishness.

Let me go to the document at Appendix XXIV, foreign reserves, which again is an indication of the health of the economy. I have to come here and listen to this nonsense about we are bankrupt and we have a weak economy. I have to listen to that foolishness? In 2001, our net foreign position was US \$1.8 billion made up of foreign assets, foreign liabilities, net internal reserves, Government balances, et cetera, both in the Central Bank and the commercial bank, US \$1.8 billion.

I come now to March 2007, one year ago. It is much better now. Our net foreign position was US \$8.7 billion. It grew from US \$1.8 billion in 2001 to US \$8.7 billion in March 2007, six times. Do the math. I know that some of the Members opposite are mathematically challenged. Certainly, the Member for Siparia, in my opinion, is severely mathematically challenged, but 8.7 is considerably more than 1.8. It is more, not less. Our foreign reserves now are five or six times what they were in 2001, when the UNC demitted office; 500 per cent more and yet the hon. Member for Siparia would come into this Parliament and tell us that we are bankrupt. I have to listen to this nonsense.

Let us look at GDP, because the Member for Siparia likes to read from documents without understanding them, without interpreting them, even without an inkling of what they mean. If you go into the *Review of the Economy* again, let us go now to one of the first appendices, Appendix I—[*Interruption*]

Mrs. Persad-Bissessar: You can call me all kinds of bad names.

Hon. C. Imbert: In 2007, the projected GDP at constant 2000 prices was approximately \$90 billion, as opposed to the actual GDP projected to be \$132 billion. At corrected prices, in order to compare apples with apples, taking it all back to a base year, in 2000, the projected GDP was \$90 million, of which the petroleum industry contributed \$37 billion and the non-petroleum industry, the non-oil sector, contributed \$52 billion. Again, even a child in elementary school would be aware that \$52 billion out of \$90 billion represents the majority. It is more than half. In fact it is over 60 per cent. What the figures show you is that the non-petroleum sector in Trinidad and Tobago contributes to the bulk of the economy. I have to hear all kinds of nonsense about we are dependent on oil and we need to diversify the economy. This is a diversified economy, \$37 billion in the petroleum sector and \$52 billion in the non-petroleum sector. How more diversified could you get than that? I have to listen to this nonsense.

Look at growth in 2003, 14 per cent; 2004, 7.8 per cent; 2005, 6.1 per cent; 2006, 12.2 per cent; 2007 was projected at 5.5 per cent. It may have exceeded that.

6.15 p.m.

Let us look at the non-oil sector, 6.7 per cent growth in 2003; again, 6.7 in 2004; 5 per cent in 2005; 6.6 per cent in 2006; and 6.7 in the non-oil sector in 2007. Is that not a diversified economy? The bulk of our economy is in the services sector. If the Member would take two minutes to read and two minutes to do her own research instead of parroting some foolishness some dysfunctional amateur economist brought for her, she would understand when she looks at the figures that services contribute to more than 50 per cent of our GDP. Mr. Speaker, \$45 billion out of \$89.4 billion in 2007 came from the services sector. This is more than the petroleum industry in terms of construction, electricity, distribution on restaurants, hotels, transport and the finance industry, et cetera.

Mr. Speaker, you see, it pains me when I have to sit in this House and listen to this kind of nonsense. It pains me to hear these kinds of things—no published records of Government debt and so on. Go online! I am wondering if the Member is computer illiterate! I am sure that the hon. Member has Internet capabilities. She can go online and check the Central Statistical Office, the Ministry of Finance and the Central Bank and the Member is going to see the published records of the Government debt. This document is posted on the Ministry of Finance website. It is there for you to see. You will see everything. You will see our contingent liability; you will see our external debt; you will see our internal debt; and you will see the debt of state enterprises. Everything is there in front of your eyes.

Now, let us look at the question of debt servicing. The Member carried on for about 20 minutes about the fact that \$4.2 billion was spent on debt servicing in 2007. She carried on at a rate and made a big hullabaloo about that as if it was a crime. Let us go and see what happened under the UNC. Let us go into the documents and see what the debt servicing was in 2001 when the UNC was in power. I am sure it would not be a pretty picture. Go to Appendix XXIII in the same document on page 58 and you are going to see “Central Government Debt Servicing”. Under the UNC in 2001 it was \$4 billion.

What was the revenue in 2001? That is easy. Go back into the document and you are going to see that the revenue in that year was about \$14 billion. It is there in the tables. So, let us do some simple mathematics. As I said, I know the Member is mathematically challenged. Mr. Speaker, \$4 billion out of \$40 billion, which is what our revenue was in 2007—it was actually a little more than \$40 billion. It was about \$41 billion or \$42 billion—and 4 out of 40 is 10 per cent. How much is four out of 14? It is 29 per cent.

Mrs. Persad-Bissessar: Mr. Speaker, Standing Order 33(4). Where the Member has spoken and misquoted. With two respects, the Member is saying that this Member said that there were no published accounts. I spoke of all the published accounts from the Auditor General’s Accounts and the Public Accounts of the Republic of Trinidad and Tobago. That is the first. The second is with respect to percentages on the public debt. Those were quoted and I gave the page numbers from the Auditor General’s Reports and from the Public Accounts of the Treasury.

Hon. C. Imbert: Mr. Speaker, during the tea break, I was telling my colleagues that there is a big difference if you play cricket at club level, and then you try to get into the national team. You might even hit the ball out of the Oval, but when you go to the West Indies, you would make a duck. The Member for Chaguanas West knows what I am talking about. You can play football at club level and you would be a brilliant player, but try to play in a World Cup qualifier, they are going to bench you, because you just cannot operate at that level. The point I am making is that the Member for Siparia just cannot operate at any kind of intellectual level.

The point I am making—I am going to make it again because I know the Member for Siparia is mathematically challenged—is that in 2007, the revenues of the country were \$40 billion and the debt servicing was \$4 billion and, therefore, the debt servicing represented 10 per cent of revenue; four out of 40. In 2001, the revenues were \$14 billion, and the debt servicing was the same \$4 billion; four out of 14 is 29 per cent. So, 30 cents out of every dollar under the UNC was going to pay debt, compared to the 10 cents out of every dollar under the PNM. [*Desk thumping*] It is a simple equation.

Our debt servicing is a fraction of what the former administration subjected this country to. Almost one third of our revenues in 2001 went to pay debt, because when the UNC was in power they borrowed money like mad. They strangled the country with that massive debt servicing—30 per cent of revenue going to debt servicing under the UNC and 10 per cent under the PNM. How could 10 per cent be worse than 30 per cent? When I went to school, 10 per cent was always better than 30 per cent when you are looking at expenditure. That is why I keep making the point that there are persons who can play at club level, but they cannot make it on the world scene, because they are completely out of their depth.

Let us look at employment. The Member for Siparia carried on about the fact that the energy sector does not create jobs, and that these petrochemicals plants only result in a couple hundred jobs. So, what! Let us go into the records and look at the actual figures. As the Member for Lopinot/Bon Air West pointed out, facts are stubborn things. They do not go away. When I go to Appendix VIII on page 43, and I look at the employment figures coming out from the Central Statistical Office, I see that in December 2006, the unemployment rate was 5 per cent. Under the UNC, the unemployment rate was 12 per cent. So, the unemployment rate under the UNC was doubled.

So, again, for those who are mathematically challenged—when something is doubled something else—it means that there were twice as many unemployed persons under the UNC as there were under the PNM. It means we have created thousands and thousands of jobs in the six years that we were in office. It is obvious that during the six-year period 2002—2008, if you look at the figures, you are going to see that the PNM Government has created over 50,000 jobs during that period. That is the only way we could have reduced the unemployment rate from 12 per cent to 5 per cent. It is the only way.

Mr. Speaker, by definition, there are thousands and thousands of more people working now in Trinidad and Tobago than there were six years ago. So, what is the relevance of the fact that a petrochemical plant or a methanol plant or whatever it is only hired 400 persons? What is the relevance of that? You have missed the point completely. The point is the bulk of our economy is not in the energy sector; the bulk of our economy is in the non-petroleum sector. It is the wealth that is generated by the petroleum sector that has the spin-off effect and the knock-on effect in the non-oil sector that has created these 50,000 jobs. That is obvious. You do not have to be a rocket scientist to know that. As I said, it pains me when I have to come here and hear this kind of foolishness.

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With respect to the Motion itself, if the Member had done her research, she would have seen that during the period 1995 to 1996, the ceiling under the Development Loans Act—the matter that we are debating today—was increased from \$5 billion to \$7.5 billion.

Again, in 1999, under the Development Loans Act—and I checked this myself—the then Minister of Finance increased the ceiling from \$7.5 billion to \$10 billion. In 2003, the then Minister in the Ministry of Finance increased the ceiling from \$10 billion to \$13 billion, and now we are increasing it from \$13 billion to \$20 billion.

Mr. Speaker, the last time we increased the ceiling was in 2003—five years ago—from \$10 billion to \$13 billion. We come now, in 2008, five years afterwards—having exhausted the \$3 billion that we received in terms of increased borrowing in 2003—and now we are asking for another \$7 billion to go from \$13 billion to \$20 billion. Yet, the hon. Member for Siparia, not understanding economics at all, repeated about eight times that we are going to spend that entire \$7 billion in 2008. That is impossible. If you look in our accounts, we have no intention of borrowing \$7 billion in 2008. That \$7 billion is to last for several years.

Every time the Government comes to this House to get an increase in the limit it is with a forward projection to say that we are increasing it from \$13 billion to \$20 billion, and that is to take us three to five years into the future. So, it is a fallacy uttered by the Member for Siparia that we are going to take the whole \$7 billion and spend it in one year. Foolishness! Utter foolishness! There is no document that has been laid in this Parliament which indicates that in the year 2008, the Government is going to borrow \$7 billion.

You can go into the budget documents yourself and you are going to see that the total Government borrowings may be \$2 billion or \$3 billion for fiscal year 2008 or fiscal year 2009. Again, a complete misunderstanding of what we are about. All we are doing is increasing the limit. We could come every year to do this. We could come this year and say that we want to increase it by \$1 billion, because that is what we intend to borrow using this legislation this year. The next year we will come back and say that we want to increase it by \$500 million and then the next year by \$1.5 billion. But rather than having to come to the Parliament every year and listen to that nonsense, we have decided that we are going to increase it from \$13 billion to \$20 billion to give the Government some flexibility. So we have now increased the limit. As I said, when you look at this in a holistic sense, it is a fraction of our GDP. It is a fraction of our revenues.

The other area where the Member became totally confused and demonstrated complete backwardness was understanding economics. The Member complained in the previous debate and also in this debate that we are paying back more money than we are borrowing. What is wrong with that? What is wrong with paying back more money than you are borrowing? You should be glad! If you are paying back more than you are borrowing, it means that your total public debt, by definition, is going down. [*Desk thumping*] That is the nonsense I have to listen to. The debt we are paying back this year is debt that would have been incurred 10, 15 or 20 years ago, all depending on the debt instruments—whether it is short-term borrowing or whether it is long-term borrowing. Debt instruments mature in a particular year.

Mr. Speaker, you would know that and the Member for Chaguanas West would know that if you borrow money over a period of 10 years, then 10 years from now you have to pay it back, depending on whether it is a balloon payment or whether you are paying it in instalments. The debt would mature at the end of the life of the loan. So, the debt that we are paying back in 2008 is not money that we borrowed in 2005, 2006 or 2007, but debt that was incurred five years ago, seven years ago, eight years ago and 10 years ago. It is fit and proper to retire that debt, because the debt we are paying back this year would have been borrowed in the 1990s, in 2001 and 2002 or whenever, at higher interest rates. So, we would have been borrowing at 10 per cent or at 11 per cent and so on, and if the debt matures in 2008, we can pay it off and then incur additional borrowing at 5 per cent.

6.30 p.m.

I saw a borrowing instrument just yesterday where the Government is now borrowing at 4.5 per cent. This Government! That is to give you an indication of how strong our economy is, that this Government can borrow at interest rates below 5 per cent. Unheard of! I never thought that this country would get to the point in terms of the strength of its economy, in terms of its investment grade rating where we could be borrowing at less than 5 per cent, but I saw it. [*Desk thumping*] I saw it yesterday, 4.6 per cent as a matter of fact is what I saw. So it makes absolute sense to retire high interest debt, high cost debt that you incurred 10 years ago at 10 per cent and 12 per cent, retire it and then if you need additional funding, refinance or incur additional borrowing at 5 per cent. The cost of your debt servicing will be cut in half. Basic economics! But the Member is complaining that we are paying off more debt in 2008 than we are borrowing, a complete misunderstanding of what is going on here.

Hon. Member: How much they borrowed at?

Hon. C. Imbert: They borrowed at 12 per cent. [*Inaudible*] They borrowed at 13 per cent and we are paying off that now. We are paying off all of that high cost incurred by the UNC.

Hon. Member: To build stadium.

Hon. C. Imbert: Mr. Speaker, as I went through my notes each one of the Members opposite—[*Interruption*]

Mr. Speaker: Order!

Hon. C. Imbert: Every week they are writing us letters. The Member for Chaguanas West wants lights, running track. I heard that a week ago. The Member for Tabaquite wants road; the Member for Caroni East wants hospital—

Hon. Member: How is he getting it?

Hon. C. Imbert: How are you getting it? With “jumbie beads”, with M&Ms, toffee? [*Laughter*] With money, obviously! But the Member for Siparia is saying “stop spending.” Well I will stop and you will not get lights; no running track for you, because the Member for Siparia says “stop spending” stop spending money on goods and services. Foolishness; foolishness, Mr. Speaker! The Government has a development agenda, has a development programme. How are we going to pave all of these roads in those rural areas like Tabaquite unless we spend money? How are we doing it, with a magic wand?

That is the whole purpose of our debate here today. That is the purpose of the debate. The Government is coming to the Parliament, seeking an increase in its borrowing limit that it can easily afford, because our GDP is now twice what it was in 2001. We have doubled our GDP since then. We have more than tripled our revenues since 2001 and, therefore, we have doubled our capability to incur expenditure. Obvious! So, how are we going to service all of the demands of all of these miserable Members of Parliament on the other side? Every week is a letter from one of them: fix this road; fix that landslide; fix this bridge; do this; do that. Every week: build community centre; build hospital; build school; build police station, but do it without money. “Doh” spend!

Mr. Dumas: They abandon their seats.

Mr. Bharath: Spend it wisely.

Hon. C. Imbert: Spend it wisely on what? The only way you can get anything done is to spend money. The only way you can get a school built, a police station built, a hospital built is to spend money. You cannot do it with

“jumbie beads!” It is some sort of chronic schizophrenia on the other side—chronic schizophrenia—where, on the one hand, with one-half of their brain they are demanding increased expenditure by the Government in terms of servicing their constituencies and on the next half of their brain, you have the Member for Siparia coming and saying, “stop spending, doh spend no money, it's causing inflation!” What do you want? Do you want the services in your constituency? *[Interruption]* What do you want?

The fact of the matter is, the Government can well afford it. The country can well afford it. It is not a question of we cannot afford it you know. I have read out our fiscal position. I have read out the fact that our public debt is now 28 per cent of our Gross Domestic Product. Our borrowing capacity is infinitely more than it was in 2001; our revenues are three times what they were in 2001 and we can fix those roads in Chaguanas; we can put the lights in Chaguanas and the running track. We are not going to listen to the Member for Siparia and her foolishness. We are going to spend the money. We are going to spend it. You will get your lights! We are not listening to her.

Mr. Speaker, it just pains me when I hear this nonsense: poverty levels. I took notes. The Member said 270,000 people under the poverty line under the PNM. That is what she said. But when you read all of the reports from the UNDP and so on, they have confirmed that 30 per cent of the population was under the poverty line, and they set the poverty line at a figure. It is an artificial line. They said 30 per cent of the population was under that line when the UNC was in power; now it is 17 per cent. So, if I use the—I cannot use unparliamentary language—false mathematics of the Member for Siparia, if 270,000 people are under the poverty line now, then 580,000 people were under the poverty line when they were in power. *[Desk thumping]* Foolishness!

If the poverty level is half what it was at that time, then the number of people under the poverty line was double what it is now. It is stupid argument. Sorry to use the word “stupid”. Foolish! Because anytime you make these blanket statements in a vacuum you must have a comparator. These are statements in vacuo and also vacuous. *[Laughter]*

Hon. Member: They are what?

Hon. C. Imbert: They are also vacuous! They are out of context; they are in a vacuum, out of context and they are vacuous or “dotish”; that is what vacuous means.

Mrs. Nunez-Tesheira: Intellectually bankrupt.

Hon. C. Imbert: Intellectually bankrupt. If you say there are “x” people under the poverty line now, well it was “xx” at your time. When I go through all of this—another inane comment—sorry, Mr. Speaker, I will be subject to your corrections. There was an issue recently about the President of the United States making a declaration that from 2010 or some time, some element of our exports to the United States would no longer enjoy duty free access, and the Member asked, does that include oil and gas? How could it? How could oil and gas enjoy the kind of preferential access in the United States that is the subject of that order by President Bush? The Minister of Information has already come out and said that the goods and services originating in Trinidad and Tobago and entering the United States market that are the subject of that presidential order, total less than 1 per cent of our total exports to the United States.

Mrs. Nunez-Tesheira: Point one, which is less than 1 per cent.

Hon. C. Imbert: Point one. Less than .1, yes; .1 is also less than 1, you are right. So, anybody with even a modicum of intelligence, anybody who was alive and had a brain would have known that our exports of oil and gas to the United States exceed 1 per cent. Even the Member for Chaguanas West knows that our exports of oil and gas and petrochemical products to the United States exceed 1 per cent. But if the order only affects less than 1 per cent of our goods and services, our exports to the US, then by definition it must exclude oil and gas.

The question should not have even been asked; should not have been asked, a foolish question in the extreme. Foolish in the extreme! It just tells me that the Member for Siparia just does not have a clue and I am advising the Opposition; get somebody else to speak on economic matters. [*Desk thumping*] It is embarrassing. Absolutely embarrassing! At least the Member for St. Augustine has some kind of financial training, so I am told. [*Laughter*] Not too good at rice, but has some kind of financial training, so, at least the Member for St. Augustine could speak with some level of authority.

So, I am just counselling Members opposite, get somebody else to talk about economics because the Member for Siparia is making a mess of it. [*Desk thumping*] Absolute mess of it! Our economy is the strongest it has been, ever! Our economy has never been stronger. Do you know last week, [*Interruption*] there was a complete misunderstanding on the other side about the difference between funds that are used for liquidity management and funds used for development purposes?

What we are about today is borrowing for development. Obvious! It says so in the Act. It is English. It is the Development Loans Act. You do not need, again, to be a rocket scientist to know that if you read the Motion, we are seeking to

increase the borrowing for the purposes of development. It is there in the English Language, okay. [*Interruption*] But liquidity management is something completely different, you are taking money out of the economy, you are not borrowing it, you are not taking it to spend it. It is so simple! The Treasury Bonds are being floated in order to take money out of the economy and sterilize it in the Central Bank. But the Government cannot spend it; they cannot use it; you cannot take that money and put into the estimates of expenditure and the appropriations for various ministries; you cannot take that money and put it into health, put it into sport, put it into foreign affairs and spend it. You cannot do it!

That money comes out of the economy goes into a lockdown account, sterilized and stays there, because the purpose of taking that money out is to reduce the amount of money in circulation, so that people would not engage in consumer spending and not engage in the type of spending that will fuel inflation, and it comes at a price. You have to pay for that, Mr. Speaker. Because you cannot use that money, it sits there, it cannot earn interest, you cannot do anything with it, but it comes at a cost, because in order to make it attractive to persons who would otherwise use it to buy motor cars and to invest in real estate and so on, you have to pay an attractive interest rate, so the interest is the cost.

Let us say you withdraw \$2 billion that was circulating in the economy; you have to pay the 8 per cent on that \$2 billion. Whether it is \$100 million or \$200 million, or whatever it is, you have to pay it. It comes at a cost and it is a hit on the Consolidated Fund. It is a first charge on the Consolidated Fund before you pay anything else; before you pay the salary of the Member for Chaguanas West—which he does not need—you have to pay the interest on the bonds.

A Government is going to be very reluctant to utilize that instrument because there is no benefit. You cannot spend it on anything, you have to pay for it, it is a cost, it is a first charge on the Consolidated Fund, and therefore what do you need a limit for? Which Government is going to pull \$20 billion or \$100 billion out of the system and find itself having to pay \$2 billion and \$3 billion a year in interest charges or \$5 billion a year in interest charges? For what? You put the instrument in and you use it as required to control inflation. It is a management tool. It is taking excess funds out of the system to prevent those funds being used for consumer spending and thereby drive inflation. That is all it is. No rocket science. So, you do not need to put a limit on that. What for? What difference does it make whether you put a limit or not, because as the Government uses the instrument the Government incurs a charge on the Consolidated Fund which it cannot use for development purposes or for recurrent expenditure.

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So, it is a liability. There is nothing positive about the Treasury Bonds issue. That is a burden on the public exchequer, but you do it because you need to manage your economy. If you do not do it you would wreck your economy. If you allow too much money in circulation and you just allow people to go wild in terms of extravagance and in terms of profligate spending then you wreck the economy, inflation just goes out of whack, you have too much money chasing too few goods. Simple, no rocket science! What we are about today is increasing the limit of borrowing for development. This would give Government the flexibility to borrow money for road construction, for hospital construction, for police stations, for schools and so on. This is what we are about.

It is all very simple, there is nothing to it. There is no big thing. When you look at a debt profile, whether it is a company, whether it is a Government, whether it is a person—let us look at it in the context of an individual.

6.45 p.m.

When we went into Opposition in 1995, I remember looking at my pay cheque after taxes and it was about \$2,000 or \$3,000. We used to get about \$2,000 or \$3,000. That was the salary of an Opposition Member at that time, and therefore, after tax income of \$3,000 it was not very much you could have done with that. In fact, you could not borrow money with that because you would not have qualified in terms of debt servicing; your income would have been too low. But as time has gone by, Members' salaries have gone up \$10,000, \$20,000, \$30,000, so that they can now incur debt and borrow much more than they could have borrowed in 1995. It is a simple formula.

For example, when you go to a commercial bank and you are seeking to borrow money for a house or you want to buy property, a simple rule of thumb is that your total debt profile should not exceed 30 to 35 per cent of your income. You know that. So if my income is \$100,000, my debt servicing could be \$30,000 to \$35,000. That is what the banks use. If my income is \$10,000, my debt servicing could be \$3,000. So if you look at it in the context of Trinidad and Tobago, where our revenue in 2001 was \$14 billion, and now our revenue for 2008 is in excess of \$40 billion a year, if 30 per cent of our revenue were used for debt servicing in 2001, which it was, so that you could manage debt servicing of \$4 billion, if you use the same rule of thumb, then, we could manage debt servicing of \$12 billion. It is not to say we are doing that. We are in fact way below our capability.

I have made the point that our debt servicing in 2008 represents merely 10 per cent of our revenue. There would be countries in the world that will die to have

that kind of debt profile; individuals too. Which individual here has a debt profile that is only 10 per cent of his or her revenue? Very few people. So when you pick numbers out of a hat and use the bare numbers; you do not understand economics and repeat some foolishness that somebody wrote for you without understanding it, that is how you arrive in the unhappy position of the Member for Siparia.

You have to look at the country's capacity to incur debt; you have to look at the country's debt service ratio; the ratio of our debt or our GDP; our foreign reserves and the surplus in the current account. If the Member for Siparia had bothered to go into the numbers and look at our money situation, she would have seen that—let us look at central government fiscal operations in Appendix 19, page 54, *Review of the Economy*.

In 2001, total revenue, \$14 billion, overall surplus, a deficit of \$104 million. So under the UNC, because they did not manage their debt profile properly, they incurred a deficit of \$104 million. So, they spent \$104 million more than they earned in revenue. Let us look at the PNM. PNM's revenue, \$40.4 billion, overall surplus, \$1.3 billion. It means that the PNM spent less than they earned, so that the PNM through prudent fiscal management—

Mr. Speaker: Hon. Members, the speaking time of the hon. Member for Diego Martin North/East has expired.

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

Question put and agreed to.

Hon. C. Imbert: I thank the Member for Fyzabad [*Desk thumping*] for being so generous as to move the Motion to extend my time. I know that the Member for Siparia and others would not want to hear me, but I understand that because they do not like it. You do not like to be told that you do not know what you are talking about—[*Interruption*] and that you are an intellectual infant. You do not like to be told that. Let me go back now to revenue and surplus:

The revenue in 2001 under the UNC, \$14 billion, overall surplus, a deficit of \$104 million.

Let us go to the PNM now:

- 2002—revenue \$17 billion, surplus \$775 million;
- 2003—revenue \$21 billion, surplus \$211 million;
- 2004—revenue \$30 billion, surplus \$2.4 billion;

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- 2005—revenue \$38 billion, surplus \$1.8 billion; and
- 2006 and 2007—revenue \$40.4 billion, surplus \$1.3 billion.

It means in every one of those five years, the PNM generated a surplus. In fact, at the Central Bank we now have a positive balance in the Consolidated Fund in excess of \$10 billion. I have been talking to the Minister of Finance about that. [*Desk thumping*] It means that without earning one cent, this Government is in credit, in terms of the Consolidated Fund, in excess of \$10 billion. We could run this country for more than three months without earning \$1 from oil, from income tax, Value Added Tax, or from anything like that, and it does not take into account the \$12 billion in the Heritage and Stabilisation Fund.

In fact, when you add the accumulated surplus in the Consolidated Fund from all of these surpluses that we have been running over the last five years to the Heritage and Stabilisation Fund, the PNM Government has over \$20 billion in reserves. [*Desk thumping*] An earthquake could hit this country, and we could run this country for six months without having to earn one cent from the oil and gas sector or any other sector. That is what the figure will show you. You could say what you want, the figures do not lie; the figures are there and they are published.

Mr. Speaker, in conclusion, I do hope that we will not be treated to this amateur comedy hour from the Member for Siparia. I can think of no better way than to describe the contribution of the Member for Siparia, as the amateur comedy hour. [*Interruption*]

Mrs. Persad-Bissessar: Thank you very much.

Hon. C. Imbert: Completely mixing up the facts; completely misunderstanding the fact that our GDP has doubled in the last five years; our ratio of debt to GDP has been cut in half and our foreign reserves have gone up by 500 per cent. We have been running fiscal surpluses every year for the last five years. The economy is extremely strong which is manifested by our continuous improvement in our investment grade ratings that we get from Moody's, Standard and Poor's and the other international agencies that rank countries.

Mr. Speaker, it is a funny thing that while the Member for Siparia was talking all of her foolishness, Moody's, Standard and Poor's and all the international financial agencies keep upgrading the investment grade of Trinidad and Tobago. So all "ah dem" stupid and the Member for Siparia is brilliant? So Standard and Poor's do not know what they are doing and they keep pushing us up in terms of our investment grade rating. Moody's keeps pushing us. That is why we can borrow now at rates below 5 per cent.

We could go on the international market now and we could get US \$3 billion, US \$4 billion, and US \$5 billion at 5 per cent without blinking an eye. Such is the reputation and strength of the Trinidad and Tobago economy. That is what is going on outside there in the international arena. All the international agencies describe Trinidad and Tobago as an economic giant. Trinidad and Tobago is the powerhouse of the Caribbean and one of the strongest growing economies in Latin America and the Caribbean. When you go into the literature you would see that of all the countries in the region, Trinidad and Tobago is a success story. Read *The Economist*, *Wall Street Journal* or any of the respected international financial publications and you would see how Trinidad and Tobago is described, and yet, I have to come here and hear this foolishness from the Member for Siparia.

I conclude by repeating to the hon. Members opposite, get somebody else to talk about economics.

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

Dr. Tim Gopeesingh (*Caroni East*): Mr. Speaker, every time I hear the hon. Member for Diego Martin North/East, I wonder whether we are in a House of Parliament; or a fish market; or an abattoir; or on the Priority Bus Route or something—[*Interruption*]

Dr. Moonilal: Curepe Junction.

Dr. T. Gopeesingh:—because this hon. Member of Parliament for Diego Martin North/East seems to take a delight in fish market type speaking. I wonder if he knows that the entire country looks at him on a daily basis and they feel insulted by his type of language that spews out his mouth like filth on a daily basis.

Dr. Moonilal: You make fish vendors feel bad.

Dr. T. Gopeesingh: When we have to be subjected to that type of hooliganism in terms of speech, it is sickening to see that. How can we be an example to young children growing up when they hear that type of language? [*Desk thumping*] Let us debate the issues without being nasty and insulting.

I thought that the Minister was an engineer at sometime in the past, but it seems as though he is now an economist. It seems as though since Emile Elias sued him, he has suddenly become an economist. [*Laughter and desk thumping*] He must understand that my distinguished colleague, the Member for Siparia, graduated with a distinction in MBA [*Desk thumping*] and she is capable of speaking about macro and micro-economics, like many of us on this side.

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You do not have an MBA; you have not graduated with a distinction in your MBA programme, but yours truly has graduated with a Masters in International Relations as well, [*Desk thumping*] having learnt about macroeconomics. So we on this side, and my distinguished colleague here are living examples and the embodiment of what a financial expert will be. [*Desk thumping*]

Dr. Moonilal: “Yeh man.” We have 20 university degrees here.

Dr. T. Gopeesingh: All the time we have to hear “arrant nonsense”, “arrant nonsense”, “dotishness”, “foolishness”, “foolishness in the extreme”, “intellectual infant”, “illiterate”. All your vocabulary seems to be focused on is the negative aspect of what is supposed to be construed here in an intellectual debate. Let us debate this thing intellectually, rather than from personal attack. [*Desk thumping*]

I think that the hon. Member of Parliament for Diego Martin North/East is more like an irritant flea on a dog’s back. [*Crosstalk*] Is he a Brutus to his friends? I will stop there for now. We will fight fire with fire and we will not sit here and be subjected to his insults on a daily basis without responding. We do not want to be nasty, because we could be nasty and he must not get personal. If he gets personal, we would get personal as well and we would tell him what has happened. We cannot accept that. God help us, we do not ever want to become personal to anybody in this Parliament, so I am warning him. I am giving him enough warning here this evening.

Mr. Dumas: Are you threatening the man?

Dr. T. Gopeesingh: No, I am not threatening him; I am giving a warning. Through you, Mr. Speaker, we warn him and I am making a promise. I am making a promise that we will say what we have to say when the time is appropriate.

I will now come to the issues on this debate. Within the last two months, we have been coming here debating financial Bills and the Government is begging for money and money and money. Within 20 minutes in a finance meeting on the Appropriation Bill, they came and got \$3.5 billion in just a flash. [*Interruption*]

Mrs. Persad-Bissessar: In 20 minutes.

Dr. T. Gopeesingh: In 20 minutes. When we ask questions, no answer, and when we come to debate it, we are being shut up—not by you, Mr. Speaker, but by the other side.

This is a Government that is standing the windfall of the oil and gas sector and has money flowing at its feet, but they keep coming to borrow money and borrow money. That whole issue of the Treasury Bonds and the \$1.2 billion that they are asking to dry up the liquidity, originates in the sale of the Royal Bank of Trinidad and Tobago (RBTT) shares to Royal Bank of Canada (RBC).

7.00 p.m.

Why do we have to reach the position where we have to back up, from a national perspective, and use people's money, taxpayers' money, to back up a private institution for their private purposes, and for the directors of that company to make millions of dollars? One director of that company made \$14 million in the sale; one director. He got all his family to buy shares in that company, Royal Bank Trinidad and Tobago Limited (RBTT), before the divestment took place to Royal Bank of Canada (RBC). Here we are being asked to support drying up of liquidity of \$1.2 billion, then you might even reach four point something billion dollars, because this is what they said; this was what we read in the newspapers, that they have to dry up liquidity of four point something billion dollars.

My distinguished colleague, the Member for St. Augustine, asked why it could not have been offered in other types of paper transactions, rather than liquid money coming into the system. We know why that money was being given and why they allowed the sale of RBTT to RBC; because in that there was an interlocking directorate. On that purchase the Securities and Exchange Commission had done a report in 2004 by a Canadian company, and they recommended that somebody be charged. That report was sent to the Director of Public Prosecutions (DPP).

We have "we Jack" on our side, but I do not think he is as lucky as that Jack.

That report was sent to the Minister of Finance, at the time, Sen. Enill, and an initial letter was sent to the Director of Public Prosecutions (DPP). We will produce that for you all. It was stopped by the hon. Prime Minister. I am sorry the hon. Prime Minister is not here this afternoon to answer that question. I ask anyone of you on that side to convey to the Prime Minister that he owes an explanation to this country why he stopped that report from the Securities and Exchange Commission by the Canadian firm that was going to the DPP to have someone arrested. He stopped it. It was on the then Minister of Finance, Sen. Enill's desk. In your winding up, you could ask the Prime Minister to make a statement on that to this country. He owes an explanation to this country on that Securities and Exchange Commission report, which was going to be sent to the DPP, to arrest somebody.

That is the same person who helped him with the jet rides; the same person who wanted \$1.5 billion for BWIA. This is where our money is going. Money is going to prop up BWIA, \$1.5 billion, because there are friends involved. Friends involved in BWIA; friends involved in the purchase of the jet; that is where we are going. This Government is coming to ask us for money to borrow from \$13 billion to \$20 billion; \$7 billion more to help their friends, and four point

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something billion dollars to dry up the liquidity in the market, of which they themselves are guilty of something wrong, by supporting the sale of RBTT to RBC, when our taxpayers' moneys are being spent widely.

The Prime Minister and the former Minister of Finance has some explanation as to why we have found ourselves in this difficulty, with this Treasury Bonds having to mop up \$1.2 billion in liquidity. As my colleague from Siparia mentioned, this is an open-ended cheque that you have. You could issue \$4 billion more bonds; and \$10 billion bonds, and all you are saying is that you are drying up the liquidity. So you have an open-ended cheque, but my colleagues from the Senate would deal with that. You have an open ended cheque to dry up any amount of liquidity that you want.

You are sinking that into a fund that is closed off and sterilized, but yet still my colleague from St. Augustine showed you that \$99 million is going to be paid in interest for a nine-year period. It works out to something close to \$891 million, that this country will have to pay in interest on that money that has been sterilized, that \$1.2 billion. So we have the \$1.2 billion sterilized and we have to pay \$891 million in interest. It is sterilized and there is nothing coming back from that.

Mr. Speaker, would you put your money in a bank and not get any interest on it? How silly and foolish that would be. You sterilized it. Why could they not invest that same \$1.2 billion in US or European Union back bonds, in a different denomination, or sterling back bonds? Even though you receive 4 or 5 per cent, it would be able to offset half the interest of the \$891 million. This Government is not wise enough to do that. They do not have the intellectual capacity. I would not get nasty and say that you are functionally illiterate or enumerate; I would not go that way. I would say that the Government does not have the intellectual capacity. I am not attacking any particular individual; but that is the dirtiness of particular Members.

Here we are coming to talk about the second part: borrowing money for development. The hon. Prime Minister spoke about development. Many in Trinidad and Tobago have been told about development in terms of high rise buildings. High rise buildings throughout the country, crowding up the Port of Spain area causing massive traffic jams; persons cannot get in or out of Port of Spain, two and three hours on the highway. But you are erecting more and more buildings in Port of Spain, and have government campuses in Port of Spain, and so on. Where is the decentralization? Moreso, that waterfront project went from two point something billion dollars to three point something billion dollars. Who is paying for that? Even though it was a loan; even though it was a bond issue, who is paying the interest on it? It is the taxpayers of Trinidad and Tobago. Who is paying the money for all these campuses and buildings going up, with massive cost overruns?

Who is paying for the Brian Lara Stadium, which was supposed to be built before the World Cup? When I spoke in the other place and showed that the Brian Lara Stadium was advertised as one of the five new venues for the World Cup, we were disgraced because the stadium had not even started. Then it went from almost what was supposed to be \$600 million expenditure; it is going to cost \$1.2 billion. And what would it be used for? In case if we get a tsunami, we could go and stay down there. Remember the Prime Minister said so. That would be a white elephant down there, and \$1.2 billion and more would be spent.

I would come to the state enterprises pretty shortly. Look at the Scarborough Hospital; \$100 million spent and only the foundation has been built. They said that they are going to repair the foundation, or refurbish it.

The National Oncology Centre, the cancer centre; \$100 million spent and not even the foundation built. You cannot get a hospital in Point Fortin. You cannot get a burns unit in the San Fernando hospital. You cannot get an Intensive care unit at the San Fernando hospital. Mr. Speaker, 15 patients lying around one place in a room and cannot even get a bed. Patients are falling off trolleys; patients are dying on the floor; patients having cadaveric surgery and falling off the bed, because they are bleeding internally and "dead". That is development for you; that is health sector development.

They cannot even build a district health facility, but they talk about building a hospital. They are giving money to their friends. The czar of the energy sector is now the czar of the education sector in tertiary education, giving him \$350 million for a cardiovascular initiative programme in the University of Trinidad and Tobago (UTT), and \$20 million for something else.

This is how we are throwing our money away. And we must support an initiative from them to support a Bill that is asking to increase borrowing from \$13 billion to \$20 billion, and you are calling that development? Where is the development in that?

Our education sector is falling. As I am on that point, I want to quote a statement by one renowned economist, Prof. Dennis Pantin. I do not think anybody would have any difficulty understanding what he is saying. He is well respected in his field.

On Sunday 08 June, 2008 he asked:

"Is T&T on sustainable development trajectory?"

He was asking the question.

"'Development' and 'developed country' are 20th century concepts..."

Second, there is now a clear understanding that a simplistic focus on economic growth misses the point."

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This Government has a simplistic focus on economic growth and they are missing the point. They do not have any type of deep thinking into their fiscal policies management. The Central Bank Governor is telling them, on a daily basis, that their fiscal policies are out of sync with their monetary policies, and they have profligate spending. This Government has been associated, and its name is synonymous with profligate spending.

This is what Prof. Pantin said:

"The concrete question is where does Trinidad and Tobago stand within such a sustainable development framework? A complete answer depends on research work that is still to be fully done.

I will attempt to now begin to draw my own current conclusions based on partial evidence but also a greater familiarity 'on the ground' as it were as a participant observer.

Trending away

The crime pandemic (particularly murders, kidnapping and domestic violence including infant/child 'fratricide') alerts us to a more subterranean reality of a tearing away of the social fabric of the society."

That is development for Trinidad and Tobago. That is why this government is asking for more money to continue to tear away at the society and they cannot prevent the fratricides occurring; "infant child fratricide".

"Behind it lies, inter alia, a decaying education system..."

How can they be asking for more money and they are not able to substantiate their expenditure to prevent what is happening "a decaying education system".

He continues:

"Other underlying factors of social decline include the long neglect of disadvantaged communities such as the provision of basic amenities as garbage collection..."

I refer my colleagues on the other side to this article on Sunday 08, June 2008, by Prof. Dennis Pantin, a renowned economist.

Mr. Speaker, the last speaker, the Member for Diego Martin North/East, began to tear into my colleague's contribution, and began to give some explanations about gross public sector debt. [*Crosstalk*] I am very insulted. I quote from Appendix 23; the same Appendix he spoke about. He showed what he

wanted to show. But he must give the information with clarity, not to hide something and give something else. My colleague has just said that facts are stubborn things; and we will give you the facts. You cannot dispute it; it is incontrovertible; it is irrefutable. [*Crosstalk*]

The gross public sector debt, my colleagues, October 2001—September 2002, was \$32.994 billion. In 2006, it was \$37.396 billion. The gross public sector debt has increased from \$32.8 billion in 2001 to \$37.4 billion in 2007; an increase of \$4.6 billion. No matter what you say, whether it is a percentage of GDP and so on, the fact is that you had a \$4.6 billion increase in debt under the PNM, despite the fact that they have all the money at their disposal. [*Desk thumping*]

Do not come here and quote that it is a percentage of GDP. You all know they did some "ratch" over 2002 in statistics and tried to bring some new type of calculation for the GDP. The GDP suddenly plunged up; it went up under this Government because of some statistical conmanship and statistical calculation. [*Desk thumping*] [*Interruption*]

Yes, we say that. Up to now your Government has not been able to show, in an empirical way and a statistical way, that what you have done about the GDP is correct. They have been speaking about inflation all the time. You know that inflation is calculated based on surveys of household budgets of expenditure and income. The last survey of household budgets was done in 1998, 10 years ago. Therefore, all the calculations that Central Bank has been doing and we have been repeating, on a daily basis, are totally flawed. The whole process is flawed.

The whole process is flawed because the whole calculation of inflation is based on wrong and outdated information as late as 10 years ago, 1998. It is only this year that the Central Statistical Office is going ahead to do household budget surveys. So all the talk about inflation and keeping inflation down, and even the Central Bank quoting inflation figures, the whole quote from Central Bank is wrong, and I challenge them because they are basing it on data of 10 years ago. So all this inflation on a daily basis they are quoting is all skewed and haywire.

7.15 p.m.

Mr. Dumas: Mr. Speaker, I am just asking if the Member for Caroni East is suggesting that the present and immediate past Central Bank Governor contrived the statistics in this country.

Dr. T. Gopeesingh: I will not go to that extent. I am saying that maybe in their absence of knowledge, or the absence of data, they gave the best type of

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judgment they could have given, but they know full well that the last household budget survey was done in 1998 and any first-year economics student would know that inflation is calculated partly based on household budgets.

On page 23, the hon. Member for Diego Martin North/East who spews filth from his mouth on a daily basis—

Mr. Speaker: The same way I warned him, you can use better words.

Dr. T. Gopeesingh: Mr. Speaker, I take that back.

Mr. Imbert: Apologize.

Dr. T. Gopeesingh: I do not want to go on, but we all know what it is.

Mr. Speaker: I know and you know that you are capable of better, so—

Dr. T. Gopeesingh: I am glad you distinguish me from him, Mr. Speaker.
[*Laughter*]

Mr. Speaker, I showed where central government had increased the gross public service sector debt by \$4.6 billion from 2001—2007. The central government debt has increased in 2001 from \$20.6 billion to \$21.4 billion, an increase of \$0.7 billion. In the same document, *Review of the Economy* of which the hon. Member spoke, contingent liabilities under statutory authorities have moved from \$5.3 billion to \$6.988 billion, an increase of \$1.6 billion.

Contingent liabilities as a whole have increased from \$12.1 billion in October 2001 to September 2002 to \$16.1 billion in October 2006. Letters of comfort have increased from \$2.3 billion to \$4.8 billion, an increase of \$2.5 billion; state enterprises public debt has increased from \$2.2 billion to \$2.8 billion, which is a \$0.6 billion increase.

Mr. Speaker, \$4.6 plus \$0.7 is \$5.3 plus \$4, that is \$9.3, plus \$1.6 is \$10.9, plus \$2.5 is \$13.4, so \$13.9 billion more from 2001—2006. Mr. Speaker, we rest our case. We are not calculating based on percentage GDP, we calculated on that extra money that has been spent.

Hon. Member: Oooh, that is why—

Dr. T. Gopeesingh: Mr. Speaker, I now want to go to the question of surpluses and deficits on page 83 of the office of the Auditor General's Report on the Public Accounts. In 2002 there was a surplus of \$500 million for the Consolidated Fund; in 2003, a deficit of \$69 million; 2004, a deficit of \$1.7 billion; 2005, \$830 million; 2006, \$1.68 billion and 2007, \$1.07 billion deficit.

Mr. Speaker, this table shows in blue the revenue and in purple is the expenditure and there is nowhere on this table that shows revenue has been greater than expenditure year to year from 2002—2007. It has shown a deficit on page 83 Table 4 of the Auditor General’s Report of 2007. I rest my case.

Mr. Speaker, my colleague, the Member for Siparia, quoted that the percentage of public debt to total revenue was 53 per cent in 2007. I want to give you the quote Public Accounts, Volume 1, 2007—

Dr. Moonilal: “But dey cyar read.”

Dr. T. Gopeesingh: I would not go to that extent to tell them they are functionally illiterate and enumerate and so forth. In 2003 the comparison of public debt and revenue for the financial years 2003— 2007; in 2003, the public debt was \$20.395 billion, total revenue \$19.662 billion. The percentage of public debt to total revenue in 2003 was 103 per cent.

In 2004, the percentage of public debt to total revenue was 93 per cent; 2005, 61 per cent; 2006, 49 per cent, but do not dispute that when my colleague said that the total public debt and revenue for 2007 is 53 per cent, it is here in the book on capital accounts of the Public Accounts of the Republic of Trinidad and Tobago showing statements and appropriation accounts of the Ministry of Finance, and they are trying to dispute that the public debt for 2007 was 53 per cent. We consolidate what our colleague had stated earlier and this cannot be disputed.

Mr. Speaker, even in the accounts of the Treasury we see comparative balances as at the end of the financial years 2003— 2007 are as stated below and reflected: September 30, 2007, a negative balance of \$5.8 billion. The Exchequer account, an overdrawn balance as at September 30, 2006/2007 a deficit again. Every year is deficit and this Government has had in the last six years close to \$200 billion.

I want to read part of the budget statement by the hon. Prime Minister for the 2008 Vision 2020. On page 9 it says:

“Over the six year period recurrent expenditure amounted to \$125 billion of which the main items were:

- Wages and salaries...
- Goods and services...
- Transfers to educational institutions, including UTT...GATE...\$5.3 billion;
- Transfers to households,...social assistance, disability grants amounted to \$15.5 billion;”

Where are we seeing that expenditure? How is it reflected in societal development and in human capital development? It is not tangible? We cannot see the evidence in the society of what the advantages of that expenditure has been. There is no evidence to show that the human capital has improved substantially with that type of expenditure because they are incapable of utilizing the money for good purposes.

- “Current transfers to State Enterprises and Statutory Bodies amounted to \$18.8 billion. The largest recipients were BWIA and CARONI in respect of State Enterprises, and WASA, and...Statutory Bodies;”

Mr. Speaker, the state enterprises in the office of the Auditor General’s Report showed that the statement of the loans or credit guaranteed by the Government of Trinidad and Tobago as at September 30, 2007, a maximum guarantee of \$16.096 billion. We have almost 38 state enterprises and 15 special purpose companies but this is only 20 out of the 38, the 15 are not included in this.

Mrs. Persad-Bissessar: How much?

Dr. T. Gopeesingh: Sixteen point zero nine six billion dollars maximum guarantee and that is the statement of the loans or credit guaranteed by the Government of Trinidad and Tobago by these 20 state enterprises.

Therefore, it is very correct that we are in the valley of the shadow of d-e-b-t and death. [*Interruption*]

Mrs. Gopee-Scoon: I am fed up hearing that.

Dr. T. Gopeesingh: It is all right, you can get fed up of hearing; we are fed up of you spending the money without anything to show and coming to ask us to support you spending more money. Are you fed up of hearing that? Well, put your house in order and spend the people’s money properly and then we will stop saying shadow of death and shadow of debt.

Mr. Dumas: You are being abusive man. What kind of abusive behaviour is that?

Dr. T. Gopeesingh: It is nothing personal. When they say Mrs. Gopee-Scoon, I thought they were saying Mrs. Gopeesingh so you know—

Dr. Moonilal: Oh, that would have triggered me as well.

Dr. T. Gopeesingh: The hon. Member for Point Fortin is—[*Crosstalk*]
[*Interruption*]

Mr. Speaker: Please, hon. Members, the Hansard reporter is in the direct line of fire, so have some regard for the reporter please.

Dr. T. Gopeesingh: Mr. Speaker, the hon. Member for Point Fortin is from south Trinidad and you know that south Trinidad generates nice people.

Mr. Dumas: “Doh try that.”

Dr. T. Gopeesingh: Mr. Speaker, the actual contingent liability statement of the loans or credit guaranteed by the Government of Trinidad and Tobago for these 20 state enterprises is \$12.5 billion. So actual contingent liability is \$12.5 billion, another maximum guarantee is \$16.1 billion, and that is 20 out of the 38 state enterprises.

Mr. Speaker, so we are asking the question: What is it you really want this \$7 billion for? You stand guarantee for these 20 state enterprises to the tune of \$16 billion and the Budget Statement of 2008 by the hon. Prime Minister shows that the current transfer to state enterprises and statutory bodies was another \$18.8 billion. So during the five or six years \$18.8 billion was transferred to the state enterprises and statutory authorities, actual contingent liabilities \$12.1 billion and maximum guarantee is another \$16 billion. So \$18 billion and \$16 billion, \$34 billion and \$12 billion is \$46 billion to these state enterprises.

7.30 p.m.

In the 1970s when you had the boom and oil was at its highest, it took a government in 1986 to remove some of the inefficiencies that occurred and we had a bust in the 1980s. What would happen if we have a bust in the price of oil and gas? The Government has guaranteed all these state enterprises.

In the world, in terms of development economics, state enterprises were a thing of the past. Mrs. Thatcher in Britain ensured that she divested most of the state enterprises in the 1980s. That is what caused the United Kingdom to move back on its feet. In the 1970s, we had over 105 state enterprises and statutory authorities. We have 103 state enterprises and statutory authorities; 38 plus 55 state boards and statutory authorities and 38 state enterprises. The special purposes companies are No. 15 away from that.

Why are we spending over \$40 billion on these state enterprises and throwing away the money? You cannot see the rewards for the amount of money that you are injecting into these state enterprises and we are being asked to approve \$7 billion for development programmes, from \$13 billion to \$20 billion. You ploughed over \$40 billion into these state enterprises and you want another \$7 billion. How in our conscience can we support that? How in your conscience, can you sit there as colleagues of an administration where you have collective responsibility—but I am sure in your mind when you sit in your Cabinet meeting

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and Finance and General Purposes Committee meetings, you have difficulty with yourself for supporting such ventures and moves.

Some of these state enterprises as WASA came to the Joint Select Committee of Parliament and could not account for the expenditure of \$1 billion. The National Housing Authority (NHA) had corruption of over \$100 million; the National Entrepreneurship Development Company (NEDCO), another \$500 million; the Community-based Environmental Protection and Enhancement Programme (CEPEP), \$1.2 billion.

We have one company, the Solid Waste Management Company, managing CEPEP which is audited by one person from Central Trinidad who is a PNM member on the Petrotrin board. He is the member who rented a building to a state enterprise in Chaguanas and received \$4 million and the building has not been occupied. You have \$1.2 billion for CEPEP and a private auditor. What the deputy vice-president of UTT said at that time, a cesspool of corruption, here in CEPEP, we have another cesspool of corruption. Everywhere you go in this country, the Urban Development Company of Trinidad and Tobago, (UdeCott), corruption; the University of Trinidad and Tobago, (UTT), corruption; CEPEP, corruption. In CEPEP nobody advertises or sends out tender documents or tendering for the companies managing it. They are handpicked. PNM groups and friends, 200 to 400 contractors are handpicked.

The Infrastructure Development Fund is \$6.9 billion. Do you know what that is for on the capital account? The major expenditure items are the Public Sector Investment Programme and the Infrastructure Development Fund, \$6.9 billion. The funding for the projects implemented by the special purpose companies is channelled through the Infrastructure Development Fund. The sum of \$6.9 billion has gone through the Infrastructure Development Fund for funding of the 15 special purpose companies. That includes UdeCott, UTT, eTeck; the National Gas Company; the National Energy Corporation; the Educational Facilities Company Limited and so on, are hotbeds of corruption and money going on a daily basis to party group members and party hacks for contracts.

In our heart we cannot support that. I substantiate what I am talking about. We have state enterprises agreeing to pay for members of the ruling administration to stay this weekend at Hyatt Regency Hotel for their conference that will be taking place this weekend. That is corruption. We have state enterprises paying for individual members to stay at the Hyatt Regency Hotel this weekend, to go to the PNM convention. You think the people of Trinidad and Tobago ought to accept this kind of thing? Why should that happen?

I bring to the attention of this House two letters that deal with one of these private state enterprises named eTeck. In 2006, a letter was written to the deputy inspector, Miss Wendy Ho Sing of the Financial Institution Supervision Department, Central Bank, dated July 05, 2006. We are being asked to ensure that we agree to the expenditure of \$7 billion. For what? Not for this. The letter said:

In 2004, the Central Bank's responsibility for supervision was broadened to include insurance companies; to focus on oversight of market conduct and to manage systemic risks.

We are concerned that governmental agencies; statutory authorities and state enterprises approve performance bonds; bid bonds; advance payment bonds and retention bonds from insurance companies, where reinsurance treaties may be non-existent or vastly exceeded. A clear warning system alerting governmental agencies; statutory authorities; state enterprises and contractors to an insurer's default risk does not exist.

A letter was sent to Miss Wendy Ho Sing, deputy inspector on July 05, 2006. It says:

We urge your office to conduct an evaluation on how the Government and particularly, the special purpose state companies approve insurance companies providing performance and other bonds.

I will pass this letter to the Minister of Finance.

With the current climate of rapidly increased construction activity, past experience necessitates that the Central Bank reduce the potential risk of default by careful management of the perils faced with regard to the provision of performance and other bonds by unscrupulous insurance companies. In the event of an insurance company's default on a performance bond, the financial risk or contractual failure is transferred ultimately to the taxpayer.

I will illustrate the significance of this letter which I will pass to the hon. Minister of Finance.

This group of people heard nothing from Miss Wendy Ho Sing, Deputy Inspector of the Central Bank of Trinidad and Tobago. That letter was sent on July 05, 2006.

On April 21, 2008, a letter was sent to hon. Dr. Keith Rowley who was the Minister of Trade and Industry:

On July 05, 2006, we wrote to Miss Wendy Ho Sing, Deputy Inspector of the Financial Institutions, Supervision Department at the Central Bank of Trinidad

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and Tobago expressing our concern about the issuance by and acceptance by ministries and state companies of performance and other bonds from insurance companies who have neither the capital nor the reinsurance treaties from properly capitalized reinsurance companies to support these bonds.

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

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

Question put and agreed to.

Mr. Speaker: Before you continue, the Leader of Government Business will move the Procedural Motion.

PROCEDURAL MOTION

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, in accordance with the Standing Orders, I wish to move a procedural motion that the House continue to sit until the conclusion of the debate on this Bill and the Motion with respect to the Joint Select Committees.

Question put and agreed to.

DEVELOPMENT LOANS ACT (INCREASE IN BORROWING)

Dr. T. Gopeesingh: Thank you very much, Members, for allowing me a few more minutes to continue and complete my contribution. I was on the point of this letter that was written to a supervisor of the Central Bank. I am talking about a contractor's firm writing to the Central Bank about the lack of supervision in terms of performance bonds. The Government has been entering performance bonds with some of these contractors with insurance companies that do not have the capital to back up the performance bonds. That letter was sent in 2006 and the other one in 2008. The last two paragraphs say:

It has now come to our attention that China Jiangsu who is the contractor appointed by eTeck for the flagship building at the University of Trinidad and Tobago Campus in Wallerfield submitted a performance bond from the said Bankers Insurance Company and this was accepted by eTeck.

That insurance company submitted a performance bond for the flagship building of eTeck in Wallerfield. This letter was written on April 21, 2008:

We are advised that the flagship building project is practically at a standstill. The contract period ended on February 15, 2008. The project is less than half

completed. The tower crane has been removed by its local owner for non-payment of rentals and apart from the retention, the only collateral which eTeck has for the inevitable cost overruns is a performance bond from that insurance company whose balance sheet discloses that they do not have the resources to support this guarantee. If there is the absence of an appropriate reinsurance treaty from a properly funded and recognized reinsurance company, the Government will have to pay. The construction industry will be grateful if you would make enquiries as to whether the Central Bank approved that insurance company for the issuance of the performance bond of eTeck.

It ought to be of concern for the Government of Trinidad and Tobago, the University of Trinidad and Tobago, the Educational Facilities Company Limited and the Central Bank to enquire as to who provided the performance bonds on those projects as well. If China Jiangsu failed to complete the flagship building for eTeck which they have failed to do and their contract is terminated for non-performance, who is to reimburse the taxpayers of this country when there is a possible worthless performance bond guaranteeing this contractor's performance.

It is very sad for me to say today that this construction of the flagship building Phase 1 and Phase 2 for eTeck—the tender opening took place at eTeck's board room, the Atrium on May 26, 2006. They quoted who were present.

7.45 p.m.

The results were:

Tenderer	Price VAT Inclusive
China Jiangsu International Corporation	\$202,488,174.81
Kee-Chanona Limited	\$205,978,179.00
NHIC	\$218,889,974.75

Mr. Speaker, three companies bid: China Jiangsu International Corporation, Kee-Chanona Limited and NHIC. So China Jiangsu International Corporation won the bid for \$3 billion less than the second person. Today, that eTeck building is only 25 per cent completed. The contract was supposed to be completed by February 15 this year. It is only 25 per cent completed and they are asking the Government and, therefore, the taxpayers for \$50 billion more. Do you know why? Because the performance bonds were worthless, the Government now has to pay this money; because the Central Bank did not take heed of it, the Ministry of

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Finance and taxpayers now have to pay \$50 billion more to China Jiangsu International Corporation which had bid only \$3 billion less than Kee-Chanona Limited for that flagship building.

What is more corruption than this, Mr. Speaker? They cannot even supervise a performance bond from Central Bank. The information is here for all to see. The taxpayers have to pay \$50 billion. This is worthy of consideration by the Director of Public Prosecutions.

Why should the people of Trinidad and Tobago have to suffer to pay \$50 billion more to China Jiangsu Corporation, which has only 20 per cent completed the project, because the performance bonds were worthless? This is only one state enterprise that we are aware of. Everything will come to light.

It pains us that the poor people of Trinidad and Tobago, unable to get a hospital bed, die and are buried in disgrace and indignity. School children and little children are being murdered daily and you dare not bring the Children's Authority Bill in a package. We gave you permission to go on the Police Reform Bills and almost 2000 of our sons are dead. People are kidnapped and all sorts of criminal activities take place around the population. You want us to give you \$700 million more and you cannot even control crime. The hospitals are breaking down; the health care system is worsening; the education system is worsening and now you say we do not have poverty. They should be ashamed to say that 17 per cent of this population is under the poverty line when they have spent almost \$220 billion.

They were getting \$142 per barrel of oil when we had it at \$9 and \$12 a barrel. The poverty line was only 30 per cent then. Do you know what is their poverty line, \$655 per month? Seventeen per cent of 1.3 million people is about one-sixth of 1.3 million; over 200,000 people in Trinidad and Tobago have to live with less than \$650 a month. That cannot even buy a roti now. Children have to go to school; they have to get medicine and milk. Why is this Government causing the people to suffer the way they are while they are spending and spending?

Some people are saying that this Government—I feel it; the emotional pain is there. PNM invented, masterminded and perfected corruption. [*Desk thumping*] It goes back to the 1950s. The corruption is so widespread across these state enterprises and statutory authorities that Government has to subsidize \$47 billion for the massive corruption. Why must we continue? It was Desmond Cartey who said: “All ah we t’ief”; and the “t’iefin” continues.

How can you sit there, my colleagues, and ask what you are asking the Opposition to sanction—\$7 billion more for expenditure? You want us to approve this when we are showing you that you have wasted the money all through the years. You have the audacity to say you want us to approve that.

I am sure that the hearts of my colleagues here bleed for the people. The daily-paid workers do not even have a pension. They have a meagre health insurance. Thousands of the daily-paid workers do not have money and they talk about CDAP for health care. Patients are getting sick on the five-cent drugs for diabetes and hypertension, which is causing them to die from heart failure and renal failure. They cannot even bring a dialysis system in Trinidad and Tobago. What are you doing?

Mr. Ramnath asked me to mention something about the energy sector. I will not attempt to go there because I have no knowledge and it would be foolhardy of me to attempt to go there, except to say that the budget was predicated on the price of oil at \$45 per barrel. Every year, the price of oil goes up, so the Government predicates it higher. One year it was \$17 to the barrel; it went up to \$33, so they had more money to spend. The price of oil went up again to \$45; they had more money to spend.

However, when it came to calculating the money for the Heritage and Stabilisation Fund, we want to know how it is calculated. My colleague, the Member for St. Augustine, showed that it should be calculated on a monthly basis, but what is the average price of oil we are getting? Oil is \$142 per barrel. We should be getting much more money because the tax regime for the gas sector is based on the head, when it leaves the well head. You have to subtract from that the cost of marketing, shipping, refrigeration and a number of things. By the time you subtract that, you are getting cents for a million cubic feet of gas.

This Government is causing the extraction of natural gas and a dwindling reserve and we are getting very little or nothing in return. My distinguished colleague, the Member for Couva South, will enlarge on that subsequently. I am looking at whether there is anything else.

They spoke about economic diversification and they know very well that the economy is not being diversified. This is an oil economy and to talk about economic diversification is a joke.

The last thing I want to talk about is the arrogance of the Member for Diego Martin North/East. In one of his statements, he said: How are we getting roads for the Member for Tabaquite without spending money? He said: How are we getting running tracks for you? No roads for Tabaquite! No running tracks for Chaguanas

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West! That is arrogance. He feels the money belongs to him. That is the type of arrogance displayed by the PNM. He is just one of the Members of the administration which displays that type of arrogance.

The people will tell them; they are saying it now—you are too arrogant. There was an administration that fell down because it was too arrogant. Your time is coming with all the corruption that is going on around your friends on a daily basis, where everybody is getting rich at the expense of the poor people and the Member has the arrogance to tell the Member for Tabaquite and the Member for Chaguanas West he is not giving them any. Is it his money he is spending? That arrogance will not last.

I thank you for giving me the opportunity to contribute.

The Minister of Finance (Hon. Karen Nunez-Tesheira): Mr. Speaker, in concluding the debate, I need to come back to the initial moorings, which is the Development Loans Act and the resolution to increase and to authorize the ceiling from \$13 billion to \$20 billion.

The Development Loans Act merely speaks to the issue, in the title, a Bill to authorize the Government of Trinidad and Tobago to borrow money internally or externally, by the issue of bonds for the general development of Trinidad and Tobago.

At this point, I wish to clarify a point that had been raised, which I thought, when the hon. Member gave way on a point of clarification, I had made clear, but it is now clear that was not so. I hoped that in my presentation I had said that when you look at the Development Loans Act, in particular section 3(1), it talks about financing general development.

The question is: what does one mean when one speaks about general development? I went to pains, I thought, to look at that in a very narrow sense and a very broad sense. When one looks at the meaning of economic development and general development, the World Bank Development Report 1991 says:

“Economic development is defined as sustainable increase in living standards that encompass material consumption, education, health and environmental protection.”

I draw reference to that because I had attempted to state—and I had hoped that I was clear on this—when one looks at the legislation, the Development Loans Act, it allows one to issue bonds for developmental purposes. In that context, developmental purposes can take a narrow sense of issuing bonds for debt financing.

In that sense, you are incurring debt in the traditional sense of the word and you are using the money so raised, by the issuance of the bonds, for infrastructural work and infrastructural development.

I went on to say that the words "general development" also have a broader meaning. In the broader meaning, I indicated that when we speak of development, we are talking about ensuring sustainable development; that all the macroeconomic gains that this Government has made—and we had spoken at length about those indicators—are not eroded and in no way do we take a backward step.

It is recognized the world over that inflation is a scourge, not only for developing economies like ours, but also for the developed economies. In that context, to allow inflation to erode the developmental objectives thrust of the Government, in a sense, is to erode the very gains we have achieved.

I had given an example of an African country where it was actually said in the IMF report that there was a risk that all the development growth that country had experienced would have been set back and all those gains eroded. I was at pains to explain that the Development Loans Act, for the purposes of issuing bonds, allowed one to issue bonds for debt financing, but also as a mechanism for liquidity management in the context of dealing with inflation which can threaten to undo all of the progress and development that this country has achieved.

8.00 p.m.

It is in that context that the \$1.2 million issued last week was issued under the Development Loans Act; under the meaning of general development in its second meaning.

We, as a responsive and responsible Government, recognize that, perhaps, the time has come that we make a separation between the issuance of bonds for the purposes of debt financing to finance projects, infrastructural works, and issuance of bonds as a mechanism for dealing with liquidity management to deal with inflationary pressures. In that context, I take exception and I disagree, with all due respect, with the hon. Member for Siparia, when she said that the issuance of the bonds by the Central Bank, under the Development Loans Act, of \$1.2 billion was ultra vires the powers of that Act. I believe that is an incorrect interpretation and it may have been the third occasion upon which bonds for liquidity management had been so issued under that legislation.

I went to pains to explain the reason for that. It allowed you to issue bonds of a longer duration. The other treasury security, whether it was Bills or Notes,

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limited you to one year in one instance and five years in the other instance. If this is going to really attempt to deal with the structural liquidity that we are experiencing, it would therefore be important to extend the duration of such bonds.

The Development Loans Act gave you that vehicle, but we, being the responsible Government, as I indicated, made the decision to come to this Parliament and made a statement that we were going forward with a Treasury Bonds Bill. It is very, very clear. I do not know. It is very clear that it is being done for liquidity management.

I heard the Member for Caroni East in his contribution on this point. He was making the point as he echoed the sentiments and the view of the Member for Siparia. He spoke of the cost of issuing these liquidity bonds. We have acknowledged that the moneys which are going to be raised from the issuance of the bonds are not entering the system. They are going into a blocked account and they are going to be sterilized. We also acknowledge that the interest payments or coupon payments on those bonds, during the life of those bonds, will come from the Consolidated Fund. We recognize that.

The question that was raised by the Member for Caroni East is: Why do we not take that money and invest it abroad; take it and invest it in some other financial instrument? I know the stock exchange right now is so volatile, I suspect that is not what he is intending. If he is suggesting that we go the way of bonds, let me just explain this. That would then defeat the entire purpose. We have been at pains to explain that the reason for the Treasury Bonds Bill was for liquidity management. We are now saying to you, rather than use it for the jewel purpose for which we were using it, let it be regulated to its traditional and more restricted purposes as a means of issuing bonds for debt financing.

Coming back to the point that was made: Why we are putting all this money that we have into blocked accounts and it is being sterilized? If you do not want to put it in the domestic market—if you do you are just bringing back the same problem you are trying to cure—why do we not take that money and put it in the United States investments? To do that, you would have to buy the US dollars. To do that, you would be drawing down on your foreign exchange reserves. Foreign exchange reserves are well invested. Testimony to that is that we have approximately 10 months of import cover as a result of judicious investment of these foreign exchange reserves. What you would be doing is drawing down on your foreign exchange reserves.

Even if you were to do that and you went and bought bonds on the foreign market, let us look at what the interest rates are. The interest rate on the last bond

issuance is 8.25 per cent. Let us look at the interest rates that are available abroad. [Interruption] You know them already. In the United States it is 4.07 per cent; Japan, 1.84; China, 4.48. It averages, as you rightly say, at about 4 per cent. I want to take this opportunity to encourage foreign investors. Trinidad and Tobago, as is recognized, is the regional bond placement centre for the Caribbean. Most sovereign bonds and corporate bonds are issued out of Trinidad and Tobago.

It is understandable. We have a Standard and Poor's rating of A minus. There is every reason now for foreign direct inflows. Right now, in the United States, the financial services is so volatile, the opportunities for investments are so limited and the interest rates are—when you look at the coupon rates, compared to ours, what we should be experiencing is foreign direct investment; investment in our bonds issuance.

I want to put to bed the idea that one of the prescriptions is if we cannot invest it locally, we should somehow take that money and put it abroad. Doing that then means that we are not understanding the purpose of the bond. We are using it to deal with inflation. If you put money back into the system, you are in fact exacerbating the difficulty and the problem.

I went to pains in my introduction to show what would happen if you were to allow that inflation/liquidity to continue unabated and not make an effort to contain it. That was the Treasury Bonds Bill that I alluded to, but we are here today talking about the Development Loans Act and the increase of the ceiling. In that context, much has been said about Government's irresponsibility—I do not know, its fiscal irresponsibility, or words to that effect.

I quote from Moody's International in their last report on Trinidad and Tobago, which spoke to Government's finance and debt. This is what they had to say:

“The quality of expenditures has been in line with a long term strategy aimed at bringing Trinidad and Tobago to a developed country status by 2020 with heavy investments in education, housing, infrastructure and health. Capital expenditure almost tripled in terms of GDP since fiscal 2004.”

They spoke about the terms of GDP and that wages have remained fairly constant despite a recent wage agreement with civil servants.

“Subsidies, however, have risen considerably including”—they say that we are heartless. They sit here and talk about “we doh care about poor people”—“pension payments as well as generous electricity and fuel subsidies.”

That is quoting from Moody's International Sovereign, October 2007, which brings me to the heart of the point I wish to make. What we are saying is that

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under the Development Loans Act, when we issue bonds under that instrument, it is part of Government's commitment to Vision 2020. It is part of the Government's commitment to taking this country to developed nation status, to a tertiary economy. How do you do that?

The Member for Diego Martin North/East spoke about jumbie beads. I may not speak about jumbie beads, but we understand the point that he was making, which is that if you want to expand—the Member for Chaguanas West is a businessman—how are you going to expand your business unless you make an investment? One person may say that is an expenditure. If you take that money and you use it to create productive capacity, grow your business, it is expenditure in a narrow sense, but it is really investment if the intent of it is to increase and develop your productive capacity. What you are talking about is expenditure in a narrow sense, you take money and it goes down the proverbial black hole.

Even though this Government has been on a path of fiscal, we say expenditure, we look at that as an investment. In the same way that you invest in a business, you have to put money in the business to make it grow. This Government has shown the commitment to growing this economy by making the necessary investments.

When we talk about those investments—I hear the other side make all kinds of allegations about this Government talking about corruption. One of the things that we on this side are proud of, when we talk about making those investments, is that we have many examples and the other side is well aware of those examples.

We talked about poverty. I heard the story and it was heartrending. Member for St. Augustine, I also read the story, and it really was touching to have read that story. I want to tell the Member, when UNC was in government, for every one story that we have, you had three stories. For every one story of pain and poverty, you had three stories for that. Do you know why I can say that? In the 1990s—we are looking at statistics. If you want to say that they may be somewhat outdated, it was 33 per cent or thereabout. Today, it is 16.7 per cent. It only stands to reason that we have cut poverty, using the poverty index, by half from the 1990s. It only stands to reason. For that one heartrending story that the Member for St. Augustine told us, there may be three. Do you know why I say three? I know you would say 16 plus 16 is 32. I understand that, but you do not have to help. I would tell you why I came to three and not two. I would tell you why I said for every one story; there are three for the 1990s. Do you know why I can say that? When we talk about the poverty index—I had said this on several occasions, but it needs repeating—it does not include the Government's non-cash benefits, therefore,

when you are talking about the poverty index, it touches all of us. Let us see those non-cash benefits which the citizens of this country enjoy and did not enjoy when your government—you are saying that we are heartless, then how would you depict your own government? I would use examples.

What did you do about health? Did you have CDAP, which is giving 150,000 persons free medication? I know I am giving a figure. I can speak closer to that, without revealing people and being too personal. I personally know of persons who have benefited and persons from the lower income group who got cataract operations. I know at least two people, close in my household, that have gotten cataract operations. I know persons close to my household, two persons I can think of immediately, who are getting free—that has been going on for years—medication for diabetes. I know of persons close to me who are getting medication for high blood pressure. This is not a statistic that I am pulling out and does not relate to people. It is a real thing. A Member behind me is indicating that their mother gets high blood pressure medication free from this Government. I am sure that there are Members over there, if the truth be told, either themselves—maybe they do not need it or persons that they know within their constituencies are the recipients of CDAP. I am confident of that. It is not only a question of taking that money and investing it in health, it is taking that money and investing it in shelter; something that I know is a difficult concept, since the number of houses that you have built at the time when you were in power. You had a Ministry of Housing—*[Interruption]* I know, but the Member for Port of Spain South seems to have those figures indelibly printed on her mind and it is 461.

Hon. Member: Out of that, Tim got three.

Hon. K. Nunez-Tesheira: I am not going there. I am talking about housing. I talked about the smart card. I talked about the free books; not only free books, free transportation and book grant. All of us are Members of Parliament, so we all have our constituents come to us and we can say: You want help? Self-help programme, share programme—there are so many opportunities.

8.15 p.m.

Mr. Speaker, if one wonders where that money is going, education, it is exceptional. *[Desk thumping]* I do not want to go over all of that again. The point I am making is when the other side says what we want the money for, we can show what we want the money for. We have used it to develop this country and to take this country to Vision 2020.

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When the other side questions the management capacity of this Government and this Government's ability to deliver, we have a track record. It is important to have a track record. In that track record there are many occasions when this Government made decisions that required significant expenditure, and there were the naysayers who said that it could not work. Do you know what comes to mind immediately? It is the Point Lisas Industrial Estate. Mr. Speaker, it is a matter of record that the Point Lisas Industrial Estate is one of the major contributors to our GDP today. [*Desk thumping*]

I do not think when I hear the other side speak today about the use of that \$7 billion that we have put the ceiling on which is going to be used for debt financing and infrastructural programmes—we recognize that for that purpose a ceiling is required, and we have come to this honourable House to move a resolution that the authorized borrowing limit be increased to \$20 billion for all those purposes I have indicated.

Mr. Speaker, it would be remiss of me not to respond to some of the misinformation. [*Interruption*] The Member said that it is propaganda, but I want to be kind. I just want to put the record straight. The other side, in particular the Member for Siparia, as well as the Member for St. Augustine and the Member for Caroni East, went on at pains to talk about irresponsibility and debt. They went on and on about those figures. I want to make two points on that matter. I heard the hon. Member for Diego Martin North/East speak to that but, in winding up, I think I need to just reinforce the point. A lot of noise was made about the issue of our public debt, and how much it had increased and so on. Before I look at how much our debt was increased by—you see, you just cannot take a number in a vacuum and pull it out from a hat without putting it in a context. If I spend \$2,000, that is a lot of money if I only have \$2,300. But if I spend \$2,000 and I have \$1 million, what is \$2,000? Everything must be put within a context. You just cannot pick a figure out and not put it within a proper context.

I know on a previous occasion I had spoken about this, and I am sure the *Hansard* would bear me out. I recall that for three years—perhaps they were not three consecutive years—when the UNC was in government they operated at a deficit. I want to speak specifically to the debt. When the UNC was in power—they feel that they could manage the economy better than us. That is the impression they want to give the House. The hon. Member said that stubborn things would never go away.

When we talk about the total public debt, it includes the central government debt, the contingent liability debt and debt of statutory boards and authorities; in

other words, all public debt. In 1996, the total public debt, when the UNC was in power, was \$8.627 billion. Let us look and see what the GDP was. It was \$36.442 billion. So, in effect, their debt to GDP was almost 50 per cent. Do you think it got any better?

Let us go to 1997/1998, and their total public debt was \$21,769 million. What was their GDP? It was \$38,459 million. In other words, it was more than 50 per cent of their GDP.

I now go to 1999, and their total public debt for 1999 was \$24,074 million. What was their GDP for that year? It was \$42,587 million. Their total public debt was a little less than 50 per cent of GDP.

I now go to the year 1999/2000, and their total public debt was \$29,967 million, and their GDP was \$51,370 million. Mr. Speaker, what I would say is that the PNM has been governing this country in a prudent and responsible way, and what I would simply say on that point is that GDP more than doubled from 2002—2007 to \$56,126,000,000. From 2002—2007 it more than doubled, which is an increase of more than 100 per cent.

Now, let us look at the debt. You cannot put things in a vacuum. So, let us look at what was the total public sector debt for that period. It was reduced from 59.1 per cent of GDP in 2002 to 28.3 per cent in 2007.

Mr. Speaker, when the other side comes and talks about irresponsibility, corruption and says that we are not managing the economy and so forth, the facts speak for themselves. [*Desk thumping*]

The final point I want to make before I conclude my contribution is something I want to believe was unintended, but it is necessary to correct. The hon. Member for Siparia made a comparison. The hon. Member compared the total central government debt which excluded the contingent liability debt and state enterprise debt with the central government debt to revenue in a particular year. So, what the Member was doing is comparing two completely different items; debt which is stock and revenue which is a flow. Debt is a stock and it is determined at a particular point in time. Revenue is a flow.

Mr. Speaker, to make it simple and to put it into perspective and to understand the comparison that was made—in fact, any student of Economics 101 would know that you do not make a comparison between debt to GDP. That is what the Member compared, and not debt to revenue. I am going to tell you why in a simple way for the man in the street to understand. I am going to tell you what, in effect, the Member of Parliament for Siparia was saying, using a simple example.

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If the man in the street decided that he wanted to purchase a house for \$1 million, the value of the loan that he is taking out is for \$1 million and the length of the loan is for 30 years. In a sense, that constitutes a debt of \$1 million spread over a period of 30 years. Now, what is the income of that person or the revenue stream of that person? Let us say that person is making \$100,000 a year. Now, if one follows the argument of the Member for Siparia, what the Member did by using that example of debt to revenue and not debt to GDP is to make the equivalent of that loan which is \$1 million. What the Member did was compare the entire period of that debt of \$1 million against a revenue stream.

In fact, if one were to use the correct comparator, what one would be doing is looking at that debt which is the debt stock of \$1 million and comparing it to the length of the loan which is 30 years to the income stream of the individual. So, if the individual has an income stream of \$100,000 for the year, you would be saying that over the life of that loan—\$100,000 multiplied by 30 years, you would end up with \$3 million. So, what you should really be saying if you are to make the equivalent is that you would be comparing like with like. You would be comparing a debt over a fixed period or a given period of time. So, what you really should be doing and which is the correct comparison is that the debt is \$1 million and the GDP which is the equivalent is \$100,000 times 30 which is \$3 million. So, therefore, what you are saying is that person has incurred a debt of \$1 million, but really has a GDP of \$3 million. You have to compare like with like. Revenue is a continuous flow. You have to compare it at a given point in time.

Mr. Speaker, I am not going to be as unkind as the Member for Diego North/East. The Member for Siparia is someone I was in class with and I consider her to be a very capable and bright person. I want to give her the benefit of the doubt that she was misled. I refuse to believe that the Member for Siparia deliberately came here using those kinds of comparators knowing very well that they could not stand up to scrutiny and they were incorrect, poor and flawed.

In closing—[*Desk thumping*]*—*thank you Member for Oropouche East. I never knew I could get support in that manner from the other side—this Government has always acted, and with the authorization of this House for the ceiling to be increased to \$20 billion, we would use that money in a manner that is appropriate and would redound to the benefit of all the citizens of Trinidad and Tobago and to ensure the continued and sustained development of this country, not only for the big man as some would say on the other side, but for the man in the street, because this is a caring Government. As I have said on many occasions, we continue to deliver, because we continue to care.

Mr. Speaker, I beg to move.

Question put and agreed to.

Resolved:

That for the purposes stated in the said section, the Government is hereby authorized to borrow money externally or internally in a further sum or sums not exceeding in the aggregate seven thousand million dollars in the currency of Trinidad and Tobago.

8.30 p.m.

APPOINTMENT OF JOINT SELECT COMMITTEES

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, I beg to move the following Motion standing in my name:

Whereas the resolution of the House of Representatives which was passed on March 14, 2008 was considered by the Senate and amended;

And whereas on Tuesday, May 06, 2008, the Senate agreed to the following:

- (a) to appoint six (6) Members to serve with an equal number from the House of Representatives to inquire into and report to Parliament on Municipal Corporations and Service Commissions—I have to read it. I wish we could say change the Standing Orders—with the exception of the Judicial and Legal Service Commissions on their administration, manner of exercise of their powers, methods of functioning and on any other criteria adopted by them in the exercise of their powers and functions;
- (b) to appoint six (6) Members to serve with an equal number from the House of Representatives to enquire into and report to Parliament on Government Ministries (Part I) and all Statutory Authorities/Enterprises falling under these Ministries and owned or controlled by or on behalf of the State or which received funding from the State of more than two-thirds of their total income in any one year; and
- (c) to appoint six (6) Members to serve with an equal number from the House of Representatives to enquire and report to Parliament on Government Ministries (Part II);
- (d) and all Statutory Authorities/Enterprises falling under these Ministries and owned or controlled by or on behalf of the State or which received funding from the State of more than two-thirds of their total income in any one year;

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Be it resolved that the House of Representatives appoint six (6) Members to serve with an equal number from the Senate to enquire into and report to Parliament on Municipal Corporations and Service Commission with the exception of the Judicial and Legal Service Commissions on their administration, manner of exercise of their powers, methods of functioning and on any other criteria adopted by them in the exercise of their powers and functions;

And be it further resolved that the House of Representatives also appoint six (6) Members to serve with an equal number from the Senate to enquire into and report to Parliament on Government Ministries (Part I) (*as listed in Appendix II*) and all Statutory Authorities/Enterprises falling under these Ministries and owned or controlled by or on behalf of the State or which received funding from the State of more than two-thirds of their total income in any one year;

And be it further resolved that the House of Representatives also appoint six (6) Members to serve with an equal number from the Senate to enquire and report to Parliament on Government Ministries (Part II) (*as listed in Appendix II*) and all Statutory Authorities/Enterprises falling under these Ministries and owned or controlled by or on behalf of the State or which received funding from the State of more than two-thirds of their total income in any one year.

“Ooh” as I said, Mr. Speaker, maybe we should change the Standing Orders where I can simply move the resolution on the Order Paper.

What we are essentially debating in this Motion are the Senate amendments to our Motion. On March 14, this House approved two Joint Select Committees (JSC) to examine state agencies essentially. At that time we were of the view, and we are still of the view, that we do not have a sufficient number of Members of Parliament to serve on all of these committees. We said then and we reiterate now that when you consider the Public Accounts Committee, the Public Accounts (Enterprises) Committee and the three Joint Select Committees looking at Government departments, you get a total of five, and because of the paucity of Members in this House we will arrive at a situation where we may have no choice but to have Government Members sitting on these committees, simply because we just do not have enough people, and that could never have been the intention that these committees would have several Government Members on them.

Similarly, it is a bit of an oddity as far as I am concerned, that the House of Representatives approved a Motion for the appointment of two Joint Select Committees, and the other place—the non-elected House—rejected or amended the Motion approved by this House and we could have had a constitutional

stalemate. In fact, today, we could not agree with the Senate if we were so minded. The Government could use its majority and vote against the Senate amendment, send it back to the other place and tell them we do not agree with their amendment to our Motion. But, we do not wish to end up in an endless toing and froing with the other place. We have no requirement or need to assert our independence of the other place, because each House is independent of each House and each House can decide what it wishes in the context of the Standing Orders.

So, we think this matter has gone on long enough, notwithstanding the fact that we do not agree with the views of some of the Members in the other place. The situation that existed in March 2008 is still the same. There are still only 41 Members of Parliament in this House and we will have difficulty with these committees. There will be difficulty in terms of obtaining a quorum and in terms of regular meetings of these committees, because we on this side certainly are very busy people. As I said before and I will say again, a Government Minister has many duties and has to serve on many sub committees of Cabinet; has many other functions; they are all parliamentary representatives, for example, and therefore, when Government Ministers are called upon to serve on all of these committees, there will be difficulties. But, in the interest of peace, we have decided to go along with the wishes of the other place.

I beg to move.

Mr. Speaker: Hon. Members, before I put the question for debate, perhaps now is a good time to break for dinner. The dinner is just about being put on the table. May I suggest that we return at 9.15 p.m. The sitting of the House is suspended for dinner and we will return at 9.15 p.m.

8.37 p.m.: *Sitting suspended.*

9.15 p.m.: *Sitting resumed.*

Question proposed.

Mr. Ramesh Lawrence Maharaj SC (Tabaquite): Mr. Speaker, this Motion brings into focus the need for the Opposition and the Independent Senators to effectively scrutinize the actions of Government. It has implications for democracy and it has implications for the role of government under our system to be responsible to the Parliament and in effect be responsible to the people.

The Government did not elaborate in moving this Motion as to its history, but I merely want to say that the fact that this Motion has come back here is a victory for the people who, since the Government moved this Motion the last time in this

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House, and it was defeated, there have been public calls and clamour from all sections of the society for there to be more effective accountability and scrutiny of the Government. It also shows the importance of the Senate in that by the vote of the Senate the Government has been forced to succumb.

The Leader of the House stated—the hon. Member for Diego Martin North/East—that it is an oddity because this House cannot agree and the matter will go back there, but Governments do not operate like that. The intention of the Constitution, the intention of having the measure of the Senate is to have a check and control on the Government. But we are here and the question which arises is whether the Government in rejecting this Motion initially, and coming here today, but saying, it is an oddity and it could create a constitutional crisis—

Mr. Imbert: Stalemate.

Mr. R.L. Maharaj SC: Stalemate—really demonstrates that the Government's policy really, their heart, their passion is not to have this kind of scrutiny. As a matter of fact, there is a pattern that this Government has of not opening up the Government for scrutiny and to having secret government.

I think it is important for me to put on record the fact that the Constitution was amended because the Constitution makers at the time recognized that you had to have more effective scrutiny of Government. Parliament was not potent enough to scrutinize Government and the Parliament decided the sessional committees, the Public Accounts Committee and the Public Accounts (Enterprises) Committee were not sufficient to effectively scrutinize Government. What the Government wanted to do with two committees was really to have the Municipal Corporations and Service Commissions with the exception of the Judicial and Legal Service Commission scrutinized. But you have 23 ministries and you have 23 Government ministries, state authorities and enterprises, which is about, over 100 entities to have one other committee, so you have one for the Municipal Corporations and Service Commissions and you have another one just to scrutinize all those other committees.

9.20 p.m.

Therefore, I thought that the Government would have come today and said that, "We have heard what the population said; we have heard what the Senate said; we recognize we should really have more committees and we are giving the people the opportunity to scrutinize the Government." But it is not doing that, it is still maintaining that it was correct and it was right to deprive the people of more scrutiny. In that context, I want to put on record—and I am reading from a

student's text book. I decided to do that deliberately so that people can understand, lay people, not lawyers, can understand—and the name of the book is *Constitutional and Administrative Law*. It is written by John Alder, a McMillan Publication and it is a 1989 Edition. These principles do not change.

At page 201 of this book under the heading at No. 4, it talks about the responsibility of Ministers to Parliament. It says:

Ministerial Responsibility

It means only that the Government and individual Ministers must usually explain and justify themselves to Parliament.

So that the doctrine of responsible government under which we operate, requires the Ministers of Government to explain their decisions in Parliament.

And at page 202, under Individual Responsibility:

Ministers are accountable for all official acts carried out in their departments, whether or not they are actually involved.

And then under 3:

Ministers are accountable to Parliament in the sense that they must answer questions and put them in accordance with the rules of the House. They must give the House a full and frank explanation of policy and decisions.

Then there is a paragraph at page 205 dealing with secret government and secret government is explained that when the Government thinks that Government's business is confidential and secret, and the public has no general right to the information from Government. So what this present Government is doing, it is adopting a policy of secret government

When you look at what is happening with the Government's policy, you would see it is a pattern. For example, quite recently, the Government refused to answer questions which were asked, on the ground that to give information about the names of persons who got scholarships; and to give information on the names of persons who got benefits from the National Housing Authority, that this would be an invasion of privacy because it will violate the Freedom of Information Act.

Mr. Speaker, that is wrong and I think the Government knows that because under the Freedom of Information Act, an individual was given the right to get government-held information, but the Act prevents you—it is called exempt information—from applying under the Freedom of Information Act to get the information about another person. You cannot apply under the Freedom of

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Information Act to get the business records of another individual; you can get your records which the Government is holding for you. If you went to the hospital, you could get a copy of that medical report; if you are a public servant, you could get a copy of your file, but that Act cannot be used to say that the Government would not give information about taxpayers' moneys being spent on cases or to pay lawyers or persons who got benefits from the State.

Under the Freedom of Information Act itself, in respect of an individual, the Government, even though the Act says that you cannot get the records of other persons, the Act says that in any matter which is in the public interest, the department has the right to give the information. So I would ask the Government to rethink its policy of secret government. It has a duty to make these disclosures [*Desk thumping*] and these disclosures are not disclosures which have to be made under the Freedom of Information Act.

Section 75 of the Constitution of Trinidad and Tobago talks about its responsible Government; the Cabinet Ministers are responsible to the Parliament. So it is under the Constitution and under the ordinary principles of governance.

Mr. Speaker, it is a pattern of governance in which the Government is not accounting, and the policy of the Government in this measure, even up to today, shows that there is a pattern, there is a policy and the reason that the hon. Member for Diego Martin North/East gave is not correct. There is a change of policy in the administration. Take for example today, we have seen in this House where there were 25 questions and only one was answered. Every Friday, every Parliament day, a small percentage of questions are being answered and you have questions which have been on the Order Paper for seven months. This would go down in the Guinness Book of Records in the Commonwealth.

I have made enquiries from the Commonwealth office in London because I am coming to this House in respect of something that I think can be done by this House, in respect of any Government not answering questions. I have done some research and nowhere in the Commonwealth has this happened, where a government has had questions on the Order Paper for seven months and the questions have not been answered.

As a matter of fact, the policy of not accounting to the population under the Freedom of Information Act—the Government has removed financial institutions, NEDCO, from being under the scrutiny of the Act and there are many more, like the Equal Opportunity Commission and the UDeCott Commission of Enquiry. Then what does the Government say? The Deputy Chief, the hon. Member for

Caroni Central, wrote a letter to the Leader of Government Business about putting on this Motion for early hearing. Because you would have seen, Mr. Speaker, from the Motion itself, this was passed in the House on March 14, 2008 and since May 06, 2008 the Senate had agreed on these amendments. So we have May 06, June 06, and July 06, two months. This was not supposed to be debated this evening; it is because the Government was under pressure from the population. Even on the television last night, they were under pressure so the Government has been forced to come, and the Opposition has cooperated. [*Desk thumping*] But my friend, the hon. Member for Diego Martin North/East wrote and said:

"I have taken note of your letter, re: the select committees. However, based on the comments made by Members on your side during the debate to establish a joint select committee to enquire into UDeCott, wherein your Members deemed select committees to be useless, an observer could reasonably conclude that the Opposition had no interest in pursuing this matter. Now that you have indicated your interest, however, we will schedule the debate on the Senate amendments at the earliest practical opportunity."

I would not go into the merits and demerits of UDeCott, but that is something totally different from what we are doing here. Mr. Speaker, I know this evening that it might be very difficult for the hon. Member for Diego Martin North/East on this topic to become very personal, but I would not believe that until I hear his contribution. Maybe the Member for Diego Martin North/East should really rethink his strategy in dealing with some of these matters, because the population perceives the Government as being very dictatorial.

As a matter of fact, I think it is common knowledge that in the last Sunday newspapers, you would have seen that there was an article that especially reported on dictatorship—[*Interruption*]

Mr. Imbert: [*Inaudible*]

Mr. R. L. Maharaj SC: One was the *Guardian*, one was the *Newsday* and one was the *Express*, so in effect what happened, were the three newspapers. I want to put on record, there is a High Court judge who said something today and the High Court judge said that we are living in a failed State. A High Court judge believes Trinidad and Tobago has become a failed State. Now, when the Judiciary starts to talk about a failed State, it is a serious matter.

There is a very good article in a book called *Foreign Affairs*. It is a regular journal that comes out and it is the March—April 2008 edition under “Democracy in Retreat” at page 36. This article is written by a man called Larry Diamond, who

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is a senior fellow at the Hoover Institution and is the co-editor of the Journal of Democracy. I want to quote a part from this article and it talks about what is now democracy. Is a country undemocratic because it does not have fair elections; the elections are rigged; there is interference with the free process for an election; is it limited to a case where there is a breach of the separation of powers and the Government has taken over the Judiciary; or are there different tests now for a country being undemocratic?

What the author said is that, what standards define what constitutes democracy at page 38, and what is necessary to sustain it. He then said that leaders of the world have frequently thought that fraudulent or unfair elections are the test, but have been reluctant to look at more subtle degradation of democracy. And earlier on he had spoken about the emerging democracies must demonstrate that they can solve their governance problems to meet their citizens' expectations for freedom, justice, a better life and a fairer society. If democracies do not more effectively contain crime and corruption, relieve economic inequality and secure freedom and the rule of law, those are also tests for a country being undemocratic.

Therefore, when you look at what is emerging in the world, as to regard a country as being dictatorial and undemocratic, it is not really if you are purely a Mugabe, a country like Zimbabwe or a country like Ceylon, it is countries which have a Constitution; have the cosmetic appearance of having a bill of rights; have a situation in which there is constitutionalism on the face of it, but under the guise of constitutionalism, you have dictatorship. In our view, the Government should really consider having more departmental investigatory select committees. There should not only be three, there should be five or six and this has nothing to do with the convenience of Members of Parliament. The people are entitled to know how their moneys are being spent and for what it is being spent.

Mr. Speaker, take for example, we had a debate this evening, on one side the Government was saying, yes, we have growth, we have GDP, we have all these different achievements, and on the other we say, well, yes, but you are spending the money recklessly. The intention of these committees is to get the Government, get the departments and to look at it—

9.35 p.m.

When you look at their spending—the hon. Member for St. Augustine said this afternoon that it was \$220 billion for six years—people are basically not happier; there is no difference. If you go around Trinidad and Tobago, people's lives have not been improved, and that is what these committees are about. In

other words, the members of the public, through their MPs, could see whether the moneys are being spent in the right direction; they could put pressure upon the Government to change its policy. Their policy may be that growth and development is erecting buildings, capital in concrete and bricks; they might be the steel king and the concrete king, but real development would be building human capital, where people's lives are built and there would be equality for all. [*Desk thumping*]

As a matter of fact, with all this money being spent, the Government should ask itself, "Is it not right for us to give the people more accountability? Let us be scrutinized more so that the people would see what we are doing; we should be less secretive, more open and more transparent." In the Preamble to the Constitution, which are the pillars of the Constitution, it says:

"respect the principles of social justice and therefore believe that the operation of the economic system should result in the material resources of the community being so distributed as to subserve the common good..."

We are very happy that the Government has been put under pressure to come back here. This is a victory for the people; a victory for the Opposition. [*Desk thumping*] We were able to succeed recently in getting the Government to back down, instead of a joint select committee (JSC) for UDeCott, having a commission of enquiry. Seven weeks have passed, and there has been no commission of enquiry as yet, but that is a different story; we would probably resort to other means to get that done.

Mr. Speaker, we support this Motion. I am looking forward to the Leader of Government Business announcing that the Government would really consider having more joint select committees; that it would rethink its policy of secrecy and would consider having a more open and transparent policy for governance. This Motion should be a lesson for the Government that people power is greater than governmental power.

Thank you.

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, I will not use the 75 minutes available to me; maybe just 74 of them. [*Laughter*] Just let me correct some of the impressions given by the Member for Tabaquite.

The Member for Tabaquite said that the Constitution makers who created these committees felt that the existing committees, at the time, were not sufficient to scrutinize government activity. That is a misleading point.

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When the hon. Member for Tabaquite, in another incarnation, brought the legislation to this House to create section 66A of the Constitution, which is the section which created the conditions for the establishment or appointment of select committees, there was quite a debate at the time over the fact that the then UNC government did not have a special majority. In fact, I think they just had 19 or 20 Members at the time. So this law that created section 66A of the Constitution, which established these committees, was passed with a simple majority; therefore, it is not an entrenched section of the Constitution.

In fact, this Government, with a simple majority, could remove that section of the Constitution. I just wanted to make that clear. There is this belief that I hear from uninformed members of the media and other uninformed commentators, that these committees are entrenched in the Constitution; they are not. They are simply an addition to the Constitution by way of a simple majority vote. There was some dispute at the time, as to whether this was, in fact, legal. We who were in the House, at that time, in the PNM, have been consistent from day one.

When the Member for Tabaquite brought the Motion to add this section to the Constitution, in addition to making the point that they did not have a special majority and, therefore, this was not an entrenched provision in the Constitution, we also made the point that we were of the view that these two committees, the Public Accounts Committee (PAC), which is an entrenched provision of the Constitution, and the Public Accounts (Enterprises) Committee, which is also an entrenched provision of the Constitution, were adequate. We felt that these other committees were unnecessary, because they were duplicating the functions of the PAC and PA(E)C; and we still feel so. That is our view; we consider these committees to be unnecessary.

I just thought I would correct the record and make the point that this was not any Constitution in the making; this was a simple majority vote where the Government, more or less, railroaded these committees through the Parliament using their simple majority.

The other point that is necessary to be made—as the Member for San Fernando East has said, and I have also said—is that the committees have not worked well, and people ask why. I will now indicate why, in my view, the committees have not worked well. These select committees have been abused by Members of Parliament who have used them to "gallery", parade in front of the television cameras, abuse and ridicule—[*Interruption*]

Dr. Moonilal: [*Inaudible*]

Hon. C. Imbert: I may ridicule you, but you have a right of reply. The big difference is that the persons who come before these select committees are not Members of Parliament; they are public servants, ordinary citizens, civilians, the managers and so on of the various state enterprises, the board members. They do not have privilege; they do not have the immunities of this House; they do not have the right of speech in this House; they do not have the right of reply. What happened over the last six years is that some of the Members of Parliament on these committees have used the committees to abuse innocent civilians, and to "gallery" and parade in front of the media.

I remember a meeting with the Member for Chaguanas East, who was a Senator at the time. These committees became as if they were an amorphous mass, and the behaviour in the PAC and PA(E)C began to fashion itself along the lines of the behaviour in these JSCs. I remember the Member for Chaguanas East having to put a Member of the other place in his place, because that Member declared in front of public servants and civilians that he was the king of the committee and that we were his subjects. He banged the table, "I am the king of the committee and you are my subjects." He was very rude, obnoxious and disrespectful to the persons who had come before the committee. The Member for Chaguanas East made him apologize. He made him come into this House and apologize. [*Crosstalk*]

Mr. Abdul-Hamid: That is why he lost Pointe-a-Pierre!

Hon. C. Imbert: Yes, that is why he lost the Pointe-a-Pierre seat. Of course, we also had a brilliant candidate; that was another reason. [*Desk thumping*]

The point is, that particular person typified the obnoxious behaviour of some of the Members of these committees, who used the committees to "gallery", parade, ridicule and humiliate ordinary persons, who had no opportunity to respond. That cannot be what this Parliament is all about.

Mr. Speaker, some members of the committee took powers onto themselves; summoned persons without getting the agreement of the members of the committee; threatened members of the public with all sorts of reprisals and penalties, if they did not obey. They sent out letters to other ordinary people, threatening and commanding them to appear before the committees at a particular time, and telling them in correspondence that if they did not do so, they would be subjected to the severest penalties under the law. So some persons in these committees arrogated powers unto themselves; they abused their privilege on the committees; they were obnoxious, and they brought the House into disrepute. [*Crosstalk*]

Mr. Speaker: Order!

Hon. C. Imbert: I sincerely hope, going forward—I call on the Opposition Chief Whip—yes, I am calling on you—to have a chat with your Members. While it is your right to ask for information, and while it is your right to ask probing questions and try to unearth any information that you wish, in any manner, I ask the Members opposite that you restrain those Members of your party who have a tendency to be obnoxious and a tendency, in particular, to abuse ordinary people who do not have a right of reply—[*Crosstalk*] [*Interruption*]

Mr. Speaker: Order!

Hon. C. Imbert: "Mr. Speaker, is like stick break in their ears." They do not understand. [*Interruption*] I can tell you that stick break in your ears and you could reply to me; an ordinary member of the public cannot do that. So when an ordinary member of the public comes to these committees and is being ridiculed by one of your Members and humiliated in front of the television cameras, what can that person do? There is nothing that person could do; he or she cannot even respond. I could respond to you; I could tell you what I think of you and you could, in kind, tell me what you think of me; that is what Parliament is all about. [*Crosstalk*]

Dr. Moonilal: I cannot tell you what I think of you; it would be unparliamentary. [*Laughter*]

Hon. C. Imbert: That is all right. [*Laughter*] Within the boundaries of parliamentary language. [*Laughter*] The fact of the matter is, that is what Parliament is about. The root of the word "Parliament" comes from the word "parler" which means "to talk"; that is what Parliament is all about. I have a right to speak and you have a right to reply to me. But those innocent people, those ordinary people that are brought before these committees, do not have the rights and privileges we have. I am asking the Chief Whip to control his Members. [*Crosstalk*]

Mr. Speaker: Order!

Hon. C. Imbert: Ask whatever questions you want, but try to stop your Members from abusing the privileges that they have.

The other point is that in the debate to establish a Joint Select Committee to enquire into UDeCott, when we listened to what the Members opposite had to say, or any impartial observer who listened to what the Members Opposite had to say about the establishment of that JSC, would have concluded that they were of

the view that these JSCs were useless. They said that they had no powers; they could not call persons; they could not do anything; they could not get evidence. They declared these committees to be incompetent and completely useless; impotent and useless.

In other words, they contradicted themselves; it just did not suit them at the time to agree with the Government's proposal for a JSC. That is why I say that they are schizophrenic; they live in parallel worlds. Some persons believe that schizophrenia means that you have a dual personality, but the Member for Caroni East would know that the true interpretation of schizophrenia means that you suffer from delusions. Not so, Member for Caroni East? So you live in alternate realities.

9.50 p.m.

When I listen to Members opposite when they come with an impassioned speech for a joint select committee and demand that we must have transparency and scrutiny of government on the one hand, and on the other hand debunk the entire concept of a joint select committee and declare it to be impotent, then they are demonstrating the classic symptoms of schizophrenia; they are living in an altered state.

Mr. Speaker, before I conclude, let me deal with this thing about a failed State. Someone has made the statement that we live in a failed State. I do not agree. We have freedom of speech in this country and the fact that someone in a high position can make that statement demonstrates that it is not a failed State because when you go to the Constitution, there are enshrined rights such as:

- “(b) the right of the individual to equality before the law and the protection of the law;
- (c) the right of the individual to respect for his private and family life;
- (d) the right of the individual to equality of treatment from any public authority...;
- (e) the right to join political parties and to express political views;
- (f) the right of a parent...to provide a school of his own choice for the education of his child...;
- (g) freedom of movement;
- (h) freedom of conscience and religious belief and observance;

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- (i) freedom of thought and expression;
- (j) freedom of association and assembly; and
- (k) freedom of the press.”

Mr. Speaker, there are very few countries in the world that have freedom of the press enshrined in their Constitution. In fact, it is a unique feature of our Constitution and when you go to section 5(2):

“Parliament may not--

- (a) authorise or effect the arbitrary detention, imprisonment or exile of any person;
- (b) impose or authorise the imposition of cruel and unusual treatment or punishment;
- (c) deprive a person who has been arrested or detained—
 - (i) of the right to be informed promptly and with sufficient particularity of the reason for his arrest...;
 - (ii) of the right to retain and instruct...a legal adviser of his own...
 - (iii) of the right to be brought promptly before an appropriate judicial authority;
- (f) deprive a person charged with a criminal offence of the right—
 - (i) to be presumed innocent until proved guilty...”

Those are all the hallmarks of a properly functioning democratic State and Trinidad and Tobago does not by any stretch of the imagination fall into the description of what is a failed State. [*Desk thumping*] Those statements are emotional. Some people make them on an emotional basis; some politicians make them for mischievous purposes and other people make them for emotional reasons.

The fact of the matter is, I cannot allow a statement to go on this parliamentary record that Trinidad and Tobago is a failed State. I consider that to be an absurd proposition and I reject that absolutely. Having said that— [*Crosstalk*] That is why we won the last election. That is why we won and you lost; it is because we are credible and you are not and we will be here for the next five years. We won 26 seats in the last election, you got 15. We beat you by 11. We are here and you are there. We are credible and you are not. [*Desk thumping*]

So in order to conclude this debate, I simply wish to say that although we do not agree that there should be three departmental committees, as I said, in the interest of peace and harmony, we will go along with it.

I beg to move.

Question put.

The House voted: Ayes 34

AYES

Imbert, Hon. C.

Nunez-Tesheira, Hon. K.

Gopee-Scoon, Hon. P.

Kangaloo, Hon. C.

Abdul-Hamid, Hon. M.

Dumas, Hon. R.

Ross, Hon. J.

Swaratsingh, Hon. K.

Parsanlal, Hon. N.

Beckles, Miss P.

Mc Donald, Hon. M.

Hunt, Hon. G.

Le Gendre, Hon. E.

Callender, Hon. S.

Cox, Hon. D.

Jeffrey, Hon. F.

Hospedales, Hon. A.

Joseph, R.

Hypolite, N.

Regrello, J.

Roberts, A.

Sinanan Ojah-Maharaj, Mrs. I.

Maharaj SC, R. L.

Warner, J.

Persad-Bissessar, Mrs. K.

Moonilal, Dr. R.

Gopeesingh, Dr. T.

Bharath, V.

Panday, Miss M.

Sharma, C.

Peters, W.

Rafeeq, Dr. H.

Partap, H.

Baksh, N.

Question agreed to.

Resolved:

That the House of Representatives appoint six (6) Members to serve with an equal number from the Senate to enquire into and report to Parliament on Municipal Corporations and Service Commissions with the exception of the Judicial and Legal Service Commission on their administration, manner of exercise of their powers, methods of functioning and on any other criteria adopted by them in the exercise of their powers and functions;

And further resolved that the House of Representatives also appoint six (6) Members to serve with an equal number from the Senate to enquire into and report to Parliament on Government Ministries (Part I) (*as listed in Appendix I*) and all Statutory Authorities/Enterprises falling under these Ministries and owned or controlled by or on behalf of the State or which received funding from the State of more than two-thirds of their total income in any one year;

And further resolved that the House of Representatives also appoint six (6) Members to serve with an equal number from the Senate to enquire and report to Parliament on Government Ministries (Part II) (*as listed in Appendix II*) and all Statutory Authorities/Enterprises falling under these Ministries and owned or controlled by or on behalf of the State or which received funding from the State of more than two-thirds of their total income in any one year.

Adjournment

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ADJOURNMENT

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, I beg to move that this House do now adjourn to Friday, July 18 at 1.30 p.m. and on that day, barring unforeseen circumstances, it is the Government's intention to do the Bail (Amdt.) Bill which was laid for first reading today. If, however, for some reason we are not able to proceed with that, I would like to put Members opposite on notice that we will do the three Pension (Amdt.) Bills, Nos. 3, 4 and 5 on the Order Paper, but our primary intention is to do the Bail (Amdt.) Bill.

Mrs. Persad-Bissessar: Mr. Speaker, may I crave your indulgence? I did have a Motion on the Adjournment for which leave was granted and I have had no word from the Leader of the Opposition with respect to same.

Mr. Maharaj SC: Mr. Speaker, of the two Motions on the Adjournment, one is from the Member for St. Augustine and the Member for Oropouche East. Is there another one for today? I do not know about the other one. [*Interruption*] Yes, there is one by the Member for Siparia; the Government's non-provision of Funding. So we can do the three motions.

Hon. C. Imbert: The Minister of Local Government is out of the country so we cannot respond tonight, so we will do that on Friday.

Question put and agreed to.

House adjourned accordingly.

Adjourned at 10.03 p.m.