

*Leave of Absence**Friday, November 14, 2008***HOUSE OF REPRESENTATIVES***Friday, November 14, 2008*

The House met at 1.30 p.m.

PRAYERS[MR. SPEAKER *in the Chair*]**LEAVE OF ABSENCE**

Mr. Speaker: Hon. Members, I have received communication from the following Members requesting leave of absence from today's sitting of the House: hon. Indra Sinanan Ojah-Maharaj, Member of Parliament for Toco/Sangre Grande; Mr. Kelvin Ramnath, Member of Parliament for Couva South; hon. Kamla Persad-Bissessar, Member of Parliament for Siparia and hon. Subhas Panday, Member of Parliament for Princes Town North. The leave which these Members seek is granted.

PAPERS LAID

1. Report of the Auditor General of the Republic of Trinidad and Tobago on the statement of recovery of expenses of the Ministry of Energy and Energy Industries for the year ended December 31, 2007. [*The Minister of Finance (Hon. Karen Nunez-Tesheira)*]
To be referred to the Public Accounts Committee.
2. Annual report of the Teaching Service Commission for the year 2007. [*The Minister of Works and Transport (Hon. Colm Imbert)*]
3. Annual report of the Police Service Commission for the year 2007. [*Hon. C. Imbert*]
4. Annual report of the Public Service Commission for the year 2007. [*Hon. C. Imbert*]
5. Audited financial statements of accounts of the Caribbean Industrial Research Institute for the year ended September 30, 2007. [*Hon. K. Nunez-Tesheira*]

*To be referred to the Public Accounts Committee.***ORAL ANSWERS TO QUESTIONS**

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, the Government is in a position to answer 10 questions on the Order Paper today as follows: Nos. 60, 188, 196, 214, 216, 219, 222, 223, 233, and 237. I would ask that the others be deferred for a period of two weeks.

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*]

**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*]

**Mayaro/Rio Claro Region
(Details of Expenditure and Services to Housing Project)**

- 179 (A).** Could the hon. Minister of Planning, Housing and the Environment state:
- (a) the estimated costs attached to each housing project in the Rio Claro/Mayaro region;
 - (b) the actual expenditure to date;
 - (c) whether there have been cost overruns;
 - (d) if the answer to (c) is yes, what were the reasons for such overruns? [*Mr. W. Peters*]

**Mayaro/Rio Claro Region
(Details of Sub-contractors)**

- 179 (B).** Could the hon. Minister of Planning, Housing and the Environment state:
- (a) the names of all contractors and sub-contractors attached to each HDC project in the Rio Claro/Mayaro region;
 - (b) the services provided by each; and
 - (c) the actual sums paid to them to date? [*Mr. W. Peters*]

**Performing Arts Centre
(Original Estimated Cost for)**

- 185.** With respect to the Performing Arts Centre, could the hon. Minister of Finance state:
- (a) what was the original estimated cost for the construction and furnishing of the centre;
 - (b) is there any anticipated cost overrun given the present state of the construction of the centre; and
 - (c) were there any tendering procedures followed for this project? [*Mr. J. Warner*]

**The Performing Arts Centre
(Approval for Construction and Expenditure)**

- 186.** With respect to the Performing Arts Centre, could the hon. Minister of Finance state:
- (a) did the Ministry of Finance give approval in relation to the budget for the construction of the centre; and
 - (b) what was the amount approved for expenditure for the centre? [*Mr. J. Warner*]

**Sport Company of Trinidad and Tobago
(Moneys Disbursed)**

- 189.** With respect to the Sport Company of Trinidad and Tobago, could the hon. Minister of Sport and Youth Affairs state:
- (a) how much money was given by the company to the fourteen (14) national sports organizations for the period October 2007 to July 2008;

- (b) the disaggregate sums used from the company's Funding Service Level Agreement; and
- (c) how much money was provided directly to the Trinidad and Tobago Football Federation, during the period October 2007 and July 2008 and the purposes for which these sums were provided? [*Mr. J. Warner*]

**Trinidad and Tobago Youth Cup
(Provisions of Funds for)**

- 190.** A. Could the hon. Minister of Sport and Youth Affairs state how much money the Sport Company of Trinidad and Tobago and the Ministry of Sport and Youth Affairs provided for the Trinidad and Tobago Youth Cup in 2007 and in 2008, including the waiving of the fees for the use of the stadium?
- B. Was the sum granted by the Sport Company of Trinidad and Tobago and the Ministry of Sport and Youth Affairs the full sum requested for the hosting of the Trinidad and Tobago Youth Cup? [*Mr. J. Warner*]

**Sporting Facilities
(Details of Work Suspension)**

- 191.** A. Could the hon. Minister of Sport and Youth Affairs state the number of sporting facilities in which the Sport Company of Trinidad and Tobago has suspended work, the reasons for the suspension and the cost of same, inclusive of monies spent thus far?
- B. Could the Minister state what will be the cost to complete the work that was suspended in each facility? [*Mr. J. Warner*]

**Sport Company of Trinidad and Tobago
(Details of Acting Chief Executive Officer)**

- 192.** A. Could the hon. Minister of Sport and Youth Affairs state the method of selection for the Acting Chief Executive Officer of the Sport Company of Trinidad and Tobago?
- B. What is the evaluation process and is this process documented anywhere? [*Mr. J. Warner*]

Sport Company of Trinidad and Tobago

(Details of)

195. With respect to the Sport Company of Trinidad and Tobago, could the Minister of Sport and Youth Affairs state:

- (a) the number and location of the projects where the company is experiencing problems; and
- (b) the nature of the problems being experienced? [*Mr. J. Warner*]

Sport Company of Trinidad and Tobago

(Relocation of)

197. A. Could the hon. Minister of Sport and Youth Affairs advise whether there are plans to move the Sport Company of Trinidad and Tobago from its present location in Couva, to Port of Spain?

B. If so, could the Minister state the proposed cost of the relocation, the proposed new location and the rental costs involved?

C. Could the Minister also state whether any tendering procedures were instituted in deciding on the new location? [*Mr. J. Warner*]

Sport Company of Trinidad and Tobago

(Details of Salaries)

199. With regard to the Sport Company of Trinidad and Tobago, could the hon. Minister of Sport and Youth Affairs state:

- (a) whether there is a system in place for the increase of salaries of members of staff; and
- (b) was this system applied in the case of the Project Engineer, Mr. Sheldon Weekes? [*Mr. J. Warner*]

Chaguanas Borough Corporation

(Details of)

204. Could the hon. Minister of Local Government state:

- (a) how much money has been received to date by the Borough Corporation of Chaguanas for this fiscal year; and
- (b) how much money has been spent to date by the corporation for this fiscal year? [*Mr. J. Warner*]

**Sport Projects
(Status of)**

- 205.** Could the hon. Minister of Sport and Youth Affairs state:
- (a) the Sport Projects that were started during the period October 01, 2007 to date; and
 - (b) what is the present status of the projects? [*Mr. J. Warner*]

**National Basketball Federation of Trinidad and Tobago
(Release of Funds)**

- 206.** A. Could the hon. Minister of Sport and Youth Affairs state whether funds applied for by the National Basketball Federation of Trinidad and Tobago, during the period October 01, 2007 to date have been released?
- B. If not, could the Minister state the reasons why? [*Mr. J. Warner*]

**Community Youth Programme
(Cost of Launching)**

- 207.** A. Could the hon. Minister of Sport and Youth Affairs state whether the Community Youth Programme was launched at the Scarlet Ibis Room of the Trinidad Hilton?
- B. If so, what was the cost of launching this programme at the Hilton? [*Mr. J. Warner*]

**Special Purpose State Companies
(Details of Contracts Awarded)**

- 211.** Could the hon. Minister of Finance list:
- (a) the contractors who have been awarded contracts from the Government special purpose state companies during 2007 and 2008;
 - (b) the date each contract was awarded;
 - (c) the nature and content of each contract; and
 - (d) the location where the work was carried out? [*Mr. S. Panday*]

**Criminal Injuries Compensation Act
(Details of Compensation to Victims)**

- 215.** Could the hon. Minister of Social Development state:
- A. Whether any victims of crimes have received any of the statutory benefits under the Criminal Injuries Compensation Act of 1999?

- B. If so, could the Minister give details of same?
- C. If the answer is negative, could the Minister give the reasons why not?
[*Mr. R. L. Maharaj SC*]

**Existing Noise Law
(Contravention of)**

- 217. A. Could the hon. Minister of Planning, Housing and the Environment state whether she is aware that persons who play very loud music, above the prescribed decibel levels, in their homes as well as in their motor vehicles are contravening the existing law?
- B. If she is aware, could she state what machinery is in place to prevent this from taking place? [*Mr. R. L. Maharaj SC*]

**Land Acts
(Implementation of)**

- 218. A. Could the hon. Attorney General state whether the Government intends to implement the Land Adjudication Act (No. 14 of 2000), the Land Tribunal Act (No. 15 of 2000) and the Registration of Titles to Land Act (No. 16 of 2000)?
- B. If so, could the Attorney General inform the House of its planned date of implementation?
- C. If it does not intend to implement the Acts, could the Attorney General give reasons for its non-implementation? [*Mr. R. L. Maharaj SC*]

**Acquisition of Buses
(Tendering Procedures for)**

- 220. A. Could the hon. Minister of Works and Transport state the tendering procedures, if any, that were followed in the acquisition of 151 buses between 2002 to 2007?
- B. Could the Minister state whether the Government did the acquisition through any agent, giving the name(s) where relevant? [*Mr. S. Panday*]

**Trinidad and Tobago Sport Camps
(Details of)**

- 226. With regard to the Trinidad and Tobago Sport Camps held between August 4—22, 2008, could the hon. Minister of Sport and Youth Affairs:
 - (a) provide details of the procurement procedure for the equipment purchased with particular regard to sport equipment and water; and

- (b) state how many service providers submitted quotations in these areas? [Mr. J. Warner]

Mr. Israel Khan SC

(List of briefs)

- 232.** Could the hon. Attorney General give a list of briefs given by the State and/or State Agencies to Mr. Israel Khan, S.C. and the fees incurred therefor? [Mr. S. Panday]

Questions, by leave, deferred.

Financial Support for Needy Students

(Details of Selection)

- 60. Mr. Harry Partap** (*Cumuto/Manzanilla*) on behalf of Dr. Hamza Rafeeq (*Caroni Central*) asked the hon. Minister of Science, Technology and Tertiary Education:

Could the Minister 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?

The Minister of Community Development, Culture and Gender Affairs (Hon. Marlene Mc Donald): Mr. Speaker, with respect to part (a) of the question, in 2007 the Ministry of Community Development, Culture and Gender Affairs spent a total of \$15,825,196 in support of needy students seeking tertiary training abroad in both traditional and non-traditional programmes of study.

With regard to part (b) of the question, needy students seeking tertiary training abroad were selected by the Scholarship Selection Committee for financial support following their submission of written applications for assistance along with supporting documentation, including a completed financial means assessment form and, where necessary, the conduct of interviews of students or their parents or guardians.

It should be noted that in the context of financial assistance provided by the Ministry of Community Development, Culture and Gender Affairs for the pursuit

of tertiary training, the word “scholarship” is somewhat of a misnomer. The Cabinet decision of March 2002 which established the Community Development Scholarship Fund refers to the award of bursaries as opposed to scholarships. Accordingly, financial assistance has been approved in each instance for a maximum of one year and not in the first instance for the entire duration of the programme of studies as obtained with scholarships.

The committee used the following criteria in the selection process:

- the socioeconomic circumstances of applicants and their families;
- the type and level of training being sought;
- the benefits of such training to Trinidad and Tobago;
- the level of commitment to successfully completing the course of training;
- the applicant’s receipt of any other award or financial assistance for the course of training;
- the availability of similar programmes of training at local and/or regional training institutions.

With respect to parts (c) and (d) of the question, the availability of financial support under the Community Development Scholarships Programme for local students studying abroad or in Trinidad and Tobago, has been brought to the attention of the national community, including the students, their families, relatives, friends and the Trinidad and Tobago overseas missions in several fora and through several media, including the budget statements and budget documents for the years 2003, 2004, 2005, 2006 and 2007.

In particular, in the 2007 budget document, the *Social Sector Investment Programme 2007*, page 78, the section entitled “Review of Social Programmes and Initiatives for Fiscal 2006” states as follows:

“This programme is a national platform for the award of bursaries to young persons to undertake programmes of training and/or studies in traditional and non-traditional disciplines at local, regional and other institutions. The main beneficiaries are young persons, age 18 years and over who are seeking to further studies in the technical, vocational and academic areas. In fiscal 2006, 140 individuals benefitted from this programme. The budgeted allocation for 2006 is \$8 million and the estimated expenditure is the same.”

The availability of financial assistance through the Ministry of Community Development, Culture and Gender Affairs for the pursuit of tertiary studies has

been so well known to the national community that former and present Members of Parliament from the other side have submitted covering letters in support of applications from constituents. These included the former Member of Parliament for Princes Town and the present Member of Parliament for Oropouche East.

Additionally, telephone calls were received at the Ministry from the Members of Parliament and/or their constituency offices on the status of applications submitted by constituents of the Members of Parliament for Oropouche East, Fyzabad and Siparia.

Mr. Sharma: You see how hard we work?

Hon. M. Mc. Donald: Thank you, Member for Fyzabad.

The Community Development Financial Assistance Studies Programme has also been brought to the attention of the national community through the availability of copies of relevant brochures at the eight Community Development Administrative District offices located in St. George West, St. George East, Caroni, Nariva/Mayaro, Victoria East, Victoria West, St. Andrew/St. David and St. Patrick, and also at the Ministry's website as well as the Parliament's website.

Thank you, Mr. Speaker.

Mr. Warner: With regard to part (b) of the question, can the Minister kindly advise whether these criteria which she enunciated were formulated and approved by the Cabinet and if not, why not? And, two, whether those criteria which she has just mentioned have been advertised in the media so that all can be aware of them?

Hon. M. Mc Donald: Mr. Speaker, those are separate questions and once posed, I would be able to answer.

Mr. Speaker: Well, not particularly. They arose out of the answer you gave, so that if you are not in a position to answer them, you can assure the Member that perhaps you will research it and answer him on another occasion.

Hon. M. Mc Donald: Thank you for your guidance, Mr. Speaker. Member for Chaguanas West, I assure you that I will have the answer available within a week.

Mr. Sharma: Can the hon. Minister advise this House on the number of students who obtained assistance under this programme and also under GATE?

Mr. Speaker: Under the GATE Programme is obviously a different issue, but if you have the answer to the first part, you can give it.

Mr. Sharma: Mr. Speaker, I will put it in writing.

St. Vincent and the Grenadines
(Details of Special Terms of Financing and other Benefits)

188. Mr. Jack Warner (*Chaguanas West*) asked the hon. Minister of Finance:

With respect to this country's provision of \$78 million to the Government of St. Vincent and the Grenadines for the construction of an airport in that country, could the Minister state:

- (a) are any special terms attached to this financing such as preference for local contractors and suppliers of goods and services, and if not, why; and
- (b) what economic and other benefits does the Government envisage will come from this expenditure?

The Minister of Finance (Hon. Karen Nunez-Tesheira): Mr. Speaker, there are no special terms and conditions attached to financing provided under the special Organization of Eastern Caribbean States (OECS) Physical Infrastructure Window of the Caricom Petroleum Stabilisation Fund. The Caribbean Community (Caricom) arose out of the need for Caribbean States to work expeditiously together to deepen the integration process and strengthen the community in all of its dimensions to respond to the challenges and opportunities presented by the changes in the global economy.

The special OECS physical infrastructure window was established to support infrastructure development programmes and projects of countries within the OECS and in so doing, aid those countries in re-tooling and redirecting their economies in light of the removal of the preferential market access arrangements.

The Government of Trinidad and Tobago believes that any assistance that stimulates economic development of any Caricom member State will have direct beneficial impacts on our economy, given our economic and trade links with the region. Given recent developments in international trade, in particular the removal of preferential market access for bananas and sugar, it has become necessary for countries within the OECS to refocus their economies on the services sector.

Such a strategy means that an international airport is requisite to further economic and social development in these countries. Consequently, it is in the interest of Trinidad and Tobago, as a valuable trading partner and as a signatory to the CSME initiative, to support the Government of St. Vincent and the Grenadines in its Infrastructure Development Programme.

Thank you, Mr. Speaker.

1.45 p.m.

**Director of Sport
(Details of)**

196. Mr. Jack Warner asked the hon. Minister of Sport and Youth Affairs

- A. Could the Minister advise whether the Director of Sport at the Ministry of Sport and Youth Affairs, who also works for the University of Trinidad and Tobago, has been appointed a paid advisor to the Trinidad and Tobago Amateur Boxing Board?
- B. If so, could the Minister advise how was this made possible and state the terms and conditions of the Director's appointment as a paid advisor to the Trinidad and Tobago Amateur Boxing Board?

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, the incumbent Acting Director of Physical Education and Sport at the Ministry of Sport and Youth Affairs is not employed at the University of Trinidad and Tobago. The position of Director of Physical Education and Sport has been vacant since the former director retired in October 2005.

As such, part (b) of the question is not applicable.

**Praedial Larceny
(Existing Law to Detect and Prevent)**

214. Mr. Ramesh Lawrence Maharaj SC (Tabaquite) asked the hon. Minister of National Security:

- A. Is the Minister satisfied with the existing law to detect and prevent praedial larceny?
- B. If not, could he state whether he intends to have the existing law amended, to make it more effective to detect and convict praedial larceny offences?
- C. If he so intends, could he give the particulars of the proposed amendments and the time frame for the implementation of such reforms?

The Minister in the Ministry of National Security (Hon. Donna Cox): Mr. Speaker, the Praedial Larceny Prevention Act which was amended recently in 2000 seeks to address the concerns raised by farmers and to encourage farming in agricultural produce and livestock by criminalizing the act of praedial larceny.

The amended legislation makes provision for an increase in powers for constables or other authorized persons; an increase in penalties for praedial larceny offences; the establishment of a praedial larceny squad and other regulatory matters.

A review of the statistical data on praedial larceny over the past three years revealed the following:

- Between 2006 and 2007, there was an 18 per cent decrease in the number of praedial larceny reports.
- There was a simultaneous increase in the rate of detection from 36 per cent in 2006 to 40 per cent in 2007.
- There was a 24 per cent increase in the number of convictions resulting from praedial larceny which went from 34 to 42.

For the period January to July 2008, there have been 94 reports of praedial larceny, 28 of which have been detected. The Commissioner of Police who has ultimate responsibility for the establishment and operation of the Praedial Larceny Squad is of the view, that given the additional powers conferred on the police service and other authorized persons by the amended legislation, the Praedial Larceny Prevention Act sufficiently provides for the prevention and detection of praedial larceny. Notwithstanding the Trinidad and Tobago Police Service is aware that reducing the incidence of praedial larceny requires not only the enactment of legislation, but the implementation of ongoing surveillance and proper investigative procedures.

All these in essence translate into ensuring proper enforcement of such legislation. It is therefore an offence that all police officers are encouraged to monitor whether members of the Praedial Larceny Squad or not.

Having noted the Commissioner's comments and the statistical data which stand as testimony to the effectiveness of the legislation, the Minister of National Security is satisfied that the legislation is adequate for this offence. Therefore, (b) and (c) are not applicable.

Victims of Crime (Compensation for)

216. Mr. Ramesh Lawrence Maharaj SC asked the hon. Minister of Social Development :

- A. Could the Minister state whether the Government intends to compensate victims of crimes who, because of the non-implementation of the Criminal Injuries Compensation Act of 1999, were not able to access and receive the benefits to which they were entitled under the Act?

- B. If the answer is negative, could the Minister state the reasons why not?
- C. If the answer is in the affirmative, could the Minister give the particulars of such compensation?

The Minister of Social Development (Hon. Dr. Amery Browne): Mr. Speaker, the Ministry of Social Development has sought legal advice at the request of the Criminal Injuries Compensation Board and is awaiting such advice, as to how to treat effectively with victims of crime who fall within the category of persons captured by the hon. Member's question.

Part (b) does not apply.

The Government is awaiting legal advice on this matter which will be considered within the context of fiscal responsibility, fairness and propriety. Additionally, the Government is giving due consideration to significant amendments to the Act, that would address issues that have arisen from previous debates on the legislation and to address administrative concerns that have been identified by the board in the course of its administration of the Act.

It is envisioned that the proposed legislative amendments will serve to streamline the process of applications; increase the quantum of awards which the board can make to victims and minimize attempts by some applicants to perpetuate fraud upon the system. These amendments will be brought to Parliament in due course.

Mr. Maharaj SC: Mr. Speaker, will the hon. Minister tell this honourable House having regard to what he has stated and the fact that victims of crimes from 2000 and continuing may be awaiting compensation, if there is any time frame that the ministry has put to get the advice and take action in relation to the advice, so that victims can be compensated?

Hon. Dr. A. Browne: Mr. Speaker, I do not have the details with regard to the time frame before me at this time, but I am willing to respond to a subsequent question.

Mr. Warner: Thank you, Mr. Speaker. Can we be informed when the advice in (a) was requested?

Hon. Dr. A. Browne: Mr. Speaker, that sounds like part (d) of the question. I do not have that detail before me at this time.

Mr. Speaker: You said that you gave the advice. You said earlier on that you had asked for the advice. You do not recollect when? The Member is asking when you sought the advice. Could you recall when you sought the advice?

Hon. Dr. A. Browne: Mr. Speaker, that detail is not before me at this time.

Protection and Benefits for Individuals under Acts

219. Mr. Ramesh Lawrence Maharaj SC asked the hon. Minister of Social Development :

With respect to the following Acts, could the hon. Minister of Social Development state when the respective individuals can get the protection and benefits due to them:

- (a) Homes for Older Persons Act (No. 38 of 2000)
- (b) Socially Displaced Persons Act (No. 59 of 2000)
- (c) Children's Authority Act (No. 60 of 2000)
- (d) Children's Community Residences and Foster Homes and Nurseries Act (No. 64 of 2000)?

The Minister of Social Development (Hon. Dr. Amery Browne): Mr. Speaker, the Homes for Older Persons Act, No. 38 of 2000, was repealed, revoked and replaced by Act No. 20 of 2007 which was assented to in September 2007, but which awaits proclamation. Proclamation is expected to occur before the end of calendar year, 2008.

The regulations which are to accompany Act No. 20 of 2007 have been prepared and are to be laid in Parliament in the near future.

Homes for older persons mean well and continue to be governed by the Private Hospitals Act and are under the jurisdiction of the Ministry of Health. Persons resident in homes for older persons retain access to protection of their human rights under the Constitution of the Republic of Trinidad and Tobago. In the interim period, the Ministry of Social Development has been working with a range of homes and umbrella organizations, namely the Home Owners Association, to strengthen their capacity.

The Socially Displaced Persons Act, No. 59 of 2000, provides for the assessment, care and rehabilitation of socially displaced persons and related matters. The social displacement unit of the Ministry of Social Development was established in 1999, prior to the enactment of the legislation, but has since operated in compliance with the provisions of the Act via the following functions:

- (1) Coordinating and monitoring of the voluntary and involuntary removal of socially displaced persons from streets and other public places.
- (2) Coordinating and monitoring the activities pertinent to the rehabilitation of socially displaced persons.

- (3) Identifying the factors that lead to social displacement and implementing educational and other programmes aimed at preventing an increase in the population of socially displaced persons.
- (4) The establishment and monitoring of care standards for the socially displaced.
- (5) Advising and making recommendations on all matters pertaining to the socially displaced and other such matters as may be referred.

In view of the foregoing, it is to be noted that the social displacement unit currently provides the following social intervention and rehabilitation programmes to the socially displaced population:

- assessment and referral for treatment and rehabilitation;
- street outreach to offer and advise the street population of the ministry's and units' services and programmes;
- removal and relocation to shelters and treatment care facilities;
- provision of subsidies for accommodation of elderly socially displaced persons;
- provision of accommodation and care for elderly socially displaced persons at the Hernandez Place Sanctuary;
- payment to NGO-operated drug rehabilitation facilities for the rehabilitation of female substance abusers;
- reception services at the Piarco International Airport and follow-up social and reintegration assistance to deportees;
- monitoring and advising on standards of care applicable to NGO service providers;
- institutional strengthening for NGOs that provide services to the socially displaced;
- provision of nursing services to the client population at the centre for socially displaced persons at Riverside Plaza in Port of Spain;
- provision of preparation for independent living programmes for residents at the CSDP in Port of Spain.

Based on the foregoing activities and programmes of the social displacement unit, it is evident that the provisions of the Socially Displaced Persons Act, No. 59

of 2000, as pertains to protection and benefits have been implemented. The involuntary removal of persons from the streets remains a challenge.

In the case where such persons are mentally ill, the social displacement unit in collaboration with the Ministry of Health via mental health officers, are to treat with these persons. Where persons are not deemed mentally ill and choose to live on the street, the social displacement unit uses morale suasion to encourage these persons to relocate to one of the shelters available to them.

The Socially Displaced Persons Act, No. 59 of 2000, is being reviewed currently to make the legislation more relevant to the present reality of social displacement. In particular, focus is being placed on those implications of the Act that pertain to the Mental Health Act, No. 30 of 1975, and to the Bill that has been drafted to repeal the Mental Health Act, Chap. 28:02.

The Ministry of Social Development continues to hold regular discussions with the Chief Parliamentary Counsel to ensure progress on this particular matter. The Social Displacement Unit also has a central role in implementing the national strategy for the socially displaced which was approved by Cabinet earlier this year.

The Children's Authority Act, No. 60 of 2000, and the Children's Community Residences, Foster Homes and Nurseries Act, No. 64 of 2000, form part of the comprehensive package of legislation for children which was aimed at streamlining the care and protection of children in Trinidad and Tobago. In 2001, a family court committee was appointed to review the package of legislation and found it necessary to strengthen and improve several areas of the legislation.

Both the Children's Authority Act and the Children's Community Residences, Foster Homes and Nurseries Act have been passed in the Upper and Lower Houses of Government will be assented to and proclaimed.

An implementation committee has been appointed to advise the Minister of Social Development on the structures necessary for the operationalization of the Children's Authority of Trinidad and Tobago. The committee is currently examining and deliberating on issues such as staffing, accommodation and the regulations that will accompany their Act.

With respect to the Children's Community Residences, Foster Homes and Nurseries Act, in the interim, children in need of care and protection continue to be attended to by the National Family Services Division of the Ministry of Social Development. Currently, if children are required to be removed to a place of safety an assessment is made of their situation. There is collaboration with the police service to have the affected children placed in a children's home with recommendations for follow-up action.

The informal foster care system continues to operate within the ambit of the National Family Services Division of the Ministry of Social Development. Medical social workers have made several referrals from hospitals for placement via the Foster Care Programme for babies and children who have been abandoned or who are deemed at risk. Referrals also come from within the National Family Services Division as well as other social service agencies.

Following the enactment of the Children's Authority Act, the foster care system and the Adoption Programme would be formalized and managed by the Children's Authority. The Ministry of Social Development is in the process of acquiring suitable property on Pembroke Street for the headquarters of the Children's Authority as has been authorized by Cabinet and is in the process of identifying suitable locations in Tobago, south, central and east Trinidad for additional facilities for the authority.

2.00 p.m.

Mr. Maharaj SC: Would the Minister tell the House when he could foresee the Children's Authority being established? This year? Next year? The following year?

Hon. Dr. A. Browne: As I have already indicated to this honourable House, we anticipate the establishment of the Children's Authority within this current financial year.

Immigrants in Trinidad (Number of)

222. Mr. Harry Partap (*Cumuto/Manzanilla*) on behalf of Mr. Subhas Panday (*Princes Town North*) asked the hon. Minister of National Security:

Could the Minister state:

- (a) how many Chinese, Korean, Ghanaian, Nigerian and Cameroonian immigrants are in Trinidad;
- (b) how many have entered and remained in the country illegally?

The Minister in the Ministry of National Security (Hon. Donna Cox): Mr. Speaker, hon. Members are advised that the Immigration Act, Chap. 18:01 of the laws of the Republic of Trinidad and Tobago defines the term "immigrant" as a person who seeks admission into Trinidad and Tobago for permanent residence and/or who is within Trinidad and Tobago as such. The Ministry of National Security has primary responsibility for granting approval to persons seeking immigrant status in Trinidad and Tobago.

According to the Immigration Act, which came into effect on July 01, 1976, the Permanent Secretary is required by regulation 19(1) to keep a register of

residents. The Ministry's record indicates that between July 01, 1976 and September 30, 2008, a total of 643 nationals of China, Korea, Ghana, Nigeria and Cameroon were granted approvals for resident status in Trinidad and Tobago. These are disaggregated as follows:

Nationality	Number of resident Approvals
Cameroonian	1
Korean	0
Ghanaian	8
Nigerian	164
Chinese	470
Total	643

With respect to the issue of immigrants entering and remaining in the country illegally, such persons fall into two categories. Firstly, there are persons who enter the country legally as visitors and become illegal immigrants by virtue of remaining in the country beyond their allotted time. Secondly, there are persons who enter the country illegally through unauthorized ports of entry.

According to the records of the Immigration Division, over the most recent six and a half years, that is between January 2002 and June 2008, a total of 172 persons of those nationalities were detained by the Immigration Division for being in the country illegally. Of that 172, 79 were detained for illegal entry while 93 were detained for entering the country legally and overstaying their allotted time.

**Princes Town Regional Corporation
(Spraying)**

233. Mr. Harry Partap on behalf of Mr. Subhas Panday (*Princes Town North*) asked the hon. Minister of Local Government:

- A. Could the Minister advise whether on or about September 02, 2008, the Princes Town Regional Corporation sought permission to make virements in order to carry out spraying in the region, in order to deal with dengue?
- B. If the answer to (a) is in the affirmative, was permission given and when?

- C. If the answer to (a) is in the negative, when is such permission expected to be granted?

The Minister of Local Government (Sen. The Hon. Hazel Manning): Mr. Speaker, this Minister wishes to confirm that on August 29, 2008 the Princes Town Regional Corporation sought permission to make viements to carry out spraying in the region in order to deal with dengue. Permission was given on September 24, 2008.

Collapse of Retaining Wall Bonair Road, Cumuto

237. Mr. Harry Partap asked the hon. Minister of Works and Transport:

With respect to the collapse of the retaining wall at the 0.8 to 0.9 km on the Bonair Road, Cumuto in Sangre Grande could the Minister state:

- (a) the name of the contractor who built the retaining wall;
- (b) the cost of the retaining wall;
- (c) what steps are being taken by his Ministry to recover losses from the contractor; and
- (d) when will construction of a new retaining wall commence?

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, the contractor who built the retaining wall at the 0.8 to 0.9 kilometre mark on the Bonair Road, Cumuto is Karl Company of 2½ mile mark, Coalmine Road, Sangre Grande. The cost to construct the wall was \$485,291.95.

Discussions are ongoing between the contractor and the Ministry's representatives with respect to liability. The Ministry expects to conclude these discussions by the end of November 2008 and reconstruction works for a new wall should commence by January 2009, barring unforeseen circumstances.

Mr. Partap: Is the Minister aware that this is the second retaining wall that this contractor built that has collapsed?

Hon. C. Imbert: No.

Mr. Partap: Would the Minister state the criteria used in selecting contractors for these projects?

Hon. C. Imbert: I cannot speak definitively on this particular project, but the policy of value for money is used. The lowest evaluated bid is normally the one that is successful. However, the question of capacity is also relevant in terms of

the capability of the contractor to do the job. I am speaking only in general terms because nowhere in this question could one have assumed that you would ask that supplemental question.

**Illegal Immigrants
(Details of)**

223. Mr. Harry Partap on behalf of Mr. Subhas Panday (*Princes Town North*) asked the hon. Minister of National Security:

- A. Is the Minister aware that a large number of illegal immigrants are employed and are exploited by private security firms and construction firms in Trinidad?
- B. Could the Minister state what steps have been taken to deal with the rampant illegal immigrants in Trinidad and Tobago?

The Minister in the Ministry of National Security (Hon. Donna Cox): Mr. Speaker, the Immigration Division of Trinidad and Tobago, which falls under the purview of the Ministry of National Security is responsible for investigating all reports of illegal immigrants in the country.

This information, which was made available to the hon. Minister, indicates that over the last three years 56 persons working in security or construction firms were detained as illegal immigrants. Of that total, two worked in security firms and 54 in construction firms.

Hon. Members are advised that in such cases where it is discovered that persons are working illegally in Trinidad and Tobago, the owners of the employing firm or company are served initially with a warning and random monitoring is undertaken. In the event that the illegal practice continues, prosecution is initiated.

With respect to the issue of exploitation, the Minister of National Security has not received or been advised of exploitation of illegal immigrants at such job sites.

The records of the Immigration Division do not suggest that there is a rampant influx of illegal immigrants. With the cooperation of law enforcement and law-abiding citizens, together with the ongoing recruitment drive aimed at strengthening capacity within the Immigration Division, it is envisaged that the issue of illegal immigrants will be properly addressed.

STATEMENT BY MINISTER

Mr. Speaker: Hon. Members, the Prime Minister has indicated that he would like to make a statement at 4.00 p.m. I have granted leave to the Prime Minister to make this statement with your indulgence.

**COMMITTEE OF PRIVILEGES
(PRIME MINISTER)**

Dr. Keith Rowley (*Diego Martin West*): Thank you, Mr. Speaker. [*Desk thumping*] I sought your leave for a matter to be referred to the Committee of Privileges and I thank you for the opportunity.

I sought your leave under Standing Order 27(2) to raise the following as a matter directly concerning the privileges of this House:

- (1) The misleading of Parliament by the hon. Prime Minister and Member for San Fernando East during a debate in this House on September 30, 2008; and
- (2) The imputing of improper motives against me by the Prime Minister and Member for San Fernando East during the said debate in clear violation of the Standing Orders of this honourable House.

When the hon. Prime Minister rose to speak in the debate I referred to, it was clearly his expectation and deliberate intention to make serious allegations, which he himself deemed to have been matters of national importance about which he had documentary evidence. It was in this context that the House was required to make adjustments in the operation of the Standing Orders so that unlimited time could be made available to treat with the documents of national importance as determined by him.

As it was revealed, the documents alluded to concerned the Cleaver Heights Housing Project of the Housing Development Corporation for which I had ministerial responsibility. In preparing the ground for the allegations which the Prime Minister intended to make against me, he very carefully and deliberately laid the foundation to direct the innuendoes against me as he insisted that my conduct with respect to this issue required an answer from me with respect to a missing \$10 million from the Cleaver Heights Project.

In order to make this allegation palatable, the Prime Minister deliberately resurrected the long-concluded Landate Project, which was the subject of an exhaustive enquiry and made it quite clear that he did not accept the findings of that commission of enquiry since, as he put it, he continues to harbour lingering doubts about my conduct in that matter.

The Prime Minister proceeded to reopen the matter, re-evaluate the evidence which was available to the commission of enquiry, retry the case and concluded by several repeated utterances that he “found the whole thing strange”. This was clearly meant to tie me to the contractor NHIC in preparation for the revelation that

he knew he was going to make with respect to the Cleaver Heights Project. He even went as far as to say that he had heard that I was a mouthpiece for NHIC. He concluded by adding a series of deceptive and baseless comments; all in an attempt to prove to his satisfaction that NHIC had an unholy relationship with me, my family and my friends. After this detailed preparation, he informed the House of a missing \$10 million in relation to the Cleaver Heights Project and called on me to account for “where the money gone”.

The Prime Minister said, on at least three occasions during his presentation that this supposedly overpriced Cleaver Heights Project to NHIC was approved only after submission from me to the Cabinet, in other words, he alleged that I misled the Cabinet to get a benefit for NHIC.

The Prime Minister, as he imputed improper conduct to me, also supported his innuendo by making reference to my signature on a document relating to Cleaver Heights whilst hiding the fact that this related to the entire programme of the HDC joint venture initiative involving 17 contractors, which included the NHIC and which accounted for 15 per cent of the total and that my signature was applied to a request to me from the board for statutory ministerial approval and the Cabinet was never involved in the process as described by the Prime Minister.

2.15 p.m.

Understanding the grave import of the Prime Minister’s allegations, I immediately requested of him that he make the documents available to me and the public, so that a proper impartial assessment of the contents can be done. There was no response to my request. As a result, I was forced to obtain the relevant documents through the provisions of the Freedom of Information Act and have brought the matter to your attention at the very first available opportunity. The documents made available to me under the Freedom of Information Act attached as an appendix to my submission do not facilitate the conclusions arrived at by the Prime Minister as he revealed to this honourable House.

The Prime Minister said:

“We have been trying to find out what was the basis of this and even if something was done in error, when this went to the contractor, the contractor must have seen it. What did the contractor do? The contractor was NH International (Caribbean) Limited.”

He further stated:

“Try as we may and try as I may, as of now, I have been given no proper explanation for this; \$10 million just missing.”

Committee of Privileges
[HON. DR. K. ROWLEY]

Friday, November 14, 2008

He concluded:

“I cannot find an answer any place, perhaps the Minister of Housing at the time is in a position to assist me, so I am asking him! Where it gone?”

The documents attached for your consideration, Mr. Speaker, were always available to the Minister of Housing and by extension the Prime Minister and any unbiased perusal, even a cursory one, would have gleaned a position at variance with what was told to this honourable House by the Prime Minister.

The response of the Permanent Secretary, the accounting officer of the Ministry of Housing, makes it quite clear that there is no known issue of any missing money as alleged in the HDC’s Cleaver Heights Project in the Ministry of Housing.

The facts outlined above indicate that statements of the Prime Minister in this House on September 30, 2008 imputed improper motives against me. Additionally, they were not just wrong, they were not merely misleading, they were not mere mistakes; they were made deliberately to mislead the House, bringing the offence within the meaning of contempt of this House.

I therefore move that this matter be referred to the Committee of Privileges of this honourable House for consideration and report.

Mr. Speaker, I thank you.

Mr. Speaker: Hon. Members, I have received this communication as outlined by the hon. Member for Diego Martin West. I certainly would have to consider this and I would give my decision later; not necessarily today. I would have to consider this matter in some detail and I would report to the House on a future occasion.

STATUS OF CHILDREN (AMDT.) BILL

Bill to amend the Status of Children Act, Chap. 46:07 and to provide for DNA analysis in civil proceedings [*The Minister of Social Development*]; read the first time.

DATA PROTECTION BILL

Bill to provide for the protection of personal privacy and information [*The Minister of Information*]; read the first time.

FINANCIAL INSTITUTIONS BILL

Order for second reading read.

The Minister of Finance (Hon. Karen Nunez-Tesheira): Mr. Speaker, I beg to move,

That a Bill to provide for the regulation of banks and other financial institutions which engage in the business of banking and business of a financial nature, for matters incidental and related thereto and for the repeal of the Financial Institutions Act, 1993, be now read a second time.

Mr. Speaker, the Financial Institutions Bill, 2008 now before this honourable House, represents the reform of the 1993 Financial Institutions Act (FIA) and will effectively repeal and replace this 15-year-old legislation with an updated and more effective financial regulatory and supervisory framework for Trinidad and Tobago.

In 1993, as part of a broader economic reform programme, this Government liberalized the financial system of Trinidad and Tobago. This move provided the impetus for the rapid development of the financial services sector to the current level, where banks and insurance sectors now have assets of close to \$145 billion, about 95 per cent of GDP, and contribute approximately 11 per cent to GDP and provide employment for close to 20,000 persons.

Concomitant with its rapid growth, the sector has adapted to the forces of globalization through continuous financial innovation; a blurring of the boundaries between its various subsectors; banks insurance companies and other institutions; and through the adoption of new structures, including the emergence of conglomerates and holding companies.

Another major change over the past few years has been the cross-border expansion of the financial sector. Currently, locally-owned financial institutions operate throughout the English and Dutch-speaking Caribbean. As one would expect, the rapid innovation in the financial sector has brought with it new and heightened risks. Under these circumstances, up-to-date regulations and supervision are essential to ensure that financial institutions effectively manage their risks. This is particularly important, given that financial institutions have a fiduciary responsibility to their depositors, many of whom are ordinary citizens who lack the means to monitor and assess the risk profile of financial institutions and also given the fact that a strong and stable financial sector is a critical prerequisite to the achievement of our long-term economic goals.

While Trinidad and Tobago is a dominant player in the financial sector in the Caribbean, it is worth noting that our legislation lags behind some of our regional counterparts, most notably Barbados and Jamaica. With respect to Jamaica, the impetus for significant legislative reform lay in its financial crisis in the late 1990s, which cost the country approximately 30 per cent of its GDP.

The present international financial crisis gives a new urgency to strengthening our regulatory system. There are many reasons for the crisis, but, clearly one of them is inadequate risk management systems and lack of regulation of commercial and investment banks. The financial institutions in Trinidad and Tobago are getting more involved in innovative instruments and that involvement heightens the importance for proper risk management policies and for ensuring that banks have good governance practices in place.

Our basic banking legislation has remained essentially unchanged since 1993. A few amendments were made in 1994 and consequential amendments made in 2004, as part of the Insurance (Amdt.) Act, 2004. Additionally, in order to respond, as a matter of urgency, to some impending developments in the financial sector, certain urgent and critical amendments were passed in July 2006. These amendments sought to:

- (i) make significant mergers and acquisitions by a bank or financial entity, subject to the approval of the Central Bank or the Minister of Finance;
- (ii) allow for the sharing of information with regulatory bodies both locally and in other jurisdictions; and
- (iii) expand on a fit and proper criteria to be taken into account in granting a permit to a controlling shareholder.

Initial work on the reform of the FIA began in 2001, under a project by the Inter-American Development Bank (IADB) and active consultation process with the banking industry and other stakeholders commenced in April 2005 and culminated with a public consultation in May 2008. The detailed and comprehensive consultation process provided the opportunity for various stakeholders to give comments and make suggestions which were very useful in helping the Central Bank ensure that the new legislation is well aligned to local circumstances.

As the public consultation held in May 2008, the Bankers Association confirmed they had brought support to the draft legislation and urged its rapid adoption. In developing the Bill, the Central Bank used as a guide, the core principles for effective banking supervision. These principles developed by the Basel Committee on Banking Supervision constitute the international minimum standards for bank supervision. The banking legislation of several other countries was also considered. The recommendations of the International Monetary Fund and the World Bank, which assess the adequacy of the regulatory framework as part of their financial sector assessment programme in early 2005, were also taken into account.

In order to assist Members in understanding the nature of the reform before them, I propose to approach my presentation of the Bill under the following five categories:

- (i) provisions retained from the existing FIA;
- (ii) provisions from the FIA that were further clarified or strengthened;
- (iii) new provisions that formalized existing practices;
- (iv) new definitions introduced under the Bill; and
- (v) entirely new provisions.

Please note that there have been two deletions from the FIA. Firstly, licensees are no longer required to obtain the approval of Central Bank for their excess credit facilities, as they will be required to remain within the newly established limits.

Secondly, licensees will no longer be required to seek the approval of the Central Bank to establish local branches.

Provisions retained from the FIA—I would begin with the first category. Even though this is a new Bill, many provisions of the existing FIA have been retained and replicated in this Bill. These survived because they are still relevant and effective. The first one is the revocation or restriction of a licence. The first section deals with procedures for giving directions to financial institutions in circumstances of revocation and restriction of a licence, as well as the giving of notification and confirmation of directions. These provisions which can be found in sections 14, 15 and 16 of the current FIA have been carried forward in clauses 27, 28 and 29 of the Bill.

Secondly, publication of list of licensed institutions—currently, section 17 of the FIA provides for the annual publication of a list of institutions licensed to carry on banking business or business of a financial nature and for the Central Bank making that information available to the public. This requirement is carried forward in clause 30 of the Bill.

False statements about licence status—persons other than a licensed financial institution are prohibited from holding themselves out to be a licensed financial institution. This requirement, which appears in section 19 of the FIA has been retained in clause 32 of the Bill.

Restrictions on dividends—section 22(3) of the FIA provides for the declaration or proposal of the payment of dividends to shareholders only in certain states circumstances. This is carried forward in clause 47 of the Bill.

Restriction on financial institutions acting as insurance agents—section 23 of the existing Act prohibits the use of pressure or undue influence on borrowers to place insurance for the security of a licensed financial institution in any particular company. This requirement has been retained in clause 52 of the Bill. Similarly, section 70 of the FIA makes allowances for a licensee to act as an agent for an insurance company upon proclamation of this section. This requirement has been carried forward in clause 129 of the Bill.

Selective credit control, working capital and deposits—currently sections 26, 27, 28 and 29 respectively, of the FIA, allow for the imposition of controls as necessary to restrict or prevent undue credit expansion, the fixing of maximum working balances to be held in foreign currencies, the maximum deposit liabilities of a licensee and the fixing of a liquid asset ratio in relation to total prescribed liabilities. These requirements are carried forward in clauses 58, 59, 60 and 61 of the Bill.

Restriction and vesting power of directors—directors are required to refrain from participating in meetings of the board or committees when credit facilities are being considered for his benefit or for persons with whom he may be related. This requirement, in section 21 of the FIA, is carried forward in clause 34 of the Bill.

Mergers and acquisitions—the FIA, as amended in 2006, provided for the prior approval of the Central Bank for mergers and acquisitions involving a licensed financial institution or financial holding company. The Minister's approval is required where the combined market share in Trinidad and Tobago of the merging companies would exceed 40 per cent. These provisions, which appear in sections 39A and 39B of the FIA (Amdt.) Act are also carried forward in clauses 73 and 74 of the Bill.

2.30 p.m.

Vesting orders: Sections 48, 49, 50 and 52 of the FIA provide for the facilitation of transfers of the undertaking of a licensee through vesting orders and are identical to clauses 88, 89, 90 and 91 of the Bill.

Fraud and Depositors: Section 59 of the FIA deals with perpetration of fraud on depositors and makes it an offence. This has been retained in clause 118 of the Bill.

Obtaining Information from Exempted Institutions: Sections 65 and 66 of the FIA allows the Central Bank to obtain information from exempted institutions at

the request of the Minister, and make the suppression of that information an offence. These requirements appear in clauses 123 and 124 of the Bill.

Protection of Rights for Unlawful Transactions: Finally, section 69 of the FIA protects the rights of any party to a transaction under this Act notwithstanding it may constitute an offence under another Act. Clause 126 of the Bill mirrors this requirement.

So, the second section which we will look at, Mr. Speaker, is the provision from the FIA that would clarify or strengthen. The Bill contains the following provisions, which were retained from the FIA but modified to reflect greater clarity for strengthening. The first is appointment, resignation and termination of the inspector of financial institutions.

Section 30 of the FIA, which governs the appointment, resignation and termination of the inspector of financial institutions omits certain conditions such as establishing the term of office, the grounds for termination, the procedure for resignation and the requirement by the Central Bank to publish a notice when the inspector ceases to hold office. Clause 7 of the Bill incorporates these requirements.

Disclosure of information by the Central Bank: Section 35A of the FIA as amended in 2006 provides for the Central Bank to share information obtained in the performance of its duties under specified circumstances. These circumstances have been expanded to allow the Central Bank to share information with the designated authority under the Proceeds of Crime Act, as part of its fight against money laundering and terrorist financing.

In addition, the Central Bank will be permitted public disclosures where it would be in the best interest of the financial system, depositors or other stakeholders. Such disclosure is considered prudent when intervention actions are taken against a financial institution. These enhancements are contained in clause 8 of the Bill.

Amendment of schedules: Section 63 of the FIA permits the Minister to amend the first and second schedules to the Act. As those schedules were added, clause 13 of the Bill would enable the Minister to amend the first, second, third, fifth and sixth schedules to the Bill.

Delegation: Section 68 of the FIA deals with the delegation of functions by the board of the Central Bank. The delegation of functions and powers has been extended to the Central Bank Governor and the inspector in clauses 14 and 15 of the Bill.

Licensing of Financial Institutions: Section 4 and 5 of the FIA deals with licensing of financial institutions. The definition of "business of a financial nature" and

"business of a banking nature" have been made clearer in clauses 16 and 17 of the Bill. In addition, only those financial institutions that have a licence for the business of banking can transact payment card business; that is credit and debit card business. The rationale for the restriction on the class of licensees is the need to manage the expansion of credit.

Refusal of Licence Applications: Sections 7 and 8 of the FIA deal with the requirements when applying for licences, and the process for approval or refusal of a licence. In the interest of transparency, an obligation will be imposed on the Central Bank to reasons for refusing applications for a licence within 14 days of the date of refusal. This is covered in clause 21 of the Bill.

Application Fees and Licence Fees: Section 9 of the FIA deals with the annual payment of licence fees. Application fees are introduced to provide a means of recovering some portion of the processing cost. This is covered in clause 22 of the Bill.

Procedure for Revocation and Restriction of a Licence: Sections 10, 11, 12 and 13 of the FIA outline the procedure for the revocation and restriction of licence. These procedures are clarified in further detail in clauses 23, 24, 25 and 26 and of the Bill. Additionally, enhancements to the FIA have been made to commit the Central Bank to both appoint a receiver or manager and provide the necessary loan to the licensee to meet ongoing operational costs where the Inspector has taken charge of the assets and the licensee. This is contained in clause 23 of the Bill.

Amendment to Licensee Incorporation Documents: Section 18 of the FIA provides for making alterations to the articles of incorporation or continuance, by-laws or any other incorporation documents of an institution with the prior approval of the inspector of financial institutions. The main change is the substitute inspector for Central Bank, and this is reflected in clause 31 of the Bill.

Disqualification of Directors and Management: Section 20 of the FIA focuses on those criteria under which a person is debarred from being a director or officer, of a licensed financial institution, unless approved by the Central Bank. Clause 33 of the Bill strengthens this section by prohibiting persons convicted of fraud or money laundering offences from becoming a director of a financial institution.

It is important to note however, that the Bill also improves on the current law by putting a limitation period for persons who were directors of a liquidated company. A person is no longer debarred from being a director or officer, if more than 10 years have elapsed since the liquidation. This is also included in clause 33 of the Bill.

Prohibited Activities: Section 22 of the FIA lists the activities that a licenced financial institution is prohibited from doing, whether directly or indirectly. The Bill loosens the prohibitions by allowing the licensee to acquire land for the purpose of carrying out a project financing deal, and permitting the Central Bank to extend the period for the licensee to hold land beyond the current five-year limit to settle outstanding debt.

The Bill also adds a new prohibition whereby a licensee shall not owe an unregulated subsidiary, unless approved by the Central Bank. Licensees will have three years to regularize current unregulated subsidiaries. These enhancements are contained in clause 41 of the Bill.

Limits on Credit Exposure: Section 22(2) of the FIA currently imposes limits on secured lending of 25 per cent to a person and 32 per cent to a borrowed group, a limit of unsecured lending of 5 per cent. These limits have been replaced by a single large exposure limit of 25 per cent of the capital base of a licence to any one person or borrower group. This change is reflected in clause 42 of the Bill. Also, the requirement for licensees to seek approval for exposures above the secured or unsecured lending limits has been eliminated.

Sale of Subsidiaries or Assets: Section 6 of the FIA requires the licensee to seek the approval of the Central Bank to establish a subsidiary. The Bill strengthens this section by extending the requirement for approval to the sale or transfer of a subsidiary or ownership interest in a subsidiary, or for the sale or transfer of 10 per cent or more of the assets of licensee or its subsidiary. This is contained in clause 46 of the Bill.

Employee Share Ownership Programme: Section 22(10) of the FIA allows a licensee to provide financing for the purchase of up to 25 per cent of its own shares or the shares of its subsidiary, holding company or financial holding company, if the shares are to be held in trust for the benefit of employees including a director holding a salary position. Any excess over this limit must be approved by the inspector. This section has been strengthened as a limit is reduced to 20 per cent in the Bill.

In addition, licensees would be required to seek the approval of the inspector within three months of the Bill coming into effect, for any such financing that was provided by the licensee in excess of the new limit. This is contained in clause 48 of the Bill.

Branches: Section 6 of the FIA requires the licensee to seek the approval of the Central Bank to establish a branch or representative office. The definition of "branch" is restricted to a place in Trinidad and Tobago owned by domestic licensee.

This section is clarified in the Bill as the definition of branch will include a place of business outside of Trinidad and Tobago for the domestic licensee and for a place in Trinidad and Tobago for a licensed foreign institution.

This section is also enhanced as domestic licensees no longer require the approval of Central Bank to establish a local branch. The Bill further seeks to clarify the criteria for approval for the establishment of branches or representative opposite outside of Trinidad and Tobago by domestic licensees and for the establishment of local branches by foreign institutions.

Advertisements: Section 24 of the FIA treats with the regulation of advertisements for deposits, and with dealing with misleading or objectionable advertisements. Clauses 53 and 54 of the Bill seek to enhance this section on market conduct practices by giving the inspector the power to require that objectionable advertisements be corrected or withdrawn.

Customer Confidentiality: Section 36 of the FIA prohibits persons who receive information by virtue of the Act from disclosing any information relating to the business or affairs of a depositor or other customer of a licensed financial institution, or of any person other than under certain specified circumstances.

The Bill in clause 55 seeks to strengthen this section by introducing additional specified circumstances under which information may be disclosed, such as the compulsion of law.

Power to request information: Section 31 of the FIA gives the Central Bank the power to gather information from the licensees. This power will be strengthened under the Bill to enable the inspector to gather information from the financial holding company, local and foreign subsidiaries and branches, so that the contagion risk to which the licensee may be exposed can be assessed. This is contained in clause 62 of the Bill.

Section 43 of the FIA is expanded in the Bill to allow the Central Bank to obtain information from parties that are connected to a licensee and from former directors, officers, auditors and controlling shareholders. This is contained in clause 78 of the Bill.

Suspension of Business: Section 32 of the FIA allows the Central Bank to suspend the business of a licensee and apply to the court to appoint a manager or receiver if certain conditions are determined following a supervisory examination of the licensee. This section is enhanced in the Bill to cover similar treatment for financial holding companies, which are introduced under the Bill. This provision is contained in clause 63 of the Bill.

Controlling Shareholder: Section 39 of the FIA, as amended by the Financial Institutions (Amdt.) Act, 2006 defines a controlling shareholder as one who owns that which entitles him to control 20 per cent or more of the voting power of a licensee or financial holding company.

The need to ensure that there is only one controlling shareholder for a licensee or financial holding company was met by clarifying the definition and raising the limit to 50 per cent. I will revisit this under the heading: "New Definition" when I make a distinction between a controlling shareholder and significant shareholder.

Additionally, the current FIA allows forfeiture of the shares by the State of those controlling shareholders who are no longer fit and proper. The Bill instead seeks to have the shares disposed and the proceeds preserved in a fund for the benefit of the persons beneficially interested in those shares. In this way, the shareholders beneficial interest in his shares is maintained and the punitive element of the forfeiture removed. The enhancements are contained in clauses 71 and 72 of the Bill.

Reporting Requirements: Section 40 of the FIA applies to reporting requirements of the licensee. This section has been enhanced in the Bill to apply to licensed foreign institutions, and to include the category of information to be submitted to the Central Bank. Importantly also the Bill introduces the requirement for reporting of consolidated supervision. Additionally, shareholders on gaining 5 per cent or more of shares in a licensee or a financial holding company are called upon to notify the Central Bank.

This is particularly important when shares are widely disbursed. These enhancements are contained in clause 75 of the Bill.

Publication: Section 41 of the FIA provides for licensees to publish annually information on inactive accounts. However, clause 76 of the Bill reduces the period of inactivity from 14 years to seven years.

Compliance Direction: Section 47 of the FIA deals with the power of the Central Bank to issue cease and desist orders, which can only be applied in certain conditions. Clause 86 of the Bill provides the Central Bank with the power to issue compliance directions in those circumstances where the licensee is engaging in unsafe and unsound practices, which cannot be readily accommodated by the cease and desist order. The procedure which includes an opportunity to be heard is preserved. However, it is to be recognized that in times of financial crisis or in urgent circumstances, it would be necessary to issue immediate directives. The bill allows for interim directives which are valid for 20 days within which time, representations by the effected party can be made. The provision is contained in clause 86 of the Bill.

Offences and Limitation Periods: Sections 57 to 62 of the FIA treat with offences and limitation periods. There have been minor improvements made in the Bill in clauses 116 to 121.

2.45 p.m.

The court, in addition to any other punishment may impose, may require a person to comply with the requirement for which a conviction was received and to make restitution.

Finally, exempted institutions under this section: Section 62 of the FIA provides for institutions and certain activities of institutions to be exempted from the ambit of this Bill and these are listed in the Third Schedule of the Act. The list of exempted institutions in the Third Schedule has been expanded to include the Trinidad and Tobago Mortgage Finance Company, the Unit Trust Corporation which is regulated under its own Act. The list of exempted activities has been widened to include: the business of a confirming house, acceptance house, finance company or financial services provided by EXIM Bank. This is covered in clause 121 of the Bill.

New provisions that formalized existing practices: It is also important to note that there are other provisions in the Bill which simply formalize what currently exist in practice. These are: prior consultation for regulations. Clauses 9 to 12 of the Bill provide for regulations to be made by the Minister subject to negative resolution of Parliament and generally strengthens sections 38 and 64 of the FIA by explicitly providing for prior consultation on proposed regulations with persons who may be affected by them except in urgent circumstances. This was especially embraced by the industry and formalizes the current practice of the Central Bank.

Notice by directors: Directors of the licensee are encouraged now to notify the Central Bank of the development of any material risk to the licensee of his resignation or departure or where he has opposed a proposed resolution. This has been made a requirement in clause 36 of the Bill.

Guidelines: Central Bank currently issues guidelines to the sector to assist institutions in complying with the provisions of the FIA. Clauses 10 and 19 of the Bill established a statutory basis for the Central Bank to issue guidelines on matters necessary to give effect to the Act.

Mandatory Audit Committees: The new Bill increases the emphasis on corporate governance consistent with the international best practices as laid out in the Basel Core Principles. Specifically, clause 36 of the Bill makes it mandatory for the

board of a licensee to establish audit companies. Licensees already have this in place. The Bill, however, prescribes the composition of the committee to be not less than three directors, a majority of who must be independent as defined in clause 36(6)(c). This concept of independent directors was introduced to strengthen the corporate governance checks and balances in institutions. As such a transition period of three years has been allowed under clause 36(4).

Management and board sign off on internal controls: Clause 37 of the Bill seeks to reinforce the responsibilities of directors and senior management for the governance of the institution by introducing an annual requirement for them to attest to the adequacy of the internal controls and other risk management systems of the organization. This is a new requirement and strengthens the attention to proper governance of the institution. Financial institutions have already adopted these requirements in practice.

Governance policy: Clause 38 of the Bill now formally requires boards of licensed financial institutions to establish and maintain policies and procedures to guide transactions between licensees and connected parties and employees that are not connected parties. This is intended to foster prudent arm's length operations and minimize opportunities for abuses and putting depositors funds at risk as can occur when granting loans to directors, senior management or relatives of both. It is important to note that traditional loans for housing, education or medical purposes provided by banks to employees as part of an employee benefit or compensation packages are exempted from these requirements.

Clause 39 and 40 of the Bill place in legislation the responsibilities of the board of directors of a licensee to ensure the establishment and maintenance of documented information systems for monitoring credit exposures and adequate internal controls. It is expected these would already be in place in financial institutions.

Statutory reserves: Clauses 56 and 57 of the Bill are generally the same as section 25 of the FIA, save that there is now expressed provision for the Central Bank to require local banks and non-banks to hold a secondary reserve account where necessary for monetary policy purposes. This gives a statutory basis for a practice pursued currently by agreement and moral suasion.

Membership in Financial Services Ombudsman Scheme: Clause 125 of the Bill provides for the enrolment of licensees in an alternate dispute resolution scheme approved by the Central Bank, such as the Financial Services Ombudsman. The banking sector has already embraced the ombudsman scheme recognizing its merit in strengthening the market conduct of licensees.

New definitions introduced under the Bill: Clauses 2 and 3 of the Bill provide the definition of certain keywords in the Bill. At this point I wish to draw attention to certain important words and how they are used in the Bill. Assigned capital: The first is the definition of assigned capital which is a new concept; this is used in clause 18 of the Bill which deals with the requirements for the establishment of foreign branches in Trinidad and Tobago. It is a requirement that these branches maintain assigned capital in the form of cash or proved securities on deposit with the Central Bank. This is important because foreign branches are not separate legal entities but part of a foreign financial institution and this provides readily available capital to absorb possible losses in the interest of local depositors and other creditors.

The other second definition is the definition of control. Under the current FIA the definition of control is limited to the power of a person, whether alone or with others, to direct that the business of a licensee is conducted in accordance with the wishes of that person. The Bill seeks to be more specific with the aim of clarifying the concept of control, now expressly includes a person who exercises more than 50 per cent voting power or a person with power to elect a majority of directors or a person who exercises dominant influence. Consequently, the definition of controlling shareholder has been changed to reflect this revised definition. Under the current law controlling shareholder is a person who either alone or with others exercises 20 per cent or more voting power.

Under the Bill the controlling shareholder is now *inter alia* a person who exercises more than 50 per cent voting power. This was introduced so that directives for the establishment of financial holding companies are addressed to the major shareholder with the power to effect the required restructuring to establish the financial holding company. Significant shareholder as a result of this change in the definition of controlling shareholder as the concept of significant shareholder was introduced using the same threshold of 20 per cent or more voting power as applied to the old controlling shareholder definition.

Another significant definition is credit exposure referred to as credit facilities under the FIA, albeit with a more limited scope. This definition has been expanded to include the amount at risk arising from the extension of credit or funds by a financial institution and sought to address all the ways a licensee can encounter losses should a counter party fail. The definition of credit exposure is used in the credit limits imposed on financial institutions and groups in clauses 41 to 45. The term "credit exposure" is also used in the definition "large exposure" which refers to credit exposure to any one person or group amounting to 25 per cent or more of the capital base of a licensee.

“Electronic money”, another definition introduced by the Bill is that of money which refers to stored value cards and accepted as a means of payment by person other than the issuer. This definition therefore does not cover propriety cards issued and used by an institution for transactions with that institution. For example the bmobile card or a gift certificate card. The term is used in clause 17(2) as the issue of electronic money fall within the definition or to, “business of a financial nature”, which banks and non-banks are authorized to conduct and in clause 17(4) where the Minister can prescribe other providers.

I would also draw Members attention to the definition of “financial group”, which means, “a related group of companies engaged in financial services and includes holding companies”. This term is used throughout the Bill and in particular in clause 62 which deals with the power of the inspector to enquire into the affairs of a member of a financial group under certain circumstances. Also in clauses 68 to 69 which deal with the restructuring of and restrictions on financial groups for regulatory purposes.

Clause 3 of the Bill provides for the definition of connected party and connected party group. These definitions are particularly important in the determination of credit exposure limits in clause 43 as it seeks to capture all persons who may have a sufficiently close relationship with a licensee. The definitions of connected party and connected group are also used to establish independence for purposes of appointment, as for example, an independent director to the audit committee under clause 36 or as an auditor of a licensee or financial holding company under clause 81. Because it is difficult to define all possible scenarios where independence may be compromised, the Bill gives discretion to the inspector of financial institutions to regard a party as a connected party where the relationship may create a conflict of interest or pose regulatory risk. The expansion of this definition cured much of the ambiguity and deficiency in the existing definition in the FIA.

Finally, entirely new provisions: As mentioned earlier the Bill introduces a number of new and much needed reform. I would classify them under two headings: Major changes and secondary changes. The major changes: First consolidated supervision, the requirements for consolidated supervision of a conglomerate can be found in the legislation of most jurisdiction including the United States, Canada, Australia, United Kingdom and Jamaica. This level of supervision is now essential in a globalized economy for two main reasons:

1. It helps to reduce opportunities for regulatory arbitrage and the shifting of risk as it focuses on the entire group; and.

2. Because the group is being assessed as a whole it allowed the regulator to take corrective action to prevent the deterioration of one entity from negatively affecting the operations of related entities.

Clauses 62 to 66 provide for the examination and enquiry into the affairs of financial holding companies and its subsidiaries, where in the case of the latter it is necessary to assess any potential risk to a licensee. These clauses also provide for the inspector or persons authorized by him to enter the premises of a licensee for the purpose of inspection and to obtain an ex parte order or warrant to enter where necessary. That is under clause 62(17) of the Bill.

Clause 62(9) also permits the inspector to restrict transactions between licensees and various connected parties or take such other measures if there is concern that the licensee will be exposed to undue risk which can prejudice the interest of the depositors. Clause 62(11) also allows the inspector to approach a court where the restriction or measures are not followed.

The consolidated supervision of conglomerate is also to be achieved through the collective effort of the following clauses: clause 94 which applies capital adequacies solvency requirements and capital ratios on an individual and consolidated basis. Clause 42(12) which applies the credit exposure and large exposure limit on an individual and consolidated basis subject to the transition period referred to already in clause 42(8) and clause 43(10) which applies the credit exposure limit to connected parties and notification obligations on an individual and consolidated basis; clause 75(2) which applies reporting requirements on an individual and consolidated basis. And finally, clause 77(1) which requires licensees and financial holding companies to prepare and submit to the inspector audited financial statements annually on an individual and consolidated basis.

The second major change is the establishment of a financial holding company. I am sure that Members are aware of a mixed group structures in Trinidad and Tobago. The regulated entities and unregulated entities comprised one group. Such group structures make it difficult to assess the risk to which the regulated entities are exposed on a solo and consolidated basis. In order to deal with this challenge jurisdictions such as the United States, Canada, United Kingdom and Jamaica either do not allow commercial and financial entities to exist in the same group or require separation of the regulated entities under a regulated holding company. Specifically, clauses 67, 68, 69 and 70 of the Bill are new and provide for the restructuring of business groups that engage in financial and non-financial activities to form a financial holding company to hold exclusively the regulated financial entities in the group.

This measure is primarily for protecting the regulated entities from contagion and other group risk. Clause 67 points out the circumstances under which a restructuring may be required, for example, where a related group has two more financial entities and one is a licensee.

3.00 p.m.

Under subclause (5), groups are given a one-year period to effect the restructuring.

Clause 68 outlines the circumstances under which restructuring will not be required, for example, where a licensee is part of a financial group that is controlled by a foreign financial institution, which is subject to regulation and supervision acceptable to the Central Bank.

Clause 69 restricts the activities of a financial holding company to acquiring or establishing financial entities and the administration of those holdings, as well as providing essential shared services to the group.

Clause 70 details the requirements and other criteria for granting a permit to establish a financial holding company.

Mr. Speaker, the Bill proposes to impose important reporting obligations to the Central Bank.

Under clause 35, the board must notify the inspector of any developments that hold material risk to the licensee or financial holding company. This allows the licensee and the regulator to address such risk as early as possible before it reaches a critical stage.

Clause 35 also requires directors to notify the Central Bank of their resignation or departure from the board, and the reasons for such departure.

Mr. Speaker, there are new requirements for auditors. Since the ENRON and WorldCom debacles, most jurisdictions internationally and to some extent regionally, have sought to strengthen the corporate governance of their financial institutions, by introducing additional requirements and duties for auditors on whom regulatory reliance is placed. As a result, the Bill introduces new duties and responsibilities for auditors in clauses 83 and 84, which provide for reporting irregular transactions that will be discovered or serious concerns that arise in the ordinary course of an audit, to the board of directors of an institution and to the Inspector of Financial Institutions.

This requirement seeks to ensure that appropriate corrective action is taken in a timely manner by the board and senior management of a licensed financial institution or financial holding company.

In view of these new reporting responsibilities of auditors, an appropriate indemnity is provided in clause 85 of the Bill.

Mr. Speaker, I now turn to clauses 81 to 85 of the Bill, which introduce additional requirements and duties of auditors in relation to licensed financial institutions and the Central Bank, and considerably widen the scope of sections 45 and 46 of the FIA.

Clause 81(1) and (2) provides for the appointment of auditors that are satisfactory to the Central Bank.

Under clause 81(6), the Central Bank has one month to object to such an appointment, failing which the institution can proceed to appoint the auditor.

Clause 81(4) and (5) outline the criteria for determining whether a firm of accountants is qualified to act in the capacity of auditor of a licensed financial institution or financial holding company. A key criterion in determining whether a firm of accountants is qualified to act as an auditor, is independence of the partners of a firm in relation to the licensee or financial holding company. This concept of independence is defined in subclause (5). Subclause (9) further safeguards independence by outlining separate activities that an auditor cannot provide to a licensee.

Clause 82 seeks to close gaps in section 45 of the FIA, with regard to the process for removal or resignation of auditors, by providing for written notification of the reasons for the removal or resignation of an auditor to be given to the inspector.

Under subclauses (4) to (8), the auditor has important notification responsibilities to the inspector. Additionally, clause 83 introduces a requirement for auditors to report to the board of directors of an institution and to the Inspector of Financial Institutions, any irregular finance transactions or conditions that are discovered in the ordinary course of an audit. This requirement seeks to ensure that the appropriate corrective action is taken in a timely manner. I believe I read that already. In order to enhance reliability of prudential requirements that are submitted to the Central Bank, the auditor of a licensee or financial holding company will now be required under clause 84 to order the annual returns of these institutions.

Additionally, clause 84 requires auditors to report to the inspector on the adequacy of accounting procedures and records of licensees and financial holding companies, as well as on the internal control systems that are relevant to financial reporting functions.

Clause 84 also provides for auditors to make their working papers available to the inspector, and to perform additional work relevant to their particular expertise as required by the inspector where there are concerns over matters that may pose risk.

In view of these increased notification responsibilities of an auditor, an inappropriate indemnity is provided in clause 85, as I believe that I have already stated.

Mr. Speaker, currently, financial institutions are exposed to substantial counterparty credit risk in their investment, as well as loan portfolios. However, the current Act only considers credit risk originating from the latter. The Bill corrects this oversight and in addition, introduces an exposure limit on loans and investments with a single person or group. Credit exposures that are fully guaranteed by the Government of Trinidad and Tobago or any other Government, or credit exposures extended to the central Government of Trinidad and Tobago are exempted from the large exposure limit.

Clause 42 outlines the credit risk limits that a licensee can incur in relation to single borrowers and groups of related borrowers, in order to minimize concentration risk in the credit exposure of licensees. Clause 42 removes the distinction between secured and unsecured credit in determining credit limits.

Clause 43 places limit on the extent to which a licensee can lend to, or invest in, persons that are considered connected parties as defined in clause 3—as I already mentioned—and requires that such transactions be conducted at arm's length to minimize the potential for abuses from such relationships.

Clause 44 places the onus on licensees to immediately inform the inspector when any of the limits in clauses 41 to 43 are contravened.

Clause 42(a) provides for a transition period to reduce credit exposures to the permitted limits or to provide additional capital.

Furthermore, clause 43(8) is a grandfather clause for credit exposure to connected parties prior to the coming into force of the Bill, unless the licensee is exposed to excessive risk as provided for in clause 43(9).

Clause 45 provides for limits on the acquisition of shares or ownership interest by a licensee in certain companies or unincorporated bodies. This clause is consistent with the prohibitions in clause 41 which seek to restrict the business activities of licensees to its core functions of business of banking and/or business of a financial nature, and prevent indirect involvement in other types of business through significant ownership of non-financial entities.

Clause 79 of the Bill provides for reporting by licensed financial institutions on credit exposure of 10 per cent or more of the capital base of a licensee. This new requirement will act as an early warning signal and allow the Central Bank to monitor closely, increases in a licensee credit exposure to individual or borrower groups and to ensure that risk is well diversified.

Mr. Speaker, I turn now to the violation of the Act. A modern regulatory framework must have a broad range of tools to treat with non-compliance in an effective manner. The FIA as it currently exists, provides the Central Bank with some intermediate enforcement powers through the issue of cease and desist orders. These orders however, can only be enforced with criminal prosecution before the Magistrates' Court, and therefore, does not allow for prompt and timely action. It is against this background that this Bill seeks to enhance the enforcement powers of the Central Bank by providing for administrative fines.

Mr. Speaker, it is important to note that administrative fines are used in this way in other jurisdictions, such as Canada, Germany and the United Kingdom. The imposition of administrative fines is not new to our jurisdiction, as a similar power was given to the Comptroller of Customs by Trinidad and Tobago's Customs Act, No. 25 of 1989, to impose fines where a person consented and admitted guilt. It should be noted that this provision does not deprive a financial institution of the right to seek judicial resolution for any breach of the legislation. The fines and the relevant sections of the Bill to which they apply, are listed in the Fourth Schedule of the Bill. Additionally, the Central Bank can seek an Order of a High Court to have its directives imposed, as well as seek injunctive relief where warranted.

Clause 122 of the Bill provides for administrative fines as an alternative to criminal penalties. This clause allows the Central Bank to give a 21-day offer to persons who have committed an offence, listed in the Fourth Schedule, the opportunity to discharge a liability in respect of that offence by the payment of a fixed fine specified in the Fourth Schedule. The imposition of administrative fine although by consent, provides an alternative sanction for strict liability type offences, such as late and inaccurate filing of statutory returns. Where the offender does not accept the offer, or having accepted the offer, fails to pay the fine, he is liable to criminal prosecution for the original offence. The consent of an offence to the jurisdiction of the Central Bank eliminates any constitutional challenge relating to the right of a fair hearing.

Clause 122(6) also seeks to uphold the presumption of innocence by preventing any reference to any notice or non-payment of the fine by the Central Bank in subsequent criminal proceedings.

Clause 86(8) allows for the enforcement of directions by court order. This is important as the court can compel corrective action directed by the Central Bank as opposed to punishing after the fact as is done in the criminal court.

Clause 87 also represents an additional regulatory tool as it makes provision for restraining order or other injunctive or equitable relief.

Clause 65 facilitates the Central Bank, making a direct petition to the court to wind up, and such action will only be granted after a prima facie case has been established to the satisfaction of the court.

Further, clause 65 states that petitions made to the court must be consistent with the procedure used under the Companies Act.

Clause 66 provides for voluntary winding up of a licensee or permitted institution with the approval of the Central Bank.

Clause 49 of the Bill provides for contravention or prohibitions and credit exposure limits in clauses 41 to 48, by requiring the board of directors of a licensee to convene a special meeting of shareholders, to advise them of issues and at which meeting the Central Bank can attest and be heard.

Mr. Speaker, another matter of importance that the Bill seeks to address, is the strengthening of the Central Bank's ability to deal with unauthorized activities by persons not licensed under the FIA. This is dealt with in clauses 16(7) and 17(11). Currently, the FIA requires a company to be licensed in order to carry on banking business or business of a financial nature, and sets out the penalties for carrying on these types of businesses without being licensed.

These provisions fall short as the Central Bank does not have the investigative powers to enquire into and examine the affairs of an entity, that it has reasonable grounds to suspect is carrying on banking business or business of a financial nature without being licensed.

Clauses 16(7) and 17(11) of the Bill seek to remedy this gap in the legislation by giving that investigative power to the Central Bank.

Mr. Speaker, for the first time our financial legislation would provide a framework with the regulation of payment systems and electronic money. Although in Trinidad and Tobago the provision of payment services is usually considered to be part of the business of banking, the FIA contains no substantive provisions for its regulation. The nature of this activity and the potential systemic risk that could result if it fails, support the need to regulate payment services. Internationally, many Central Banks have explicit legal authority with respect to the oversight of payment system, which is defined as:

"Any organized set of infrastructure, persons, procedures and rules allowing the transfer of money including by means of payment instruments or the discharge of obligations on a gross or net basis."

Regulating payment system has become even more important in the domestic environment with the introduction of real-time gross settlement and automated clearing house facilities in the banking system. In that regard, the Bill provides the Central Bank to oversee all payment systems that it designates as systemically important to financial stability.

Clauses 92 to 111 of the Bill include provisions for the protection of payment system participants from revocation of settled or settling transfer orders, in the event that insolvency proceedings are initiated against a financial institution. This proposed reform will also eliminate the effect of retroactivity on a participant's rights and obligations.

3.15 p.m.

Mr. Speaker, clauses 92 to 100 are new and provide for the operation and regulation of interbank payment systems in Trinidad and Tobago. Although the provision of payment services is usually considered to be part of the business of banking, the FIA does not contain any substantive provisions for its regulation. The nature of this activity and the systemic risk that it may pose, however, require that it be regulated.

Clause 92 addresses the interpretation of terms and restrictions on operating an interbank system without a licence issued by the Central Bank.

Clause 94 outlines the requirements for application for a licence. The circumstances under which a licence may be suspended or withdrawn are also detailed in clause 95.

Clause 96 also provides for the appeals process for persons aggrieved by a decision of the Central Bank to suspend or withdraw a licence.

Clauses 97 to 100 also provide for the oversight powers of the Central Bank, information sharing with other regulators and the sanctions for non-compliance with obligations under this part.

Clauses 101 to 111 focus on the soundness of payment systems and provide for the finality of settlement, when a participant, such as a bank, is in receivership or is being wound up. These provisions seek to remove the zero hour rule under current law, that is, the Companies Act and the Bankruptcy Act, by ensuring that transactions settled prior to notification of insolvency are treated as final, valid and binding. In this way, payments to and from participants are protected and honoured even though commenced on the date of insolvency, but before notification. This is achieved through clauses 102 and 103.

Clause 104 allows for the use of funds for credit lines to settle transactions entered into in the system prior to notification of insolvency.

Clauses 105 to 109 go further to ensure that collateral provided prior to the commencement of insolvency is treated as valid and enforceable for purposes of discharging any guaranteed obligation.

Clauses 110 and 111 treat with the question of governing law and make it clear that with solvent participants in Trinidad and Tobago, the laws of Trinidad and Tobago apply, except where securities in respect of a payment transaction are held in a foreign securities account, access to those securities will be subject to the laws of the foreign jurisdiction.

Mr. Speaker, clause 18 of the Bill now allows for a foreign financial institution to carry on business through licensed branches in Trinidad and Tobago. Since a branch does not have the same legal, financial and governance characteristics as a separate company, it is common for jurisdictions that permit such branches to operate, to impose some additional conditions on them.

The Bill imposes the following requirements on licensed foreign institutions:

1. To maintain assigned capital at the Central Bank; that is clause 18(4);
2. To maintain a reserve fund in their account, as local banks do; that is clause 56(1(b));
3. To maintain assets in Trinidad and Tobago equal to 105 per cent of its liabilities in Trinidad and Tobago; that is clause 47(2);
4. To adhere to deposit liabilities limits; that is under clause 60;
5. To be a member of the Deposit Insurance Scheme consequential amendment to the Central Bank Act.

Mr. Speaker, secondary changes or amendments: Clause 5 states, for the first time, the objectives and the mandate of the Central Bank in respect of its supervisory functions, and in so doing provides greater transparency of the bank's functions. These objectives and mandate were not adequately captured in the Central Bank Act and not covered in the Financial Institutions Act.

Clause 6 provides for any inconsistency or conflict between this Bill and other written laws and states:

"In the case of any inconsistency or conflict between this Act and any other written law, with the exception of the Central Bank Act, the provisions of this Act shall prevail and take precedence over such other law, unless expressly provided to the contrary in this Act or such other written law."

This may arise with the Companies Act.

Clause 51 provides for licensees to give prior notification to the inspector and a detailed description when they wish to offer a new product or service to the public. The inspector of financial institutions must indicate, with a specified time, whether he has any objection to the product or service. This new requirement seeks to ensure that the licensees adequately assess the risk inherent in new products before going to market. The Central Bank has a similar power to approve new insurance products under the Insurance Act.

Interlocking directors outside of a financial group require a permit from the Central Bank. Clauses 33(3) and 33(4) seek to minimize the potential for conflict of interest and inappropriate decision-making by limiting directors' involvement to a particular institution or group of related institutions. There are no restrictions in the current FIA with regard to directors serving on the boards of unrelated financial institutions. From a regulatory perspective, however, there is concern regarding individuals serving as directors of more than one financial institution, unless such institutions are within the same group. This scenario can create conflicts of interest, causing boards to make inappropriate decisions thereby putting depositors' funds at risk. Accordingly, the Bill gives the Central Bank the discretion to consider allowing a director to serve on the board of an unrelated company where no conflict of interest arises.

Mr. Speaker, another growing business activity in many jurisdictions is the issuance of electronic money. So that there is no mistake with regard to the subject matter, electronic money is defined as "monetary value represented by a claim on the issuer, which is stored on an electronic devise issued on receipt of funds of an amount not less in value than the monetary value issued, accepted as a means of payment by persons other than the issuer". Some jurisdictions, for example, the United States and the United Kingdoms, in addition to allowing banks to issue electronic money, provide for the licensing of a category of institution, that is, an electronic money institution, whose activities are restricted to issuing electronic money.

It is important to note that the issuing of electronic money can affect the smooth operation of payment systems and the stability of a financial system, if allowed to operate without the appropriate checks and balances. Accordingly, given its importance, clause 17 includes the issuance of electronic money as part of the definition of "Business of a financial nature". It also includes a provision empowering the Minister, based on recommendations of the Central Bank, to expand the categories of institutions that would be allowed to issue electronic money in the future.

Mr. Speaker, another major change from the Financial Institutions Act is the shifting of the jurisdiction for hearing appeals from the Tax Appeal Board to a judge in chambers. Clauses 112, 113, 114 and 115 provide for the jurisdiction to hear and determine appeals of persons aggrieved by decisions of the Central Bank, the inspector or the Minister of Finance with regard to various matters discussed in the Bill.

As a result of the inclusion of these proposals of a recommendation to give the Central Bank the power to enforce compliant directions through the High Court, it became necessary to vest the jurisdiction to determine appeals of decisions of the Central Bank also in the High Court. This will facilitate joined up proceedings where there is an appeal and enforcement action arising out of the same matter. The use of a judge in chambers is also consistent with the hearing of appeals in the Insurance Act. Having one jurisdiction leads to a specialized tribunal as well as savings in time and costs.

Additionally, the Bill seeks to update the criminal penalties which have been in existence since 1993 and, which, therefore, no longer serve as an effective deterrent. It should be noted, however, that the dollar amounts of the highest penalties in the Bill are based on the penalties for like offences in the Proceeds of Crime Act, fraud type offences. Furthermore, the quantum of these penalties is:

1. Set at the maximum and subject to the discretion of the magistrate;
2. Only applicable on summary conviction; and
3. Intended to be a greater deterrent, and reflect the severity of the offence in current value terms.

Clause 132 provides for consequential amendments to the Central Bank Act. These amendments are specified in the Seventh Schedule under regulation of money remittance and additional fees and charges where necessary.

Finally, I must point out that the Bill in its Preamble declares that this Act is one which has to be passed by no less than three-fifths of all Members of both Houses. The reason for this being a constitutional Bill, is the provision of clause 67, whereby conglomerates may be required to establish financial holding companies as a feasible mechanism to mitigate contagion risk inherent in a mixed group. This restructuring could be construed as contravening the constitutional right to the enjoyment of property and the right not to be deprived thereof, except by due process of law. In light of the foregoing, the Bill will require passage by way of a special majority to obviate the risk of a court overturning these provisions.

Financial Institutions Bill
[HON. K. NUNEZ-TESSHEIRA]

Friday, November 14, 2008

In closing, I have highlighted the provisions that have been saved from the Financial Institutions Act, those that have been clarified or enhanced; provisions which seek to formalize practices in the industry and new definitions and entirely new provisions introduced by the Bill. This, I trust, would demonstrate the extent of the reform which is being proposed to address current gaps in the law and to strengthen and modernize the existing 1993 Act.

In summary, therefore, the severity of the global financial crisis can be ascribed to inadequate internal governance and external oversight of financial institutions. Nevertheless, had these been more stringent, it would be naive to presume that the financial crisis would have been prevented, given the inherent and bust cycle of excessive credit growth followed by declines in asset prices.

The aim of regulation, therefore, should neither be to prevent institutions from failing nor to eliminate the cycle of boom and bust, but rather to reduce the frequency and severity of crises. This is exactly the intention of the proposed FIA Bill. We ought not to expect the Financial Institutions Bill to be a panacea for all eventualities. However, as mentioned previously, the new Bill contains a number of new and enhanced provisions intended to promote financial stability and mitigate risk through better governance and oversight of financial institutions.

Mr. Speaker, the primary purpose of this Bill is to promote a sound and stable financial system that could withstand undue risk. Clearly our existing legislation is deficient in many respects, and it would be remiss of this Government not to act as expeditiously as possible to close the gaps in our regulatory and supervisory framework. I, therefore, ask that Members consider the provisions of the Bill in the context of our domestic and international realities.

This Bill represents a move towards the Government's vision of Trinidad and Tobago as the Pan Caribbean financial centre. We intend to return to the House with amendments to the Insurance Act, the Securities Industry Act and other related legislation, as we move further towards realization of this goal.

Mr. Speaker, with these words, I beg to move.

Question proposed.

Mr. Vasant Bharath (*St. Augustine*): Mr. Speaker, the current financial crisis with which we are confronted, obviously the worst since the Great Depression of 1929, has affected the strongest economies across the world. With a trickle down in lending, we have unemployment rising across a number of countries and we also have a situation where we have a significant decline in retail sales.

The priority, therefore, for most governments across the globe, would be to restore confidence and recapitalize their financial markets so that these markets could once again function in an efficient manner. The adoption of international accounting standards and internationally accepted regulatory norms are therefore critical to the recuperative process.

Indeed, companies and countries need to refocus and redouble their efforts on the areas of risk management, better governance and more responsible leadership. In this context, there can be no argument against any regulation which primarily and ultimately affects positively the depositor.

Regulation exists because of the potential economic and social fallouts and the effects of major financial instability, the desirability for maintaining efficient, orderly markets and the need to protect retail consumers in their dealings with the financial services industry.

3.30 p.m.

We do not often hear arguments against the existence of regulation in these contexts, what we do hear is extensive debate about how regulation is being conducted. The Financial Institutions Bill before us therefore seeks to essentially put in place the regulatory framework necessary for the development and stability of this country's financial sector.

This, Mr. Speaker, is in recognition of the fact that the existing Financial Institutions Act of 1993, as the Minister mentioned previously, is not reflective of the substantial changes that have taken place in the financial marketplace and the resulting increases in the systemic risks and exposure that this country may suffer both locally and internationally.

There can be little argument however, that more robust legislation and risk-management practices are required to support the new dynamism of the financial sector in Trinidad and Tobago, and to ensure its resilience in light of the current volatility of the international markets.

This 2008 Bill that we are here to discuss today then actually represents a significant improvement over the 1993 Act which it seeks to repeal and replace. For once I must say that the Government has subjected its proposed legislation to what I gather to have been extensive consultation amongst the many interest groups and practitioners over a long period of about four years. In fact, I am told that the Bill has received support from many institutions including the Bankers Association and Central Bank, of course, which have both contributed to the Bill in its current form.

Financial Institutions Bill
[MR. BHARATH]

Friday, November 14, 2008

The Government's position, of course, was informed by the recommendations of the White Paper that was put out I think in 2004 and also by the recommendations and subsequent draft Financial Institutions Bill that was also put out earlier in April of this year. Both documents were available on the Ministry of Finance website as well as the Central Bank website. It is important however, Mr. Speaker, to note from the 2004 working paper document, what the problems were perceived to be in the economy at the time as far as the financial sector was concerned, because it provides a good summary of where we still are today.

The Working Paper document says:

“For the past forty years, the local financial system has been responding to a constantly changing macroeconomic environment and has made some significant strides. Beginning with an underdeveloped structure that consisted of a limited range of institutions and financial instruments in the 1960s, the system has emerged as a relatively sound and well-developed financial system when compared to most countries in Latin America and the Caribbean.

Since the onset of financial liberalization in the early 1990s, the complexity of the financial system has grown. A number of financial conglomerates have emerged and have been expanding their operations in both the domestic and regional markets. The existence of these complex institutions and the cross-country exposure that occurs, raise issues of potential contagion and the management of systemic and liquidity risks.

Notwithstanding the significant strides that have been made in developing and strengthening the financial system, there still exist a number of weaknesses in the legislative, regulatory and supervisory frameworks and a need for the consistent application of financial standards. These weaknesses must be addressed.

While institutional changes and legislative reforms have been implemented and updated for the banking sector, the legislative framework for the rest of the industry needs to be modernized. The existing legislation does not provide the regulatory authorities with adequate powers to regulate and supervise the financial sector in accordance with the internationally accepted standards.”

So the point here is that we have brought before us this afternoon regulations that will control the banking sector in the country, but we also have other financial institutions in the country where it has been identified in the working paper there are still significant weaknesses and where they do not meet in accordance with accepted standards. And I speak specifically of the insurance industry and credit unions in this country.

The working paper goes on to say:

“The existing regulatory and supervisory framework is fragmented and the system is now subjected to three different Regulatory Authorities—namely, the Financial Institutions Supervision Department, which falls under the umbrella of the Central Bank, the Commissioner of Co-operative Societies and the Securities and Exchange Commission...”

There is therefore a critical need to upgrade the regulatory framework to provide for a single regulatory authority. I will not bore you with the rest of it, Mr. Speaker, but to the end of it, it says:

“Other significant weaknesses impacting the system include an uncompetitive taxation regime, absence of a competition policy, a monopolistic telecommunications infrastructure and the lack of internationally recognized certification and accreditation requirements for persons providing financial services of an advisory, investment, consultancy or a related nature.”

Mr. Speaker, we have to recognize in Trinidad and Tobago that the globalization of the world, as well as the advances in telecommunications and other technology, has been able to facilitate the advent and emergence of truly global financial providers and they have broken down the financial barriers globally, and in many cases what we have in Trinidad and Tobago now is a situation where we have cross-country asset holdings and investments.

Simultaneously also, what we have seen across the world is the development of new financial products that are now spanning various industries and what you have, is a situation where many of these products, the boundaries of which industries they fall into have now become very blurred. As a result of all this, what you have had in recent times is a number of acquisitions and mergers amongst these financial institutions and the formation of financial conglomerates under one holding company.

Also of concern for us on this side—and I know for a number of people in the country—has been the growing emergence of these interlocking directorates amongst these conglomerates and their subsidiaries which may effectively conceal the true monopolistic nature of the domestic financial players in Trinidad and Tobago.

In the 2004 White Paper the Government had posited an intention to pursue the development of a pan-Caribbean Financial Centre and I just heard the Minister make mention of it. Of course, high energy prices and a resultant leap in revenues

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has now allowed the Government to widen the ambit and increase its dreams and we now have before us the International Financial Centre on the horizon.

So the requirements of this International Financial Centre I suspect, as well as our own internal need to develop international best practices has resulted in the laying of this Bill today. As I said earlier on, the Financial Institutions Bill is only one piece of the jigsaw puzzle. It requires to have several other pieces of legislation in place and I mentioned the Securities Industry Act, the Credit Union Act and the Insurance Act for us to bring our situation and our system in line with the international best practice.

These remaining pieces of legislation we must remember have been promised by this Government time and time again, and as I said, the FIA alone is not sufficient without these other pieces to allow us to participate effectively in the world's financial system.

Mr. Speaker, as I mentioned in my opening remark, the Bill is certainly an improvement on its predecessor. It will furnish the Central Bank with the teeth to meaningfully pursue its stated objectives which is to maintain confidence and promote soundness and stability of the financial system. It affords the Central Bank sufficient regulatory clout necessary to protect the integrity of the financial system by allowing intervention at an early stage so if there are any impending financial crisis, it would obviously be in a position to enter into the process in order to mitigate undue losses to the depositors.

Although, of course, the legislation comes too late to be in a position to protect depositors in organizations like ITL which lost its investments many years ago, or those of course, of the ill-fated Workers' Bank, today's and tomorrow's depositors as well as our country's financial institutions will welcome the changes.

The Bill empowers the Central Bank's greatest supervisory power over financial institutions which forms part of the conglomerate structure which the Minister talked about, in addition to facilitating cross-border supervision of banking subsidiaries and branches—where banks, for the first time, will be able to operate on a branch basis.

Crucially as well, the financial and non-financial activities of financial holding companies will now be separated to contain risks of all licensees. Of added interest, the approval of permits from the Central Bank of Trinidad and Tobago will be required for interlocking directorates.

Mr. Speaker, I would not go through all the clauses, the Minister has done that in great detail and they have spent a great deal of time and effort in putting this legislation together, one that is built on the previous legislation of 1993. The

Government has taken four years to deliver this piece of legislative engineering which, of course, by its very nature contains, as you will appreciate, a number of technical, legal and economic jargons, and I presume thousands of hours of drafting and research have gone into the production of this document. But of course, as we all know, the Opposition has been given a mere seven days to prepare for this debate. Ironically also, there was no consultation, although there was with all the stakeholders in the society, there was none with the Opposition with regard to this Bill. Where, for example, any issues or nuances could have been ironed out before coming to Parliament with a vital piece of legislation like this on the development of our country.

Instead, of course, the Government opted to bring the Bill here to play a bit of politics with the need of a three-fifths majority as the Minister mentioned in her winding up. Of course, the predictable claim being that if the Opposition either criticizes or refuses to support the Bill it would be inimical to the national interest.

Mr. Speaker, there has been a concerted effort in the recent past, by this Government to paint any criticism against it as anti-nationalistic. In fact, this was recently borne out in the budget debate when there was an attempt by this Government to create a perception that the Opposition's refusal to support the Government's wild and reckless spending was tantamount to not supporting money to vital services in Trinidad and Tobago like health, roads, education and even for CEPEP, URP and so forth. It was being touted that we were antinationalistic because we chose not to support the Government in its reckless spending.

Nothing can be further from the truth, but this Government continues to play politics with the consultative process. We only have to remember a few months ago, just before election when the Government had grand plans and launched into this consultative process with regard to food prices. What has become of that? Fourteen months later, the recommendations emanating out of those extensive consultations faithfully promised by the Government that would be discussed further and possibly implemented by the hopes of the people who would have been involved. What has become of those recommendations? They are probably sitting in a drawer somewhere, or in a dustbin. We do not know, we have not seen it. What we do know is that food prices continue to rise on a daily basis and are now to a large extent out of the reach of the majority of people.

3.45 p.m.

We will wait and see. I wanted to remind the Prime Minister of the countless promises he and his Government have made with regard to inflation and food prices in Trinidad and Tobago. Let us hope that his latest promise made only a

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few short days ago regarding the fact inflation in the downward spiral and hopefully as a result, food, will bring some level of relief and comfort to the majority of citizens in this country. So we are all very hopeful on this side that these promises will materialize.

In addition to those consultations, there were consultations also on crime. What has become of those? Lots of money was spent. We know that the Minister of National Security and the Prime Minister himself were present at a number of those consultations. I am sure hundreds of thousands of dollars were spent by the Government entertaining the population of the myriad of initiatives that they were putting in place to curb the scourge of crime, all of which, unfortunately, have failed miserably.

Citizens who were desperate to get some measure of relief, some measure of hope, some measure of comfort, flocked to these seminars, these symposiums, these consultations. In the end, what has happened? Crime has increased. We have 470-odd murders, I believe, as of today, and only the foolhardy would bet that that figure would not cross 500. Last year the Leader of the Opposition in her response to the Government outlined a plan to assist in crime, as have other bodies in society: the Law Society; the TTMA; the Chambers of Commerce. None of those, apparently, has seen the light of day. So we wonder about the value of all of these consultations.

Right now, there is the return of the kidnapping endemic, unfortunately, in our country. It is creeping back into our society. More and more people are being kidnapped; people have to pay money for the return of their loved ones. In fact, I am told by a number of business people that more and more money is now being collected from extortion rackets and protection money, and that relates to business people being called and being told that in order not to harm their wives, children, family and their businesses, they would have to pay protection money. It seems to be that this situation is getting out of control. Then we had the consultations on the smelters and, of course, we know what happened with that. The population got rammed down their throats exactly the opposite of what they wanted.

So when this Government talks about consultation in relation to the Financial Institutions Act, they must accept that a significant portion of society has not been consulted with; that is the Opposition who represents hundreds of thousands of people in Trinidad and Tobago has just not been consulted with.

This complicated piece of legislation that we have before this House took this Government four years to formulate. With the unlimited resources of the Treasury they were able to employ the services of international agencies, international

consultants, national consultants, but they expect the Opposition with whom they did not consult at all in the first place, to read, to absorb, to research and to deliberate on this Bill in the space of a mere seven days. But I am heartened that the Government believes that what took it four years to do, the Opposition can do in one week. [*Desk thumping*] But that is what we have been telling them now for the longest while.

Can the UNC solve the crime problem? Yes, we can. We did it before. Can the UNC fix the health system? Yes, we can. [*Desk thumping*] Can the UNC fix the flooding problem? Yes, we can. Can the UNC solve the issue of high prices and high inflation? Yes, we can. We did it before. Let me remind this honourable House—

Mr. Abdul-Hamid: Can you “thief” a slogan?

Mr. V. Bharath: I am stealing it from the Prime Minister. Last week he said it. I am stealing from the Prime Minister who stole from the President-elect.

Mr. Manning: I do not steal.

Mr. V. Bharath: So let me remind this honourable House that it was in the period 1996 to 2001 that this Government kept inflation down to an average of 3½ per cent. [*Desk thumping*] Today we are hovering around four times that figure.

Mr. Manning: What was the rate of growth?

Dr. Gopeesingh: At an average of 6 per cent.

Mr. V. Bharath: That is quite correct. Today we are four times that figure. Our track record speaks for itself. [*Desk thumping*] Everything we do in this country must come down ultimately to the benefit of the people of this country and the quality of their lives. Regardless of growth rate, of inflation, of how much money is in their pockets, it must always come down on quality of life.

Dr. Moonilal: We never made wild accusations.

Mr. Manning: Mr. Speaker, since the very distinguished Member for St. Augustine has decided to revisit the issue, I would like to pose the question formally to him. When, as you say, the inflation rates were below 4 per cent—is that what you are alleging?

Mr. V. Bharath: [*Inaudible*]

Mr. Manning: Could you be kind enough to let us know what the growth rate for Trinidad and Tobago was at that time?

Mr. V. Bharath: But the Prime Minister was already informed; it was between 6 and 8 per cent.

Mr. Manning: No.

Mr. V. Bharath: Do you have any figures to contradict that, Mr. Prime Minister?

Dr. Moonilal: We do not know what to believe from you now.

Mr. V. Bharath: Mr. Speaker, as I said, we improved the quality of life of every citizen in Trinidad and Tobago and we all know, with oil as low as—at a point in time—\$9 a barrel. This PNM government has benefitted from oil at a 1,500 per cent increase and every aspect of life in Trinidad and Tobago has deteriorated.

Mr. Manning: You are getting him—

Dr. Gopeesingh: Eight by 15—he still falls short.

Mr. V. Bharath: I am still short.

Dr. Gopeesingh: It is about 1,700 per cent.

Mr. V. Bharath: Mr. Speaker, every Friday we come to this honourable House and hold the Government to account. Can anyone actually imagine what position this country would have been in had this Government gotten a special majority? We remain committed on this side to saving the nation and have repeatedly expressed that desire to work with anyone and everyone on all of the issues confronting our society. This Bill is absolutely no exception. As my responsibility as a servant of the people, as a Member of the alternative government on this side, I would continue to seek the national interest even when the Government seems intent on ignoring the needs of the people.

Just to digress for one moment. Yesterday I had cause to call for the renewal of my passport. Do you know what the dates are for the renewal of a passport? I will tell you; the Prime Minister will tell you. The earliest dates are September and October of 2009. Point Fortin, the date given was September 28, 2009; Chaguanas, November 29, 2009; Port of Spain, December 2009; San Fernando, October 2009 and Sangre Grande, October 2009. Almost every institution in this country has collapsed. It takes a year to renew a passport?

This proposed legislation is one of several pieces of legislation required in the pursuit of the International Financial Centre that the Minister talked about earlier on. But during the Opposition's response to the budget by my colleague from

Siparia, Mrs. Persad-Bissessar, she outlined some of the requirements for a successful pursuit of an IFC in Trinidad and Tobago. They were:

- An extensive network of financial firms with corporate and government client connections across the world;
- A high level human capital base...;
- A world class telecommunication infrastructure with connectivity around the clock, and around the world;
- A state-of-the-art IT system and capability to maintain and manage the IT infrastructure of global financial firms...;
- A well-developed, sophisticated open financial system with proficient, liquid markets in all segments...;
- A system of financial regime governance that operates along global “best practice” lines;
- Appropriate physical infrastructure suitable to a world standard IFC.

These matters still remain outstanding as evidence of our lack of readiness for the International Financial Centre that the Minister spoke about. As always, the Government is putting the cart before the horse, planning in reverse as usual. Yet, the Government continues to speak about this IFC as if it were going to take place tomorrow. This is in spite of the fact that, as we all know, several of the tenants who were due to take up occupancy in the IFC have now fallen by the wayside; they have gone bust. Lehman Brothers has gone bust. So we are not sure who is replacing them in terms of the tenancies.

It is therefore not surprising that earlier this year the Jamaican *Gleaner* published a story with a caption which tells the true tale of this country’s readiness and status with regard to the IFC. It is a May 28 story and the headline is: “Trinidad trails Jamaica on financial legislation.” It is in the Jamaican *Gleaner*. The story reveals statements made in Trinidad at the public consultations on the Draft Financial Institutions Bill. It was revealed that, and I quote:

“Trinidad and Tobago is lagging behind regional neighbours Jamaica and Barbados in its financial reforms, placing it at a disadvantage in its march towards the creation of an international financial centre in Port of Spain.

All three countries have similar goals, but Trinidad’s Finance Minister, Karen Nunez-Tesheira admitted Wednesday that her country was not as advanced as its trading partners on the type of tax and financial laws required to give the project life.

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‘The point I’m making is this: Jamaica is posturing — I don’t know if that’s the right word - but certainly they are saying that they are going to be an international financial centre, and Barbados is saying the same thing, and they’re not without reasons to say that, because of their tax structure...

The point is...we are really falling behind.’”

Those were the words of the Minister of Finance in May this year. So here we are, just three or four months later, talking about the establishment of an IFC and the Minister herself is saying that we are not ready.

The truth is that Jamaica is not the one who is posturing; it is, in fact, this country’s Finance Minister and, of course, our Prime Minister, who are posturing; talking the talk and nothing else. Do we really believe that we can develop an IFC in this country? Certainly not, under this Government. Is it really feasible or even conceivable to think that you are going to have three International Financial Centres within such close proximity of each other?—Barbados, Trinidad and Tobago and Guyana?

Mr. Dumas: What happened to “we can”?

Mr. V. Bharath: No, we can; you cannot.

These IFCs are not little parlours or rum shops that you could open on every little corner. It takes a lot of time, effort, money and regulatory conditions to be able to put these things in place. Actually, the Central Bank Governor, Ewart Williams also in the same article, advised that Jamaica also had the most updated financial legislation in the region. This Government then must desist from making these ridiculous and grandiose plans for which, of course, they have not done any homework whatsoever.

Of course, we all recall the millions that were spent—in fact, wasted—on the FTAA headquarters which was supposed to have been, as we all know, located in Port of Spain. The Minister of Trade and Industry at the time gave some very glib assurances that it was a done deal. Needless to say, like so many of the other—

4.00 p.m.

STATEMENT BY MINISTER

Mr. Speaker: Hon. Members, you will recall that on the Order Paper under item “Statements by Ministers”, the Prime Minister requested deferment of that statement to 4.00 p.m. With the indulgence of the House, there being no dissenting voice, it was agreed that he would make that statement at this time. However, the Prime Minister has requested a further extension in order to make the statement at 6.00 p.m.

Question put and agreed to.

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Mr. Speaker: Continue hon. Member.

Mr. V. Bharath: Mr. Speaker, I was mentioning the proposed establishment of the FTAA headquarters in Trinidad when the then Minister of Trade gave several assurances that it was a done deal. Like so many other PNM promises this failed to materialize with millions of dollars being frittered away. I think that I heard figures of \$20 million or \$30 million being expended; flushed down the toilet, so to speak. It was frittered away. Again, the cart before the horse. A similar situation occurred last week when we were here to discuss the CNG Order. This Government came hot and sweaty to Parliament to reduce the price of gas, but there are no gas stations where you can fill the gas. There is no infrastructure to be able to implement it, but here we are putting this wonderful legislation in place.

With regard to the international financial centre that the Minister spoke about, we are of the firm belief, that this, like everything else, is pie in the sky as far as this Government is concerned and is as ill-fated as the FTAA headquarters was some years ago.

[MADAM DEPUTY SPEAKER *in the Chair*]

The legislation as I mentioned constitutes only one of several pieces of legislation and is part of the jigsaw that is required to ensure that we have a proper administration of the financial services sector in Trinidad and Tobago. I mentioned the others as the Insurance Act, the Credit Union Act and the Securities Industry Act. This Government's piecemeal approach is obviously inappropriate as an entire reform package. It is intriguing to note and I assume that today, the Minister who piloted the Financial Institutions Bill must know of these shortcomings because they were highlighted in the Working Paper about which I talked earlier. We have to insist that the Minister give us some time line now that she is aware if she was not before, as to when these pieces of legislation will be brought to Parliament. Otherwise, it may be perceived she is being insincere about the protection of the participants in the financial services industry.

It is history that the agents of the Government have been deliberately misleading the population with regard to this country's exposure to the world financial situation. It is also history that we on this side have been warning this Government to take stock of the impending global economic melt-down and the necessary steps to protect this country. The Minister of Finance has steadfastly insisted that there is no cause for concern as many of her colleagues. Subsequently, when our predictions seemed to be materializing, she appeared to have recanted somewhat and gave the

impression that the Government was on top of the situation. The issues surrounding the IFC, as I discussed above, show that the Minister is not au courant or in touch with the realities of the international financial sectors at best, or at worst, one has to assume that she does not care.

In May of this year, the Governor of the Central Bank exposed the paucity of the regulatory regime of the financial sector when he revealed with this proposed legislation, we are only playing catch-up...”

“New legislation is needed for the Central Bank to...protect the interest of depositors and to reduce the risk of financial crisis.

Mrs. Nunez-Tesheira: Hon. Member, will you give way? On a point of clarification, you said that at some point in time I said that Trinidad and Tobago is still immune and we had no cause for worry. I will like to know on what basis you came to that conclusion. I have never said that. I have maintained always that in terms of our financial services sector, we are in a strong position at this point in time. I have always been very clear about that. I want to know on what basis you made that statement.

Mr. V. Bharath: I do not have the exact date on which you said it, but there is a general recollection. The population will recollect that the Minister and her colleagues continually stated that we were almost cocooned from the shocks of the global financial meltdown. This was a continuous hymn that they chanted. I do not have the exact date but we would provide it for the Minister. I would bring it for you as soon as I can lay my hands on it.

In May this year, the Governor of the Central Bank exposed the paucity of the regulatory controls in the financial sector when he revealed with this proposed legislation, we are only playing catch-up.

“New legislation is needed for the Central Bank to...protect the interest of depositors and to reduce the risk of financial crisis...”

At the time, in referring to the takeover of the Royal Bank of Trinidad and Tobago (RBTT), he confessed:

“...with the consummation of the RBC transaction, likely to take place soon, we would find ourselves not having the type of legislation that is needed to deal with large conglomerate structures.

We have been able to survive so far by having unofficial arrangements with the conglomerates that we have now.”

This tells the sorry state of the financial legislation of this country, currently. The Governor of the Central Bank charged with the regulation of the financial sector has had to resort to moral suasion, in an era when this Government is talking about international financial centres and Vision 2020. Under the new Bill the Government is giving the Central Bank increased authority and responsibility. It is unconscionable of this Government because it is very clear that from the Government's action over the last several years, it has no faith in the Governor of the Central Bank. That is why his continual recommendations have been rejected consistently. Over and over he recommends or advises the Government and it chooses to ignore his advice.

There are some questions that we need to ask. To cope with this existing Financial Institutions Bill, does the Central Bank have the requisite staffing to ensure effectiveness of the legislation? Should there not have been staff training for the four intervening years while the legislation was being developed? Does the Central Bank, that has been emasculated time and time again by the Government, have the teeth and respect of the banking sector to ensure compliance of these regulations? The other issue that we have to settle is: To whom is the Central Bank accountable? Is it a law on to itself? What is the nature of information that is required by statute for the Governor to give to the Minister? What are the real obligations? If there is a major problem in the system, who is responsible, ultimately? The Minister, Governor, Inspector or all three? The legislation does not talk about that.

In an associated report on the financial legislation, the starkness of the commentary of the Governor of the Central Bank's is highlighted. He said that locally, financial legislation has had to play catch-up and has not effectively allowed for the sharing of information across borders, nor has it effectively protected the public.

It bears repeating that the problems associated with the financial sector and the weaknesses in the regulatory framework were the basis of the 2004 report about which I spoke. In light of all that we have said, why did this legislation take so long to be brought to the House? One has to assume that maybe it had to do with some of the restrictions that were being put on the interlocking directorates or the regulatory control over conglomerates. We do not know. We can only hazard a guess. However, it appears that the extended period of consultation which lasted for three or four years, I presume, seem to have been overdone when one considers the normal length of consultation in which this Government involves itself.

In 2005, there was an IMF conducted survey called the Financial System Stability Assessment. According to the published Report No. 06/29 it said:

“The immediate-term macroeconomic risks to the different segments of the financial system appear low. However, the overall risk profile of the financial system has evolved and needs closer monitoring. Although the macroprudential condition of the commercial banks appears sound, their financial linkages with nonbank intermediaries, particularly insurers, potentially expose them to contagion. In this context, the recent rapid increases in the nonbanks’ exposures to the domestic equities market and to regional economies give cause for concern...

Critical gaps remain in the overall legal, regulatory and supervisory structure. Despite considerable strengthening of banking supervision, the current framework is not yet fully aligned with the evolution of the financial system. Financial sector laws do not endow regulators with sufficient formal powers to oversee cross-market and cross-border activities, and issues such as prudential and market conduct aspects of the insurance business. Moreover, a significant part of the financial system, including statutory corporations, credit unions, and mutual and pension funds, is beyond the purview of ongoing risk-based supervisory oversight...

The system remains vulnerable, however, to the potential domestic impact of a large decline in energy prices on default rates on the banks’ lending portfolios. Equity and property price shocks, especially as part of a downturn in general economic activity, could lead to problems in the contractual savings sector.”

This was an IMF Report for 2005. It remains as relevant today as it was then because of the fact that our economy remains highly polarized and as a result, at risk of any possible shocks from the fall in the price of oil or gas. What is more disconcerting regarding this particular report is a table that was attached to the report that gave key recommendations as to how to stem the exposure.

Madam Deputy Speaker: Hon. Members, the speaking time of the Member for St. Augustine 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. [Desk thumping]

Mr. V. Bharath: Madam Deputy Speaker, at the top of the list of recommendations from the IMF was the enactment of the amendments to the Financial Institutions Act, the Insurance Act and the Securities Industry Act. They stated with a minimum of further delay. This was marked in order of time frame for action as immediate. That was three years ago.

While I am on the issue of credit unions and the financial services industry, one of the other listed recommendations in early 2005 was the Government's need to finalize the drafting of new credit union rules. This too was marked by the IMF to be delivered immediately. You should note the language of the IMF at the time. It was not to commence or to amend, but to finalize these measures, suggesting that the new credit union rules were in some state of readiness at the time to be brought to Parliament. That was in 2005.

4.15 p.m.

So Madam Deputy Speaker, this Government's refusal to put any emphasis on effective financial regulations and, more specifically, their absolute failure to deal with credit union legislation deemed critical three years ago—critical because of the inability of the existing legislation to guarantee the protection of investors, depositors and shareholders—has possibly resulted in immense losses to a very large group of very poor people in Trinidad and Tobago.

I state categorically here this afternoon that the failure of the Government to properly regulate the industry has resulted in the possible loss of lifetime savings and significant hardships to a large number of people in Trinidad and Tobago, many of whom are in the twilight of their lives.

The Hindu Credit Union's collapse need not have happened. By reckless commentary, this Government has, at some stage, prompted a run and the consequential loss of financial sustainability of the HCU. By failing to act swiftly, the Government cemented the death of the dreams, aspirations and hopes of thousands of our citizens, many of whom happen to be ex-Caroni (1975) Limited workers.

I see shareholders of the HCU in my office on a regular basis, many of whom are ill, ailing, disabled and do not have the funds available to them because their moneys are tied up in the HCU. They do not have their funds available to them to look after themselves or have the necessary operations. This Government can no longer wash its hands of its vicarious responsibility and liability to these people, unless they want to be accused of orchestrating the collapse of the credit union for some political reason along the same lines and rationale as when they shut down Caroni (1975) Limited.

Today, I make a call on the Government to make good all losses to the depositors and shareholders of HCU, who would have deposited their moneys in an organization in the belief and secure knowledge that such an organization was being properly regulated and monitored by the responsible authorities in this country. It is absolutely no fault of their own that this organization was not

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properly regulated and monitored. These depositors should be given their moneys back and reimbursed forthwith for the Government's lack of oversight.

The Financial Institutions Bill, inasmuch as it deals with the need to regulate the operations of financial institutions in their use of funds owned by members of the public as opposed to government funds, prompts a few words on government's spending and the major use of public funds by the Government.

Again, according to the IMF staff report 2007, it says:

“The government's balance sheet continues to strengthen but the underlying fiscal position is unsustainable.”

Whilst this comment was made in 2007, it is instructive that similar warnings have been issued by the IMF over the last several years. Then, as now, the Government continues not to pay heed to these warnings.

The report continues:

“In FY 2005/06, the central government's budget surplus increased to 7 per cent of GDP, its gross debt fell to 18 per cent, and deposits in the HSF reached 8 per cent. The rapid increase in public spending widened the non-energy deficit to 15 per cent of GDP—exceeding the medium-term sustainable level. In FY 2006/07, the budget surplus is projected to decline to 4 per cent of GDP, and the nonenergy deficit to further increase to 16 per cent, owing to higher public investment.”

Today, we see significant drops in oil and we know that the price of natural gas has come to an all-time high from \$13, \$14 or \$15 to just over \$7. Again, we need to exercise some level of restraint in our spending. We need to be more judicious, circumspect, constrained and measured. We need to look at what we are spending money on in the context of what is taking place in the wider world. We need to prioritize our projects and our spending as a matter of urgency.

The price of oil has now fallen below US \$60 a barrel and this should be tied to the fact that the IMF has recently reviewed the projected oil price and has stated that it is likely to move from US \$100, the original projection, to US \$60 over the short and medium term.

We are aware that in the budget presented a few short weeks ago the Government boasted in this House of the oil prices exceeding US \$130 a barrel, which gave them, in their opinion, a licence to spend. For the purposes of the statistics, the Government's budget was based, according to the Minister in the

Ministry of Finance, Mariano Browne, on US \$70 a barrel, representing what he termed as an 11 year average: five years previously, five years forward and the current year.

You will also remember, Madam Deputy Speaker, that the Minister of Energy and Energy Industries had a different method of calculation based on what he determined as “crude estimate for the year”. I was never sure whether the term “crude” related to the product or the haphazard method of calculation.

The Minister of Works and Transport, not to be left out of the fray, also chipped in with his own formula of how the price of oil was arrived at. It was the EIA, the Energy Information and Administration, not of course to be confused with the IEA, the International Energy Agency, that is telling them that the price of oil would be at an average of \$124 a barrel in 2009.

For the purposes of this exercise, let us give the benefit of the doubt to the Minister in the Ministry of Finance. If the five years for the future projection has dropped by almost half, and if the current year's projection has also dropped again by almost half, then clearly the budget that was passed some two months ago is totally worthless. The projections on which those revenues were based are completely and totally wrong if they were based on \$70 per barrel as we heard from the Government.

We call on the Government to re-look and re-evaluate the number on which the budget is based. Be responsible. Already a number of countries have re-evaluated the price on which they had initially calculated their budget. Of course, we have no sway in this matter, but we ask them to re-look at this matter.

The fact that the Government continues to refuse this reality is of great concern to me.

Mr. Manning: What do you mean by that? Do not say that. That is not true.

Mr. V. Bharath: From the utterings we have heard; we have not heard anything to the contrary; that you are looking to re-evaluate. Maybe you can enlighten us.

Mr. Manning: I thank the Member for St. Augustine for giving way. I would like to advise him and hon. Members that on Wednesday of this week there was a meeting of the policy formulation committee of the Ministry of Finance where we reviewed the entire international situation and its implications for Trinidad and Tobago. Among other things, we took note of the reduction in price of a number of commodities, including iron and steel, ammonia, methanol and a number of

commodities that contribute in no small measure to the revenue position of the Government of Trinidad and Tobago. In those circumstances, we began a review of our budgetary arrangements. We were just finalizing these arrangements before addressing the country comprehensively on the matter. I assure you that it is our intention to do so next week.

Mr. V. Bharath: I was wrong to say that we had no sway; we obviously do.

Mr. Manning: It is happening not as a result of, but in spite of.

Mr. V. Bharath: Thank you, Mr. Prime Minister. I am sure the country would be heartened to know it has a very responsible Opposition in the House who has a sway over the sitting Government. [*Desk thumping*]

I am glad the Prime Minister has made that statement. Had he not done so, we would not have known and the population would not have known, and it would have been another well-kept secret like everything else. I am heartened because it would have been that same kind of obstinacy that led to where we were led in the 1980s, to bankruptcy.

What I am very concerned about with regard to the level of spending—maybe the Prime Minister can tell us what the new budget is. It has moved from \$50 million to what now?

Mr. Manning: You see what mischief is made of. The hon. Member for St. Augustine knows that there is no question of a new budget. We are merely looking at the current situation, seeing what our projections are and coming to a conclusion as to what adjustments we need to make in the context of the contemporary realities. As soon as the exercise is over, we will address the Parliament and the nation comprehensively on this matter next week.

Mr. V. Bharath: So, it is a “pappyshow” again?

Anyway, we are very concerned with regard to Government's spending because what happens is that when the belt has to be tightened, when there is less money in the system, when there is restriction of funding in the economy, you will find that the social programmes that the Government has funded over the last several years—and we have no problem with social programmes—will be the first areas to get hit. [*Interruption*]

We have to conclude that, because we have had pronouncements from Ministers who have said that it is full steam ahead with their building programmes, with the building of these megaprojects, that the people in these key sectors will suffer first.

Although we agree that the Bill is very important to discuss here today, the Government must recognize that we need also to place priority on other areas in the economy. If we do not do that and we continue to spend in the reckless manner we are doing, there will be no money in the system to regulate and there will be no need for the Financial Institutions Regulations Act and other such Acts.

The worst part of this crisis is that the Government knew all along of the impending financial crunch that would come and continued along the path of looting the Treasury exactly as they did 20 years ago. That is why the Prime Minister renamed the Old Age Pension, a grant. A pension is a right, but a grant you can take away when you feel like it. It is at your whim and fancy. That is why the Government also has bypassed the Central Tenders Board and rushed into a series of megaprojects without any cost benefit analysis. That is also why this Government has continued to spend large sums of money committing this country to huge expenditures to organizations which are still the subject of investigation for corrupt activities, like UDeCott.

Mr. Manning: Are you suggesting, therefore, that because an executing agency of the State is subject to investigation it must receive absolutely no subventions and not be put in a position to carry out its mandate until the investigations are over?

Madam Deputy Speaker: Hon. Member, you will respond after the tea break.

Hon. Members, the sitting of this House is now suspended and we shall resume at 5.00 p.m., following the tea break.

4.30 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

Mr. V. Bharath: When you have—*[Interruption]*

Madam Deputy Speaker: You have 13 more minutes.

Mr. V. Bharath: When you have a stadium being built in our country, which is long overdue, long over budget and no one can give us an indication of what the final price is going to be; not even the project engineer, from what I have gathered, it is spend, spend, spend as usual. With regard to this particular stadium, I read in the newspapers that stadium seats were paid for twice and there has been no repercussion and no one has been held accountable.

While all this spending is going on, we are unable to afford hospital beds in our nation's hospitals. We have a situation where nurses and doctors work in the most unsanitary conditions in the hospitals. It is, therefore, very clear that we have

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a PNM Government that is not focussed at all on the welfare of the people of this country, but on feathering their own nest. This is the light in which the delay in presenting the Financial Institutions Act has been brought to this House. It is a misalignment of what the country and the people need and what the Minister of Government and their friends and family actually want.

I continue to say it and I would say it every time I speak, this Government has lost touch with the realities of the people in Trinidad and Tobago on the ground. They have lost touch with the everyday hardships that people must endure and suffer as they go about their daily lives.

The attack on the freedom of the press by the Prime Minister and supported by his colleagues, the failure to appoint the joint select committees, the failure to answer the most mundane of questions and the failure to provide protection for a lady I saw earlier, Juliet Davey, although there has been an attempt on her life, all point to the fact that there must be put in place controls on the excesses of this Government.

I want to suggest, with regard to some of the megaprojects that we have on board, that they be stopped immediately and we look at them. I want to proffer that the rapid rail project be stopped immediately, until a proper feasibility study is done and until this Government can assure us that we have the proper revenue streams in place and available to finance such a large project. [*Interruption*]

Mr. Manning: What else should we stop?

Mr. V. Bharath: We have other megaprojects that have not been started as yet, we are not quite sure what they are going to be. We cannot stop those that are obviously already in train, but we do not want to have a situation where the excuse continually is: Well, we have reached halfway and, therefore, we cannot stop. [*Interruption*]

Mr. Manning: I thank you very much, Member for St. Augustine. Perhaps you would like to tell us what projects you think the Government should continue.

Mr. V. Bharath: I think the Government should start looking at the health service and putting beds in the hospitals. I think they should look at river courses and drainage problems in the country. There is massive flooding on a daily basis. I think we should look at ensuring the basic facilities such as water and light are brought to the people of this country. I think those are more important. I come back to what I have said; I think the Government has lost touch with the realities of the people on the ground; the people who need the basic of services on a daily basis.

In the few minutes that I have remaining, I want to touch briefly on something called the Financial Services Authority. It is an authority that has been set up in the United Kingdom. It is an independent body, administered and funded by the financial services industry. Effectively, this is a governing body that looks after all the financial services sector, credit unions, the credit card issuers, the banks, insurance companies and so on. What we need to understand very clearly is that in drafting all the legislation that we bring before this Parliament, what is important is not necessarily—yes it is important to draft good legislation, but it is also important to be able to implement and to have the facilities and infrastructure in place to be able to implement that legislation. I believe if we were to look at all the pieces of legislation that are required to shore up the financial services sector, which I mentioned earlier—in addition to the Financial Institutions Act, the implementation of legislation with regard to credit unions, securities industries and insurance, then we would have had a full picture put together, so that you are not effectively shoring up one part of the industry and allowing large gaps in other parts to have manipulation and mismanagement of the system.

An overarching body like the FSA in the United Kingdom would certainly be in a position to ensure that we maintain confidence in the financial system. It will ensure that we secure an appropriate level of protection for our depositors, shareholders and consumers generally and it would reduce the extent to which businesses are used to promote financial crime.

In closing, I am hopeful that the Government will take these humble words of advice. I am hopeful that the Prime Minister—I am heartened that the Government has agreed to re-look at the levels of spending in the economy and what is happening in the world market. An overarching body such as the FSA in the United Kingdom would certainly allow us to navigate our way through what I am sure is going to be some very choppy waters in the next few months, as we are confronted with the so-called global tsunami financial crisis that is sure to hit our shores in a very short order.

Thank you very much, Madam Deputy Speaker.

The Minister of Education (Hon. Esther Le Gendre): Madam Deputy Speaker, I stand before this honourable House to contribute to a Bill entitled the Financial Institutions Bill, which seeks to provide for the more effective regulation of the operations of the financial sector; more specifically banks and other financial institutions, which engage in the business of banking and other business of a financial nature in Trinidad and Tobago.

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As was already alluded to by the hon. Minister of Finance, the Bill also seeks to repeal the Financial Institutions Act of 1993. I would like to address what I could glean were just two points made by the hon. Member for St. Augustine; the first of these being that the Bill represented a significant improvement on the 1993 Act. I believe he agreed that better corporate governance was needed as well for the protection of depositors. At least on that, we are on the same page. I thank the hon. Member for this.

The second point that the Member made was that he had the impression that on this side of the House, we were presenting simply one piece of legislation and he suggested that there are required to be other pieces specifically relating to the securities industries, insurance and credit unions. On this side, we are in agreement with that. I believe the hon. Minister of Finance has already indicated that the Government understands that a full suite of legislation is required and as a result, we plan to bring these pieces of legislation subsequently. The only concern really, from here on in is the one concern we seem to have on that side whenever we do not have anything else to be concerned about, is the time frame. This, I assure you, can easily be addressed. I think you are well aware that legislation, careful legislation, is a time-consuming exercise. You spoke earlier of the voluminous nature of the Financial Institutions Bill. I assure you that on this side, we had a similar time to digest and present, so that you are not disadvantaged in any way. However, these were the two points.

The Member raised a number of points in an unusually diverse and garrulous kind of style; not usually his style, but I guess that is what happens when there is not too much to rail about. At times like these, hon. Member for St. Augustine, do like me, just make the point and get out of it. I would not be here for more than 20 minutes; short and to the point.

Mr. Bharath: Short and sweet.

Hon. E. Le Gendre: Exactly. As we have already alluded to, this Bill seeks to repeal the Financial Institutions Act of 1993 and we appreciate that the Bill is quite voluminous and consequently it is my intention to focus my contribution on two parts of this Bill, namely Part V and a section of Part IX.

Part V of this Bill outlines the restrictions and prohibitions that the legislation, when enacted, seeks to impose on the activities and practices of licensed institutions in the financial sector. It contains limitations aimed at restricting the credit exposure of such institutions to various categories of borrowers, but limits the acquisition of shares or ownership, interest by a licensee in certain companies and unincorporated bodies.

This part of the Bill is intended to be an enhancement on section 22 of the Financial Institutions Act of 1993, as it expands the scope of the prudential limits set out therein and applies those limits to licensees and financial holding companies. These prudential limits referred to are limits and constraints imposed on licensees for the protection of depositors and potential depositors and for ensuring the safety and soundness of the system.

More specifically, clause 41(1) limits the activities of banks and other licensed financial institutions referred to therein as licensees. If the hon. Member for St. Augustine had read a little more deeply into the Act, he would have realized that in clarifying the role of banks and banking institutions, by extension, the issues relating to some of the institutions he had a concern about would have been addressed as this Bill specifically speaks to the activities of banks and other financial institutions. Clause 41(1) proposes that a bank shall only engage in the activity of banking or business of a financial nature, while any other licensed financial institution shall only engage in business of a financial nature.

Further—*[Interruption]*

Mr. Warner: The Minister said that already.

Hon. E. Le Gendre: You were listening? Further, this particular clause states that the premises of these licensed institutions shall only be used for the purpose for which they were licensed under this Bill. While such premises may house the licensee's subsidiary companies, there are specific criteria for the layout of the premises that distinguish it clearly from the operations of the parent company and furthermore, the particular licensee or company is deemed responsible for all actions and transactions of its subsidiary companies.

5.15 p.m.

These would relate as well to credit exposures where this is undertaken. Clause 41(3) of this Bill outlines specific restrictions imposed on a licensee which include but are not limited to:

- not engaging in any trade except as necessary in the carrying out of its business operations and services;
- not acquiring land or any interest in land except for conducting its business or housing its employees, carrying out a project financing arrangement or satisfying a debt due to it;
- not acquiring its own shares or the shares of a holding company, financial holding company or its subsidiary company save and except for acquiring and cancelling its own shares pursuant to the Companies Act;

It must be noted that breaches of these restrictions and others listed in clause 41(3) are deemed offences under this Act. A licensee shall not lend to any person or group a sum in excess of 25 per cent of its capital base except where such a loan is:

- fully guaranteed by the Government of Trinidad and Tobago for the life of the loan;
- fully guaranteed by a sovereign state in accordance with clause 42(1)(b);
- given to the Central Government of Trinidad and Tobago;
- fully secured by cash in Trinidad and Tobago dollars or dollars which are readily convertible;
- is for less than one month and is fully secured as per subsection (e);
- is an interbank loan for less than one month; or is a loan consequent to the underwriting of securities held for under 90 days.

Again, a breach of any of the aforementioned limits or restrictions is deemed an offence. It is also an offence if a licensee incurs a large credit exposure. By this I mean if one additional large exposure causes the sum of all large exposures to exceed eight times its capital base, then this in particular appears to be a very generous provision.

Further, the Inspector of Financial Institutions may direct the offenders of these breaches previously outlined to reduce their credit exposure and increase their capital so as to accommodate potential losses. Failure to comply with such directive is an offence.

One of the first tasks of the Inspector of Financial Institutions upon the enactment of this legislation is to undertake an assessment of the current credit exposures of licensees. This would be mandated by clause 42(1)(8) wherein all licensees shall notify the Inspector of all credit exposures and measures implemented, where required, to reduce excess credit exposures to acceptable limits.

Limitations are set on the amount of credit exposure a licensee may incur directly or indirectly. There are of course exceptions to these limits as per clause 43(2). There are also varying limits of credit exposures, which apply where such is to be made in favour of a director of the licensee, an officer of the licensee or a relative of such persons. Further, such credit exposures are to be done on similar terms and conditions as credit exposures offered to the public and must be approved by the licensee's board of directors. All of these measures are intended to diversify the risk of our institutions and to ensure a level of safety and soundness in our financial system.

Madam Deputy Speaker, it is the duty of a licensee providing notification to the Inspector of Financial Institutions to include information on all its credit exposures to connected parties and connected party groups, which exceed the limits. This must be done within three months from the coming into effect of this Act. If it is determined by the Inspector that a licensee has credit exposures to a connected party or party group that places the licensee at excessive risk or was given on terms and conditions that differ from those given to the public, then the Central Bank may require the licensee to set aside or direct that changes be made to the said credit exposure such as limiting or reducing it.

Clause 45 outlines circumstances in which a licensee shall not directly or indirectly acquire or hold shares or ownership interest in any entity save and except where the shareholding or interest is acquired pursuant to the administration of the estate of a deceased person or pursuant to an underwriting arrangement or in the satisfaction of a debt due to the licensee. This is to avoid conflict of interest and to ensure that the licensee himself does not become an investor in his own right.

This material clause also directs that a licensee cannot allow the aggregate value of investments it made in real estate or property development companies to exceed 25 per cent of its capital base. I must note however that these restrictions are not applicable to companies where the licensee is a significant shareholder or a subsidiary of the licensee that is registered under the Securities Industry Act. This is with respect to the acquisition or holding of shares or ownership by that company, permitted by the said legislation, in the ordinary course of its approved business.

A licensee may not acquire or hold shares in an amount that is greater than 10 per cent in any class of shares in an insurance company registered under the Insurance Act, unless the approval of the Central Bank is obtained. If the Member for St. Augustine is listening, here he begins to see the linkages between this particular piece of legislation and the legislation that governs the insurance industry.

Again, like all other notifications, the Inspector of Financial Institutions must be made aware of, and his approval sought within three months of this Act taking effect for such acquisition of shares and he must be notified where there are any instances of the 10 per cent limit might be exceeded.

Approval from the Central Bank is required for certain transactions to take place. These transactions include:

- directly or indirectly establish or acquire a domestic or foreign subsidiary;

- entering into an agreement for sale or other transfer of a subsidiary of the licensee or a majority or significant interest of the licensee in a financial entity.

Additionally, the approval of the Inspector of Financial Institutions is required by a licensee:

- to enter into an agreement for sale or other transfer of at least 10 per cent of the licensee, its subsidiary or any entity in which the licensee has a majority or significant interest; or
- where restructuring is to be undertaken that would result in a reduction in the capital of the licensee.

Section 47 of the Bill limits the circumstances in which directors of a domestic licensee can declare or propose dividend payments to its shareholders. It sets out the preconditions, which the licensee must meet before dividends are paid. This is a prudential requirement. Also addressed in this particular clause is a restriction on foreign licensees to prescribe that they shall at all times, while operating in Trinidad and Tobago, maintain cash in approved securities to the value of 125 per cent of their local liabilities.

Another restriction imposed is the limit and requirement for the Central Bank's prior approval of a licensee for financing its own shares or those of its financial holding company or subsidiary. Basically, the inclusion of this clause seeks to enhance what is already in place by virtue of section 22(10) of the Financial Institutions Act, 1993.

I have spent some time outlining the restrictions on licensees. If these restrictions are breached there must be some remedial or corrective action that would have to take place to return the operations of the licensee to alignment with the law. Such remedial action is clearly outlined in clause 49, and includes either having the respective boards of directors convene meetings and comply with certain measures as the Central Bank may direct, or by imposing restrictions on the licence granted to the licensee. Such breaches may also attract fines of, as much as \$5 million and in certain circumstances, I should say, it might even attract a jail sentence.

I will now address the issue of branches and their representative offices as per clause 50. This Bill seeks to expand the definition of a branch. In the 1993 Act, a branch did not include branches outside of our jurisdiction or the activities of foreign licensees. This Bill seeks to correct that. Clause 50 sets out the parameters in which branches and domestic and foreign representative offices may be

established, acquired or closed. The criteria for acquiring or closing branches and domestic and foreign representative offices are not addressed in the 1993 Act. It should be noted that these requirements might be in addition to any requirements that exist in the host country.

Clause 51 seeks to allow for prior notification of the Inspector of Financial Institutions when a licensee intends to expand his products and services to the public. The Inspector has a right to object to such an expansion within 14 days from the date he acknowledges receipt of the notification from the licensee. If the objection is ignored and the new product or service is introduced, the licensee is liable on summary conviction to a fine of \$600,000.

Provision is also made for the prohibition of persons other than licensees from inviting the public via advertising to deposit money with them or with some other person or licensee. Clauses 53 and 54 allow for the creation of regulations to govern this issue. What these clauses are intended to do is to widen the scope of the current section 24 of the 1993 Act by granting the Inspector of Financial Institutions the right to direct the withdrawal or correction of misleading or objectionable advertisements.

Clause 55 is intended to ensure that licensees, financial holding companies, controlling shareholders, significant shareholders or affiliates of licensees keep confidential any information obtained in respect of the business or affairs of a depositor other than a customer of a licensed financial institution or any other person other than under certain specified circumstances.

5.30 p.m.

Mr. Sharma: Thank you very much, hon. Minister. Can you elaborate on the specific areas of concern?

Hon. E. Le Gendre: On the specific areas of?

Mr. Sharma: That you just mentioned. What are some of the areas?

Hon. E. Le Gendre: Okay. These are areas which relate to information which is—what we said earlier was that the—*[Laughter]* Well, when you do that, I understand clearly that it was intended to throw someone off and I am saying I am sufficiently in charge of my material, I will get to the point.

Hon. Member: And your senses.

Hon. E. Le Gendre: And my senses. We were saying earlier that under certain circumstances the licensees are required to keep confidential the information

except for other circumstances such as when they are compelled by the law or whether the customer himself or herself allows or agrees that the particular piece of information may be disseminated.

Mr. Sharma: Thank you. Minister, you would recognize the same thing obtains at the Integrity Commission and the confidential information was not kept?

Hon. E. Le Gendre: Okay, this is already as I said covered in common law and disclosing information in circumstances other than those prescribed can attract a fine of \$600,000. Perhaps, Member for Fyzabad, you might be particularly interested in that particular section, that to disclose such information in circumstances other than those prescribed can attract a fine of \$600,000 or two years imprisonment.

Madam Deputy Speaker, I now turn my attention to Part IX which deals with the accounts, auditors and information. The Member for Port of Spain South will deal with clause 81 and beyond of this particular section and I will restrict my comments to clauses 75 to 80.

Clauses 75 to 77 expand on the scope of the reporting requirements outlined in the Financial Institutions Act, 1993, as now such requirements apply to licensees and financial holding companies on a consolidated basis and now requires reporting on certain beneficial and nominee shareholders.

Most notably, clauses 75 to 77 of this Bill seek periodically to have licensed financial institutions and financial holding companies prepare and submit to the Central Bank returns containing specified data of a financial nature. I think the Member for St. Augustine expressed some concern earlier on about raising issues of what the Central Bank might require and who might have oversight of the requirements of the Central Bank. I just want to remind him that the Central Bank is governed not only by this particular Act but there is also another piece of legislation—the Central Bank Act—which governs the Central Bank and which addresses some of the issues relating to requirements that you raised earlier on.

Hon. Member: Yes, we can.

Hon. E. Le Gendre: Yes, we can. [*Laughter*] I think on this side we have noted the arrival of “Vasant Barack”. [*Laughter*]

Reporting requirements for licensees and financial holding companies are also outlined therein along with the Central Bank being given the authority to apply such reporting requirements in a manner that it deems applicable. Clause 78 provides for the gathering of information from a licensee by the Central Bank and this information can be sourced from the licensee itself or from its former, present

or proposed connected parties. The Central Bank may also seek verification of the accuracy of information submitted by the auditor of the licensee or by the auditor of such other persons from whom information was solicited.

The final clause I will address is clause 79 which provides for licensed financial institutions reporting quarterly on credit exposures over a certain limit, that limit being 10 per cent or more of the capital base of the institution. To contravene this of course will be an offence and the Central Bank will indicate the criteria for reporting such exposures and the level of details required.

Madam Deputy Speaker, I have attempted to provide for the clarification of this honourable House and the Member for St. Augustine, certain aspects of the Bill entitled the Financial Institutions Act of 2008. The Bill I will emphasize is an improvement on what already exists, and on that the Member for St. Augustine and I agree. It will enhance the provisions of the Financial Institutions Act of 1993 bringing greater security and soundness to our financial system especially in these uncertain times. As such, I wholeheartedly wish to lend my support to this Bill and to the hon. Minister of Finance in commending this Bill to the honourable House for its approval.

Madam Deputy Speaker, I thank you.

Dr. Tim Gopeesingh (*Caroni East*): Madam Deputy Speaker, this Financial Institutions Bill, 2008 follows six years later after the Green Paper Committee met in 2002 by the administration and they had specific terms of reference to look at the whole question of governance and regulations of the entire financial sector.

This Bill now—the Financial Institutions Act, 2008—is just one of the areas within the financial sector that is being looked at, but it is a welcomed Bill because it improves the whole governance and regulatory framework of the banking system. But there were other areas that were looked at in the Green Paper and which two years later followed with the White Paper, and the areas that were the remit of the committee on the Green Paper under this administration were the banking sector, the capital market, the Trinidad and Tobago Securities and Exchange Commission, the Trinidad and Tobago Stock Exchange, the insurance industry, the pension system, the mutual funds industry, the credit union sector and the Venture Capital Incentive Programme.

So about 10 areas within the financial system ought to have been looked at by this Green Paper Committee and then the recommendations of that went on to the White Paper Committee. A number of outstanding economists and financial experts—I believe about 11 of them—who looked at the White Paper made some

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significant recommendations for dealing with the financial sector and the whole regulatory system in all these areas. But it is very unfortunate that as usual the Government seems to be tardy and unable to implement things as fast as they should have been implemented, because the recommendation for this Financial Institutions Act, 2008 was made by this White Paper Committee in 2004. It is now four years later that this is being brought forward.

I want to bring to the attention of Members on the other side and members of the national community, part of the implementation schedule that was recommended by this White Paper Committee and what were the recommendations. They looked at all sectors and under all sectors, one of the major recommendations was the establishment of an interim regulatory council, and that was supposed to be established in December 2004, and then the establishment of a single regulatory authority, my colleague spoke about it. But we would like to hear something from the hon. Minister of Finance this afternoon—what is the Government's plan in terms of determining and implementing that single regulatory authority that will take care of all these various areas within the financial sector? They made specific recommendations for the banking sector, namely, reduce the statutory cash reserve requirement for commercial banks, that was supposed to come in place in March 2005.

Madam Deputy Speaker, the recommendation of that White Paper Committee was to reduce the reserve requirement. What is happening as a result of the expenditure by this Government and the increased inflation is that the reserve requirement is in fact climbing. They were supposed to reduce to nine cents on every dollar, but now it has reached 15 cents on every dollar. So, the White Paper Committee met, they made a recommendation because they looked at the entire financial sector and obviously this Government is unable to deal with the recommendations of their own White Paper Committee, and therefore the reserve requirement continues to climb. My colleague from St. Augustine has spoken about this ad infinitum in previous debates when he spoke about the increase in the repo rate over a period of time as well.

One other recommendation in the banking sector was to amend the Financial Institutions Act, 1993. Well, that is being repealed and that is good, although the regulatory framework for that Financial Institutions Act, 1993 left a lot to be desired and I believe in 2006 there was an amendment to that Financial Institutions Act, 1993 which brought out a number of other considerations but that now is also going to be repealed because that is an amendment to the 1993 Act. So, that was one aspect of the implementation schedule that this Government has

kept, but they have failed to keep the implementation schedule and failed to do anything about a number of other areas which I will speak about. Upgrade the inter-bank payment systems; that has not been done. Under capital markets, they were supposed to review and upgrade—the Securities Industry Act 1995—nowhere that is being considered. The Securities Industry Act, 1995 needs to be reviewed because that looks at the whole question of the Securities Exchange Commission and equities on the stock market and all the players on the stock market but that is not being done.

The need to modernize the regulatory and supervisory framework in the capital market; the Securities and Exchange Commission is able to regulate the conduct of the stock market but has no power, no teeth in dealing with the stock market. The Securities and Exchange Commission does not have the teeth and the legal power to deal with that. So, this is one of the recommendations that the White Paper Committee made—your own committee—and which indicated that you are supposed to modernize the regulatory and supervisory framework; that has not been done. They said strengthen the Securities and Exchange Commission. There has been no strengthening of the Securities and Exchange Commission.

What about the insurance sector? They spoke about a recommendation by June 2005; three years ago you should have implemented an appropriate international financial reporting system. Not done! You should have implemented the modern supervisory practices for the insurance sector—not done—and procured comprehensive amendments to the Insurance Act—not done.

Pension industry: The recommendations made by this committee in 2004, four years ago, as far as the pension industry is concerned, consolidate and modernize pension legislation—not done.

5.45 p.m.

- Codify the portability of pension rights in law. That was not done. That was supposed to be done by December 2005, three years ago;
- Establish the integrated regulatory framework. Not done; and
- Harmonize and integrate the old age pension and the national insurance system. We no longer have an old age pension; it is called the Senior Citizens Grant.

Madam Deputy Speaker, all these areas, insurance and pension, what about mutual funds? They made recommendations for the management of mutual funds and one of the recommendations was to incorporate effective financial reporting

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standards in the regulatory and supervisory framework for mutual funds. We have a number of mutual funds throughout Trinidad and Tobago by commercial banks, in the Stock Market and in Unit Trust, but it is weak at the moment. One recommendation was develop investment mutual funds legislation. There is no legislation for dealing with the mutual funds for the Unit Trust Corporation. I will speak about that for a short bit in a while.

The credit union sector—and my colleague spoke about one of the major credit union companies. The Commissioner for Co-operatives should have moved much more expeditiously in looking at the whole operations and management of that credit union, and by doing that they would have been able to avert the problems that have come up within recent times. The recommendations were to draft rules for mergers and acquisitions, but mergers and acquisitions are being looked at in the amendment to the Financial Institutions Bill, 2008 with regard to the banking sector, but not with regard to the credit union sector.

They made recommendations for the credit union sector to transfer supervisory authority to the Ministry of Finance and the Central Bank of Trinidad and Tobago. So in other words, the recommendation of the 2004 White Paper committee said that, no longer should the Commissioner for Co-operatives be responsible for the regulatory and supervisory function of credit unions, but that should shift to the Ministry of Finance and to the Central Bank. Another major recommendation was to upgrade the legislation governing credit unions. So far we have not seen this.

So, Madam Deputy Speaker, I have raised the issues that there are so many other areas in the financial sector in Trinidad and Tobago, not only the banks, but mutual funds, credit unions, insurance companies and capital markets. All these things need to be looked at in a scenario that will improve the whole financial sector, but not just look at the banking sector alone.

[MR. SPEAKER *in the Chair*]

Mr. Speaker, the general recommendations were to create a strong legislative framework; have strong financial reporting standards; improve the regulatory and supervisory systems; improve a regime of taxation; and bring about a competition policy, but this afternoon I do not want to go into those aspects for the convenience of time. On another debate we can speak about that when we are dealing with the whole scenario of one regime to look after the whole insurance system. But you all can be referred to your White Paper committee findings and recommendations of 2004, where you will see the recommendations that were made by this committee and which you as a Government have not been able to

implement. We are quite comfortable with the fact that you are bringing this legislation to deal with the banking sector, but we are very uncomfortable that there are so many other areas of the financial system that are not being looked at and which are going adrift at the moment.

Their recommendations as well were a development of an institutional infrastructure and I want to place particular emphasis on some areas here. They recommended the establishment of a Financial Services Ombudsman. Since 2003, we have a Banking Service Ombudsman, but that committee recommended a Financial Services Ombudsman that will be able to look after all the difficult cases in all other areas of the financial sector, not the banking sector alone. They also recommended a credit rating agency—and I am happy the Minister of Finance is here because I want to refer her to that committee's report and recommendations which will improve undoubtedly the whole regulatory and supervisory aspects of the financial sector in Trinidad and Tobago.

This is just one we are discussing this afternoon, but they also recommended a credit rating agency, an automated credit bureau, a regulatory council and a single regulatory authority. We on this side are asking you to give us some answers if you plan to have a single regulatory authority that will deal with the banking sector, the capital markets like the stock markets, the insurance companies, pension plans and the mutual funds, et cetera. If you want to answer that now, I will be prepared to give way or when you are winding up—the introduction of a single regulatory authority.

So, this whole aspect of bringing on these new areas, a new credit rating agency and a Financial Services Ombudsman, they are being left behind and we say that this is not satisfactory at this time because the whole financial sector is adrift. Up to this moment until this Bill becomes an Act, the banking system is still not working as well as it should.

Mr. Speaker, if we look at the whole financial sector and all the financial institutions in Trinidad and Tobago, I just want to give some information that I got from 2003. Five years ago this was the situation. We had six commercial banks, 10 finance companies and merchant banks, five trust and mortgage finance companies, two development banks, more than 100 credit unions and 47 insurance companies operating in Trinidad and Tobago. Well of course, we have the National Insurance Board, the stock exchange, Unit Trust Corporation, Export Credit Insurance, deposit insurance corporations, Home Mortgage Bank and venture capital companies.

It is considered that we have almost 400 financial institutions in Trinidad and Tobago and this Bill is just looking at about six or seven of the commercial banks,

so where is the supervisory and regulatory framework for dealing with these other institutions that I have mentioned? This committee also recommended that we should have a small claims court to look after people who have been aggrieved. This is something that the new Minister of Finance—I know she has been there for a year—needs to look at because the work that was done by that committee is significant work because you had some great minds within that committee and they made some very outstanding recommendations.

They spoke about a human resource management capability. Let me make this point at this time. We are putting a great deal of power onto the Inspector of Financial Institutions who will look at the supervisory and regulatory function of the banking sector. Do we really believe that that Inspector of Financial Institutions alone with his staff, will be able to take care of all these institutions in the way this Act says that it should be taken care of? We do not believe that he or she will have the human capability and capacity to deal with the myriad of problems that could emanate in the banking sector, just his department alone.

One of the recommendations of that committee was to develop a human resource personnel cadre, capable of efficiently managing the financial services. We do not know whether that was done, so that when you put this into the hand of the Inspector of Financial Institutions, whether he or she will have that capability and that capacity to carry on the responsibilities that have been entrusted on him or her.

Mr. Speaker, I want to touch on a few things in the insurance sector. As I indicated earlier on, there are 47 companies existing in the insurance sector of which 44 are local. The type of business that they are doing is long-term and some short-term, but 67 per cent of the premiums are for long-term business with these insurance companies. I believe the Minister of Foreign Affairs will understand and appreciate because if I am not wrong, I believe the Minister of Foreign Affairs had been in the insurance sector at one time.

Mrs. Gopee-Scoon: Banking.

Dr. T. Gopeesingh: Right banking, but you will understand and appreciate the whole issue.

Mr. Speaker, the motor vehicles industry brings in 11 per cent of the premiums; property brings in 13 per cent of the premiums and at this point let me talk about the motor industry. You have 47 insurance companies and many of them significantly have something to do with the motor industry. The premiums have gone to billions of dollars and the insurance companies, I remember reading, have made a profit I

think in 2004 of \$47 million—profit in the motor insurance industry—but there are a number of people who feel aggrieved about the claims that they make and are not satisfied by a number of these insurance companies. They have to go through exasperating years before they can actually get some redress to their situation and in some cases, they are not paid at all. Can we have some information from the Government and the Minister of Finance on how you propose or do you propose to deal with this issue of the insurance companies that are negligent, in terms of settling claims that ought to be settled in a responsible manner?

There are a number of insurance companies that settle their claims well, but there a number of others which do not. And what system are you going to put in place to effectively deal with this in the future? Because one of the recommendations made therefore, is that the insurance sector was to revise the insurance legislation and regulations in conjunction with the industry, and the revision should provide the regulator with the necessary powers to intervene when necessary.

They also made the recommendation to investigate the feasibility of establishing an insurance fund, financed by the industry based on the principle of deposit insurance to protect policy holders in the event of insolvency of an insurer. You remember last year there was an insurer which went bust and people who were insured with that company had to go and seek new insurance in the middle, when they had already paid their insurance money to that insurer. They said investigate the feasibility of establishing a motor insurance bureau, financed by the industry to deal with redress of victims of non-insured drivers. Many times, Mr. Speaker, a number of persons are on the road without insurance for their vehicles; people's lives are lost and there is no ability to have redress to any insurance company. *[Interruption]*

6.00 p.m.

Mr. Speaker: I am sorry to interrupt you, Member for Caroni East. As stated earlier, the Prime Minister has requested a deferral to make a statement. I now call upon him to do so.

**CLEAVER HEIGHTS DEVELOPMENT PROJECT
(REFERRAL TO COMMISSION OF ENQUIRY)**

The Prime Minister (Hon. Patrick Manning): Mr. Speaker, hon. Members would recall that during the budget debate for fiscal year 2009, I drew the attention of this honourable House to the Cleaver Heights Development Project, a housing project with the Housing Development Corporation (HDC).

Essentially, the facts are that NH International approached the HDC for a joint venture arrangement for the provision of 408 houses in which NH International

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would provide the land and infrastructure at a cost of, approximately, \$40.8 million, and 408 houses at an approximate cost of \$92.649 million, for a total of \$133.249 million. When the matter went to the board of the Housing Development Corporation, the cost of the land and infrastructure was correctly stated at approximately \$40.8 million. The cost of the 408 houses was correctly stated at \$92.649 million, but the aggregate figure was given at \$143 million, which was \$10 million more than the two figures added up to.

You would also recall that I had pointed out to hon. Members that this matter came to my attention only on the very morning and, try as we might, we could find no explanation for the discrepancy of \$10 million. In those circumstances, I thought that the Member for Diego Martin West, who was the Minister of Housing at the time, might be in a position to assist us and, therefore, I asked him, "Where de money gone?" give us an explanation."

In response to questions from him, I made it clear that I was not imputing any improper motive to anybody, nor was I casting any aspersions, but the Member for Diego Martin West, as Minister of Housing at the time, might be in a position to help us. I asked him where "de" money went, if he could explain it.

In response to that, the Member for Diego Martin had this to say:

"I had absolutely nothing whatsoever to do with any discussion, evaluation or award of that contract...at the HDC or NHA. As Minister of Housing, I did not get involved in any details to do with any contract, evaluation, recommendation or award and I put that without fear of contradiction."

Mr. Speaker, I draw the attention of hon. Members to a letter dated April 26, 2005, addressed to the Minister of Housing at the time, hon. Dr. Rowley, from the Chief Executive Officer of the National Housing Authority. The letter reads as follows:

"Honourable Minister,

Re: Housing Construction Programme—Joint Venture Initiative

In accordance with the provisions of Section 10(1)(j), Housing Act, Ch. 33:01 that 'the Authority may, with the approval of the Minister:—enter into contracts to carry out and do other acts or things incidental to the purpose of the Authority.'

The following listing of Joint Venture Contracts agreed to by the Board of the Authority at its 03/2005 meeting of 15th April 15 2005, is submitted herewith for your approval."

It outlines a number of projects, but the final one was a project contractor, NH International Caribbean Limited; the site, Cleaver Heights, Arima; the approximate budget, \$143.449 million; number of units, 408.

The letter goes on to say:

"If you are in agreement, please indicate your approval below."

And the copy of the document I have was, in fact, signed, as agreed, by the Minister of Housing, Dr. Keith Rowley.

In other words, the Minister of Housing at the time, by law, if the HDC or NHA had to continue with any project at all, was mandated to approve that project if he considered it appropriate to do so. In this case, the requisite approval was obtained from the Minister.

If therefore on that occasion anybody misled this honourable House, it was not the Prime Minister.

Mr. Speaker, first of all, let me get to the question of the Cabinet approval. No project which requires funding from the Treasury is undertaken by any ministry or state agency without the authority of the Cabinet for the specific project. This is routinely done through the Public Sector Investment Programme (PSIP), which is normally submitted to the Cabinet for approval prior to the reading of the annual budget. This requirement is well known to all Members of the Cabinet, and the Member for Diego Martin West has held Cabinet positions for a number of years. In the case of this project, that was done.

Thirdly, the contractual arrangements clearly indicated that no variations would be entertained. In fact, by way of a letter dated March 22, 2005, to the Managing Director of NH International Caribbean Limited and signed by the Chief Executive Officer of the National Housing Authority, it reads at III and IV, the relevant parts, as follows:

"It is understood that your offer to build a total of 408 housing units in the sum of..."—the figure here was adjusted later on by a subsequent letter to \$92 million—"shall be a firm price and that you will accept full responsibility for the design of these housing units together with all external works required and will raise no claims for variations due to design errors and you understand that none shall be entertained."

It goes on at IV:

"Your offer to design and construct the infrastructure works and to provide 64 acres of land in the sum of \$40,480,000.00 million (VAT exclusive) is a

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firm price and you will accept full responsibility for the infrastructure design and will raise no claims for variations due to design errors and you understand that none shall be entertained."

The letter made it clear that no variations would be entertained in this contract.

By way of Valuation Report No. 38, for the period ending August 2008—
[*Interruption*] [*Crosstalk*]

Mr. Maharaj SC: Help him, senior counsel. [*Laughter*]

Hon. P. Manning: It is dated September 11, 2008. This is a valuation report; the contract sum for the housing units, the figure has gone to \$101.969 million, and for land and infrastructure it has gone to \$47,438,152.94, and the variation, as at that time, with the project approximately 75 per cent complete, is now \$20,319,860.45; in circumstances where it was clearly stated and agreed to by the contractor that no variations would have been entertained.

This is precisely the issue that the Government has been trying to draw to the attention of the national community with UDeCott and other state agencies. This is precisely what we are trying to fight, to ensure that when we enter into contractual arrangements, we get value for money, and the people of Trinidad and Tobago are not called upon to pay exorbitant sums, which start off at one figure and end up finally at a figure significantly higher; the variation, \$20.3 million, when the project was 75 per cent complete.

Up to now, there has been no satisfactory explanation for the \$10 million discrepancy; none at all. In fact, if as has been stated in one quarter that it was a typographical error, then the typographical error was not detected by the staff of the HDC or the NHA; the typographical error was not detected by the staff of the Ministry of Housing; the typographical error was not detected by the Minister of Housing at the time, and the typographical error was not detected by the internal arrangements that NH International had to ensure financial accountability within its own organization. That is what we are being called upon to believe. Mr. Speaker, you understand our position in this matter.

The project had outline approval; it never had final approval from the Town and Country Planning Division. The contractual arrangement was entered into between NHA/HDC and NH International, on the basis of a letter of commitment; no contract was signed. In other words, under the supervision of the distinguished Member for Diego Martin West as Minister, the NHA or HDC entered into a \$143 million contract without the contract being signed. There was no signed contract. Mr. Speaker, I leave you to come to your own conclusions on this matter. All these are the things which caused us some concern.

Mr. Speaker, it goes on. In the valuation report for August, Report No. 38 as we said—within the September report sorry, for 2008, there was an invoice claimed for a variation for \$6.1 million with the caption:

"Force main design fees"

A force main is commonly used for sewage disposal. According to the scale of fees published by the Association of Professional Engineers of Trinidad and Tobago, the design fee for work of this nature is of the order of 3 per cent of the cost of the item.

On the Cleaver Heights project, the force main would have conceivably cost no more than \$10 million, if so much. The design fee for this item should, therefore, not exceed \$300,000, using the standard scale of fees. It is inconceivable, therefore, that NH has billed and has been paid \$6.1 million for this item, and this gross discrepancy has not been properly explained. Understand what we are saying in all of this.

This project is a source of great concern to the Prime Minister. As of now, there has been no proper explanation for the discrepancy of \$10 million; in fact, the \$10 million figure has gone to \$20 million, and the project is only 75 per cent complete. Therefore, God alone knows where it will all end; plus we have this issue now with the force main; \$6.1 million for design of a force main, which under normal circumstances should not have exceeded the \$300,000 if it cost \$10 million to construct.

I do not wish to get involved in the toing and froing taking place on this matter, but as a result of all these concerns, the Prime Minister has today directed the Attorney General to refer this project to the Commission of Enquiry into the Construction Sector and to ask the Commission to give it the requisite level of priority.

Thank you.

FINANCIAL INSTITUTIONS BILL

Dr. T. Gopeesingh: I was speaking about the various aspects of the financial sector. The one I am coming to is the whole question of pension plans, which the hon. Minister of Finance needs to address.

In Trinidad and Tobago, we have 55 pension plans that are being wound up at the moment, and one with judicial management. We have 103 insured pension plans and we have 91 self-administered pension fund plans. Everyone in Trinidad and Tobago knows the problems that emanate as far as these pension funds and pensions plans are concerned.

6.15 p.m.

One of the recommendations made for the pension industry, was to consolidate and modernize where possible and practical, the various pieces of fragmented regulations that govern the industry. So there are fragmented regulations governing the pension industry. It also speaks about executing the regulations and supervision of pensions within an integrated regulatory framework so as to more effectively regulate the institutions managing these funds, and undertake quick enforcement of prudential criteria and information disclosure requirements. So these are some of the recommendations made for the improvement of the pension industry. Hundreds of pension plans, some self-administered and some insured, but a significant number of them going astray.

Mr. Speaker, the whole financial architecture of the pension industry is haywire and I would explain this. The operation of the pension system in Trinidad and Tobago is governed by various pieces of legislation. Hear the quagmire of the pieces of legislation governing the pension industry: The Old Age Pension and Widows and Orphans Pension system are governed separately by the Old Age Pension Act, Chap. 32:02 and the Widows and Orphans Pension Act, Chap. 23:54, while the National Insurance System is governed by the National Insurance Act of 1980 and its various amendments.

The civil service pensions are governed by the Pensions Act, Chap. 23:52 and certain provisions or sections of the Pension Act, Chap. 23:52 are applicable to the Pensions Extension Act, Chap. 23:53 for employees of statutory authorities. The Teachers' Pension Act, Chap. 39:02, the Assisted Secondary School Teachers Act, Chap. 39:03. The Municipal Corporation (Pensions) Act, Chap. 25:05 for employees of the regional corporations; pension schemes for the protective services are governed by the Defence Act, Chap. 14:01; the Police Service Act, Chap. 15:01 and the Prison Service Act, Chap. 13:02 and the Fire Service Act, Chap. 35:50.

So that is the quagmire that is existing in the pension industry in Trinidad and Tobago with a multiplicity of legislation governing the pension industry. So what are we going to do as a country? What are you going to do as a Government to rectify that situation and bring it under the umbrella of one type of supervisory and regulatory system?

Do you know why it is important to speak about this? The Insurance Act of 1980 specifies that a minimum of 80 per cent of the assets of pension funds must be invested in Trinidad and Tobago. Investments are further restricted in large measure to equities, real estate, certificate of deposits and mortgages and are

subject to stipulated limits imposed by the Insurance Act. The limit on equity investment is set at a maximum of 50 per cent of a fund's assets and real estate up to 20 per cent with no single mortgage exceeding 10 per cent of the fund value.

Do you know what happened recently, what caused a run on the stock market? A number of these pension plans went way beyond their required legislative quantum in terms of investment in equity and they had to sell off very quickly because they were told if they do not do that, they will end up with some problems. So they had to sell a lot of their equity on the stock market very quickly and this is what caused major disturbance in the stock market. It means that this pension industry has not been regulated and supervised properly and, therefore, a number of difficulties have been arising and we ask the hon. Minister of Finance to address that situation because this cannot be allowed to continue.

Do you know what happens with the pension industry? One of the major complaints made against private occupational pension funds is the lack of timely submission of audited financial statements and actuarial valuation reports to the Supervisor of Insurance. Also, the annual reports produced by the Supervisor's office lag in terms of timely disclosure on average by about two years. So a number of these pension plans are way behind by two years before they report what is happening in their industry.

Mr. Speaker, so it is an open debate and a challenge to this Government what laws it is going to bring to Trinidad and Tobago relating to the management of these pension plans.

I just want to speak on the mutual funds industry. At the end of 2005, there were 13 mutual funds sponsored by five local institutions, more specifically four subsidiaries of commercial banks and one special purpose institution, the Trinidad and Tobago Unit Trust Corporation. Everybody knows that there were two Income and Growth Funds, four local Money Market Funds; two US dollar denominated Income and Growth Funds; US dollar denominated Money Market Fund and the Caribbean Equity Fund.

Mr. Speaker, what regulatory framework is there for managing the mutual funds? Currently, there is no clearly defined regulatory structure for mutual funds. Although the Unit Trust Corporation of Trinidad and Tobago Act, 1981 sets out a number of rules to govern the UTC, it contains no guidelines on prudential standards or supervisory procedures, nor does it define an appropriate regulator for these mutual funds. We know that the Central Bank has issued guidelines not enforceable in law for dealing with the mutual funds and this was established under the Financial Institutions Act. So we have the Securities and

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Exchange Commission managing the mutual funds of the stock market, the Central Bank managing the mutual funds of the banking sector and nobody managing the mutual funds of UTC.

The UTC operates under the legislative umbrella of the Unit Trust Corporation Act, and although it sets out disclosure and investment requirement restrictions, there is no regulator actively monitoring the operations of the mutual funds of UTC. So we would like to hear how the hon. Minister is going to deal with that because recently, one would remember the Auditor General's Department wanted to know on what basis the UTC has invested more than 20 per cent of its market in Belize, and up to this date it has not been answered.

Mr. Speaker, in just a few minutes again I would wind up but I want to indicate that there are so many legislative Acts that work with this Financial Institutions Act. We have the Central Bank Act; the Companies Act; the Securities Industry Act; the Insurance Act; the Proceeds of Crime Act. There is the Fair Trading Bill which is antitrust to a competitive legislation that has been enacted in Canada and Barbados. So it is a quagmire of legislation governing the financial sector and this is why its own committee in 2004 said that there must be one regulatory framework and authority for dealing with all this.

What is even more disturbing is that clause 121 of the Bill provides for institutions that are exempt from the provisions of this Act and the institutions that are exempt from this according to Part 1 of the Third Schedule are the Post Office Savings Bank Act, the ADB, the Building Society Act, the Friendly Societies Act, the Cooperative Societies Act, the Board of Management incorporated under the National Insurance Act, the Trinidad and Tobago Mortgage Finance Company. All of these are not affected by this Bill and, more importantly, the mortgage lending institutions and trust companies like the mortgage trust companies that deal with the funds are exempted from this Act.

We all know that the mortgage and trust companies are the ones that caused the downfall in the economic sector in the United States of America, the Freddie Mac and Fanny Mae mortgage institutions, and if this regulation is not taking into consideration these mortgage companies and trust companies, where are we going? This Act is only managing the banks but there are so many financial institutions and so many other areas mentioned earlier that are not incorporated under the supervisory and regulatory functions of the Inspector of Financial Institutions.

We have just touched the tip of the iceberg and, therefore, it is left to this Government to come as quickly as possible to deal with the question of regulatory authorities for looking after the whole financial sector and one type of legislation

that would incorporate all these financial institutions. This Government has a lot of work to do. We do not see any difficulty in supporting this piece of legislation, but we need answers to the questions we ask on these financial institutions.

Thank you very much.

6.30 p.m.

The Minister of Community Development, Culture and Gender Affairs (Hon. Marlene Mc Donald): Thank you, Mr. Speaker. I am happy to join in this debate on the Financial Institutions Bill of 2008, but before I begin I would just take a minute to respond to the Member for Caroni East who seemed to echo the sentiments of the Member for St. Augustine wherein two points were made. One, that at the end of the debate after all that has been said he has agreed actually with the Bill but the second point is the time frame and he has introduced numerous other pieces of legislation which he thinks should be part of the package concerning the financial services sector.

I do agree with it because the Minister of Finance alluded to that and she said in due course they will come to Parliament with legislation with respect to the insurance industry, the securities industry and the credit union sector.

I want to add that this Government would be engaged in widespread, intensive and in-depth consultations so as to ensure buy in by all stakeholders from all the various sectors. I believe, as the Member for St. Augustine has said, that despite the fact that we want to see the legislation come here, we need to have that type of consultation with all the stakeholders. I am sure that the Minister of Finance in her winding up would give some sort of indication to this House about the time frame with respect to other pieces of legislation.

This Bill before this House represents the Government's objective of updating the financial, regulatory and supervisory framework of financial institutions in Trinidad and Tobago. This objective emanates from our Vision 2020 National Strategic Development Plan. As a matter of fact, the pillar that we address here is "enabling competitive businesses". The vision of the Government is to expand the financial services sector, at least to push Trinidad and Tobago in the area of becoming the pan-Caribbean financial centre.

Government is moving to create the Trinidad and Tobago International Financial Centre. This centre will provide a wide range of financial products and services to cater to the needs of the domestic, regional and international business. In essence, Government's role in this scenario would become as facilitator by ensuring that the appropriate legal, regulatory and institutional frameworks are in place.

This Bill introduces, as the Minister of Finance has said, a number of new, as well as the formalization of existing practices, such as the area of corporate governance. This would be the focus of my contribution to this Bill, the need for proper corporate governance. Corporate governance, as we see it, is the set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled. In its most simplest and applied level, corporate governance is the mechanism that allows the shareholders of a firm to oversee the firm's management and management's decisions. This oversight mechanism takes the form by way of a board of directors which is headed by a chairman.

The issue of corporate governance has come to the forefront in the wake of the demise of that giant, Enron, and all the others; WorldCom, Tyco and Lehman Brothers. The fall of all these companies, I dare say, was a direct result of failed corporate governance and, consequently, this has led to a complete re-evaluation of corporate governance practices in the United States. It demands an examination of the fundamental aspects of oversight functions assigned to every company's management and board of directors. In particular, the role of the subcommittees on a board and their effectiveness would now become very crucial.

The question is: What lessons can we learn from the fundamental breakdowns that occurred in companies as Enron and WorldCom, Tyco and Lehman Brothers? Over the last 10 years or more, we have witnessed here in Trinidad and Tobago a rapid growth in the financial services sector with relatively sophisticated institutions and products reflecting our country's status as the regional financial centre. Overall, the banking system is very well capitalized with a capital-to-assets ratio of about 18 per cent, with a very low level of non-performing loans and, of course, excess liquidity. The various segments of the capital market have evolved at, at least, markedly varied rates over the past two decades. We are also witnessing the emergence of conglomerate and holding companies. We also observe the expansion of our domestic financial institutions operating throughout the English and Dutch-speaking Caribbean.

Given these developments and the fact that the Government quest is to develop the financial services sector, there is need to reform the legislative and regulatory system of the financial institutions. I say—and I would state quite categorically—that a well-defined and developed First World financial services sector demands a robust legislative regulatory system.

The Minister of Finance has pointed out that our legislation here in Trinidad and Tobago is far behind or outdated and lags behind some of our Caribbean counterparts, despite the fact that we are the dominant player in the region.

With the introduction of certain new clauses and the reinforcement of existing arrangements consistent with international best practices, this Bill seeks to strengthen the corporate governance practices of financial institutions in many ways and I look at the various areas in the Bill.

We look at clause 33 on the directors and senior management. The current requirements for directors to be fit and proper fall short of explicitly requiring that the status quo be maintained on an ongoing basis and placing a responsibility on licensees to ensure that their directors continue to be fit and proper. This new Bill introduces in clause 33, a duty to be imposed on the licensee to maintain on an ongoing basis that the directors continue to be fit and proper to serve.

There is good argument for this imposition on the licensee as the depositors are customers of the licensee and the action of the licensee's director can place depositors' funds at risk. This is one of the lessons from Enron, as what is being done here is really focusing on the fitness and propriety of directors and officers of licensed financial institutions. Further, the current FIA has no restrictions with regard to directors serving on the boards of unrelated financial institutions. From a regulatory perspective, however, there is concern about individuals serving as directors of more than one financial institution, unless such institutions are within the same group. This situation can create conflicting loyalties, causing boards to make inappropriate decisions, thereby putting depositors' funds at risk.

As a consequence, this Bill seeks to minimize the potential for conflicts of interest and inappropriate decision-making by limiting directors' involvement to a particular institution or group of institutions. It gives the Central Bank discretion to consider allowing a director to serve on the board of an unrelated company where no conflict of interest exists.

The Bill further seeks to re-enforce the responsibilities of directors and senior management for the governance of the financial institutions by introducing an annual requirement for them to attest to the adequacy of the internal controls and other risk management systems of the institution; again, another lesson from Enron. This requirement formalizes current practices in the banking industry. The Bill outlines the nature and details of annual reports to be provided to the Inspector of Financial Institutions.

At clause 38, there is a new requirement for boards of financial institutions to establish and maintain written policies and procedures to guide transactions between licensees and connector parties, connector party groups and employees who are not connector parties.

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The Bill further seeks to strengthen the corporate governance practices of financial institutions by requiring that all licensed financial institutions establish an audit committee—this is at clause 36—which shall consist of at least three directors, a majority of whom must be independent directors and at least one must be a financial expert. The main responsibility of this committee is to review and report to the board of directors on the annual financial statements and other returns prior to the approval by the board and ensuring that an appropriate framework for internal control procedures is in place.

The further stipulation of having a financial expert is also critical as this person should possess the necessary financial education and substantive experience. This requirement serves to strengthen the control environment.

In transforming our country to developed country status and having Port of Spain as the financial hub of the Caribbean, this Government must move swiftly to strengthen our financial services sector by providing a proper legislative framework for financial institutions to operate. Again, I reiterate, having just witnessed the fall of the US giants, Enron and others, this certainly will prompt legislators to request additional requirements and duties for auditors on whom regulatory reliance is placed.

Clauses 83 and 84 introduce new duties and responsibilities for auditors, which provide for the reporting of irregular transactions or conditions that are discovered in the ordinary course of an audit. This must be reported to the board of directors of an institution and to the Inspector of Financial Institutions. Auditors are also required to report annually to the Inspector of Financial Institutions on certain specified matters and to give the Inspector access to their working papers of an audit of a licensee of financial holding companies. This requirement seeks to ensure that appropriate corrective action is taken in a timely manner by the board and senior management of the licensed financial institutions or financial holding companies.

Currently, there are no statutory reporting requirements imposed on auditors. This situation falls woefully short of international best practices. It is now standard international practice for regulators to impose statutory reporting requirements on auditors in certain circumstances and to prescribe additions to the scope of coverage of an audit of a financial entity wherever necessary.

I dare say that the introduction of these new requirements would contribute to making the financial sector, as a whole, much safer for consumers and much more attractive to investors. By not introducing these new requirements, the domestic environment would be viewed by the international investors as high risk if basic

international standards for oversight are not employed. By extension, the cost of raising capital in the international markets would be higher for domestic institutions.

In closing, I wish to reemphasize this Government's vision for Trinidad and Tobago as the financial capital of the Caribbean and its commitment to the reform of its financial legislation. Indeed, I support this Bill as the objective is to strengthen our domestic financial market and bring us in line with what is required of us at an international level.

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

6.45 p.m.

Mr. Jack Warner (*Chaguanas West*): Mr. Speaker, last Sunday I went back to Chaguanas West to make a tour of the constituency, to account to my constituents for my first year as their representative. I went to give the constituents of Chaguanas West, an account of my stewardship and to bond with them because I know that these are difficult times. As I have made a year here, I sat in the privacy of my home and asked myself: After one year here, what have I benefitted? How have we been able to help the people of Trinidad and Tobago? All where we turn there is crime in this country and problems for water. In La Paille Gardens water is a luxury. They do not get it more than once a week sometimes. All where we turn there are high food prices.

On Sunday, I went to La Paille Gardens where there is a recreation ground that has not been cut for 10 years. I cut it yesterday. There is a ground on Clock Street that is cut twice a year. I cut it again yesterday. In Frederick Settlement, there are lights on the ground. There is a stand that is falling to pieces. Young people in the area are listless and hopeless. Today, we are here talking about financial institutions. You believe that the Minister of Finance read a 159-page document. It was piloted by the Member for D'Abadie/O'Meara. Do you feel that the people of D'Abadie/O'Meara want to know about this at this time, as against how to improve their lives? The Member for Tunapuna almost word for word said this. Do you believe that the people of Tunapuna want to know about these institutions when children are being stabbed in school? This may be important, but unless we address the people's problems, this institution of Parliament would become irrelevant.

I am telling you that the biggest blame for this must lie at the feet of the Prime Minister. In fact, you came here today and asked for time at 6.00 p.m. You have been asked to be put before the Privileges Committee; you have come to explain to Parliament and end by saying: I am recommending this to go before UdeCott

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Commission of Enquiry. I ask myself: Why not of course the DPP if you are so strong, or the Acting Commissioner of Police, or the Anti Corruption Squad? You “cyah” be serious. You came here and talked to us for half an hour and told us this. You cannot be serious. [*Interruption*] You could say what you want. I am saying to you in all seriousness, that there is a serious disconnect between the Parliament and the people. Yes it is important, but there are other things that are more important. We come here Friday after Friday and talk about things which are almost totally irrelevant to the people’s lives. “What about de crime? What about de food prices? What about de water?”

I sat here and I cringed as I listened to the Member for Port of Spain South. I want to tell her to tell her speech writer that there is nothing like “most simplest”. When you go, tell him or her that for me please. Back to the point that I was making. At the end of the day, we have to bear in mind that people are concerned about their lives.

Almost everyday, I receive calls about the T&TEC meters where people are paying for lights and you come to talk about a Bill. I could talk about this Bill. But for me, my constituents in Chin Chin, La Paille, Warrentville Road, and Felicity want to understand how this will impact on their lives. If I want to talk on this Bill, I would say that this Bill has come at a time of global and economic crisis. I would say that no comprehensive study has been done on the fall of Wall Street. I would ask: Do we have an understanding of the compliance and non-compliance issues as they relate to the US crisis? I will ask myself about that before I study this Bill. Then I would say, if we have not done that and understand the crisis in the world today, how can we understand this Bill? What study have we done comprehensively on the US crisis? You come here to pilot 155 pages. I say to myself, “Poor people of D’Abadie/O’Meara.”

When I was a young boy I had a black and white TV and I used to see a picture called the Brady Bunch. Today, for one year, I am seeing the “Giggly Bunch”, just giggling. “Yuh gigglin’ de people’s lives.” You are giggling away people’s lives. People are concerned. [*Interruption*] You, of course, keep quiet. People are concerned about their lives. They want to know how they would live tomorrow.

If I were to talk about this Bill I would say this Bill has not dealt with how it would reduce the exposure of the risk of the financial sector. It has not done that. I could look at this Bill and say that it has given the Governor of the Central Bank far-reaching powers because the Governor of the Central Bank recommends the appointment of the Inspector of Financial Institutions. The Governor does that and

recommends to the President, not only the appointment, but the termination of the inspector. The Inspector of Financial Institutions is a very important position. It is similar to the Commissioner of Police.

I am saying that such an important appointment as the Inspector of Financial Institutions should engage Parliament. We should have a say in the appointment of the Inspector of Financial Institutions. That appointment should be made based on a debate in this House. That has not been done with this Bill. I could talk about that because for me, that is not relevant in the lives of our people today. If I were talking on this Bill, for example as I want to talk for one hour and 15 minutes, I have realized that there is no point in talking for an hour and 15 minutes here because they do not listen. If they do not listen for 45 minutes, how would they listen for 75. I have no intention of going beyond 20 minutes. I would stay here in my seat and “grine”.

Mr. Prime Minister, I want to tell you something. I have seen you flying all over the world. If they have to talk tourism in Greenland, you go there. If they have to talk about methanol in Brazil, you go there. If they have to talk about the IFC in Dubai, you go there. Mr. Prime Minister I want to offer you some advice. This is no boast. This is a simple, humble, one-dollar-a-month-man from Chaguanas West. Mr. Speaker, I have been to almost all the important countries in the world. Mr. Prime Minister, you do not have to fly there and make some cheap frequent flyer miles. If you want help, I could help you.

Mr. Prime Minister, you do not have to go to Dubai. “Yuh see this here?” [*Member takes out card from his pocket*] This here is an honorary citizenship of United Arab Emirates (UAE). [*Desk thumping*] I am an honorary citizen of Dubai. I can help you with a phone call. “Ah born here.” I could help you with a phone call. There is no country that you can go to and I cannot help you with a phone call. Stay here and do the people's work. I will tell you something too. If you want them to come to see you I could talk to them to do that for you. You do not have to fly there, Greenland, Brazil, Dubai. You want to make up miles? I will give you some miles if you want. [*Crosstalk*] Empty vessels make the most noise.

Mr. Speaker: Order.

Mr. Dumas: Sorry, Sir.

Mr. J. Warner: With regard to the FIA, there is no support machinery in place for this Bill. What do I mean by that? In this country, we have an Equal Opportunity Commission. Are they properly housed? The answer is no. Are they properly staffed? The answer is no. Do they have the staff and professionals who will help with law and research? The answer is no. What about the Office of the

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Director of Public Prosecutions? Every day staff is leaving the DPP's office. Almost all our state agencies are not outfitted or equipped with the relevant human resource. They have little or no equipment or technology.

With regard to this Bill, I ask the question: Where and when will the Inspector of Financial Institutions be housed? Will his office be equipped? Do we have in this country the people with the skills and competence to help him? [*The Prime Minister steps out from the Chamber*] "Oh, yuh leavin'. Alright. Ah hope to see yuh on Wednesday at de football." There are no regulations for this Bill. How often do we see Bills come to Parliament and they are ineffective, because they have no regulation so as to insist on their effectiveness? No regulations!

Bills or Acts by themselves are powerless. They must have regulations. Where are they for this? Nothing! This seems to be nothing more than a public relations gimmick, to try to make the world believe that we are trying to have an IFC. You say that this is intended to create this country as the pan Caribbean financial centre. I want to say to you in all seriousness that I know that we can come here and at the end of the day, the "Ayes" have it. Sometimes I sit and have nothing to say because the country will judge them by what they have done or failed to do.

My advice to you as far as this Bill is concerned is that it is deficient; no regulations; the Governor has too much power with regard to the Inspector of Financial Institutions it is a public relations gimmick and it has done nothing about the global economic crisis. I say to you further that if you listen to Carl Heeralal, the Inspector of Financial Institutions at the Central Bank, he said that there is much work to be done. He spoke at a seminar on May 20 when he was critical of the Government and the economy. Listen to what your Governor of the Central Bank is saying and forget the public relations, which this is and see how best you can improve the lives of our people and in your particular case, Minister, the people of D'Abadie/O'Meara.

Thank you.

Mr. Speaker: The hon. Member for Fyzabad.

Mr. Chandresh Sharma (*Fyzabad*): Thank you very much, Mr. Speaker.

Mr. Speaker: No, no. Have your seat. The rule is if you want to speak you must get up. You cannot sit and assume that I will know that you want to speak.

Mr. Sharma: I will give way.

Mr. Speaker: The Member is being gracious. When you need to speak, try to catch the Speaker's eye. I look around. I recognize who stands. The Member is gracious. He has given way to you.

7.00 p.m.

The Minister of Legal Affairs (Hon. Peter Taylor): Mr. Speaker, I thank my friend, the Member for Fyzabad, for giving way. I rise to support the Financial Institutions Bill, 2008, to provide for the regulation of banks and other financial institutions which engage in the business of banking and business of a financial nature and matters incidental and related to and for the repeal of the Financial Institutions Act, 1993.

I listened to the Member for St. Augustine with great anticipation, but I was disappointed with the manner in which he sought to place the Hindu Credit Union. It is important for the record that the national community is told exactly what the Government's position with respect to the HCU is.

While the matter is still a live one, let me just say that this matter has some history to it. I want the Member for St. Augustine, who would know this quite well, to remember that back in 2003, the then Minister in the Ministry of Finance, Sen. The Hon. Conrad Enill, alerted the national community to the practices that were taking place in the Hindu Credit Union. In fact, he sought to issue a word of caution that the affairs of the HCU were not being conducted in the best interest of depositors and shareholders.

Mr. Bharath: You will also recall that the hon. Minister was made to apologize for having made those remarks. When I spoke earlier, I was not looking at any issue of management or mismanagement of the organization. That is irrelevant as far as we are concerned at this point in time. It is a question of the oversight that particular depositors would expect if they invest in a regulated environment. That was simply all I was saying. There must be some kind of vicarious liability on the part of the Government because the organization was not regulated as it should have been done.

Hon. P. Taylor: Is the hon. Member then saying that the management must be absolved of all responsibility?

Mr. Bharath: I am not saying that at all. I am sure the courts, if there are issues to be taken care of, will take care of that. We are not discussing that issue. I have no idea of the situation with regard to that.

Hon. P. Taylor: Surely the Member must know that the membership of the credit union regulates its own affairs to a very large degree and, therefore, it was not the responsibility of the Government. The Minister at the time sounded a word of caution.

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I go back to an article which was written on that point. The Member for St. Augustine suggested that the Minister was made to apologize. That is to take that out of context. Let me make mention of an article in the *Express* dated July 25, 2008 by Ria Taitt and it says: “Last laugh for Enill”.

Ria Taitt, in making the point that while the Minister was asked to apologize, it was in the context of his asking for an investigation to be launched into the affairs of HCU and the auditors were blocked from going in. There was never any investigation because the very members stopped it. When you made the point about oversight, the alarm bells were sounded but the very directorship blocked the investigation for their own purposes.

Mr. Bharath: You are saying that this document is useless. If you have these regulations in place with regard to the banking sector and the bank is going under and the directors prevent the auditors from coming in place, then there is no recourse.

If the Government, through its regulators, had insisted on implementation and adherence to the law, that would not have been the case. If you are suggesting that it is because the board of directors blocked the auditors from coming in that the regulator was not able to do his duty, then there is some dereliction of duty on the part of the regulator.

Hon. P. Taylor: That is not the matter for debate. The matter is sub judice. *[Interruption]* I am responding to what was raised.

Mr. Speaker, I wish to direct my contribution to the role of central banks in the regulation of financial institutions. This is, of course, very important and topical. When we look northwards to the United States of America and see what is taking place in the bastion of capitalism in an economy one thought was among the strongest in the world, we see that unbridled greed and lack of regulation has caused the collapse of the financial powerhouse that is the United States and has caused a contagion to spread to Europe and Asia with such rapidity that it has threatened the international financial stability of the world, so much so that the IMF is predicting a recession. In fact, it admits that the United States is already in recession.

It is a great testimony to the regulations of the Central Bank of Trinidad and Tobago that, in the midst of that cataclysmic depression, the financial institutions of Trinidad and Tobago remain sound. In fact, mention was made of the UTC by the Member for Caroni East, but UTC remains one of the strongest institutions and the only persons who have suffered financial losses are those who have taken

their money out of the country; who have invested their money in those same toxic funds, making the claim that Trinidad and Tobago's financial institutions are not good enough for their money. They are the only ones suffering now. In spite of the efforts by some to pour cold water on the UTC, I am sure the Member for Caroni East would agree that the UTC remains a sound institution.

Dr. Gopeesingh: I thank the Member for giving way. I assure you, from this side, that we have tremendous confidence in UTC and believe that it is one of the finest financial institutions. The only point we made on this side was that the mutual funds ought to be supervised in the same way the Securities and Exchange Commission and the Central Bank supervise the mutual funds of other financial institutions.

Hon. P. Taylor: I thank the Member for that concurring view. Some of the objectives of the Bill are to supervise a financial institution that is part of a conglomerate; it relates to the authority to enforce reporting requirements on a commercial group to which a licensee belongs; authority to institute cross-border supervision and sharing of information with other regulatory authorities; the power to introduce measures to limit or restrict intra-group transactions beyond the licensee and related parties; the authority to require adequate capital and other prudential requirements to be applied on a consolidated basis. It also allows for cross-border supervision to allow a sharing of information with foreign regulators and supervising a licensee branch. It also relates to the reporting of large exposures. This would include not only commercial loans, but lending to insiders and related parties; risk related criteria for measuring exposure which would be stipulated.

The Central Bank has a very significant role to play in ensuring that the financial climate remains sound; that the integrity is not shaken. I would just perhaps review the financial system over the last 40 years to bring us to the point we are today, which gives testimony to the integrity of the system.

For the past 45 years, the local financial system has been responding to the constantly changing macroeconomic environment and has made some significant strides, beginning with an underdeveloped structure that consisted of a limited range of institutions and financial instruments in the 1960s. The system has emerged as a relatively sound and well-developed financial system when compared to most countries in Latin America and the Caribbean.

The evolution has been facilitated by a number of factors including the increase in oil prices in the 1970s that boosted economic growth and led to an increase in the number of financial service providers. The financial sector development plan

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implemented by the Government in the 1970s led to localization of the banking and insurance sectors, which continued in the 1980s. From as far back as 1970s, you saw the transformation of the financial sector, which was triggered in a very real sense by the localization of banks like Barclays and you eventually had the Workers Bank and such institutions, NCB and the whole cooperative movement.

You also had the establishment of supporting institutions as the Deposit Insurance Corporation (DIC), the Home Mortgage Bank, the Trinidad and Tobago Stock Exchange and, of course, later, the UTC. There was the merger of the three indigenous banks, the Workers Bank and the NCB among them.

So, Mr. Speaker, that brings us to the 1990s. What was significant then was the financial liberalization that took place throughout the world. With the financial liberalization you had the financial system becoming much more complex. Emerging from that was the growth of financial conglomerates, which have been expanding their own operations both domestically and internationally.

One of the problems that this liberalization of the international economy and financial system has given rise to is just what we have seen in the United States and throughout the world. Once you had the deregulation of the system to the extent that derivatives, hedge funds, off balance sheet transactions could take place that would now allow the toxic funds to be spread far beyond the United States of America. It meant that within the very opportunities of financial liberalization, were contained the seeds of its own destruction because of the ability for funds and for transactions to be transferred and conducted internationally at such a rapid pace.

7.15 p.m.

Mr. Speaker, the Bill that the Minister of Finance is piloting is timely. It is important, insofar as it seeks to enhance the regulatory framework that already exists in Trinidad and Tobago. Now more than ever, it is imperative upon the Government to ensure that the regulation/principles/measures are put in place to ensure that what has happened abroad does not happen here.

One of the founding principles or the frameworks within which the regulation is couched comes from the Basel Core Principles. I would just outline a few of these principles, insofar as they relate directly to the Bill that is being piloted. *[Interruption]* Mr. Speaker, I am being urged to extend a courtesy to my friend from Fyzabad, in terms of the time, but I would conduct it.

Many of the Basel Core Principles have been incorporated into the FIA. If I can just make reference to but a few of them, so that the national community and

my friend on the other side would understand the context within which we seek to regulate financial institutions. For example, the Basel Core Principles 20 provides that an essential element of banking supervision is the ability of the supervisors to supervise the banking group on a consolidated basis. Insofar as our Bill is concerned, clause 67 incorporates that provision. It says:

- “67(1) Where a related group comprises companies that engage in non-financial activities and no fewer than two financial entities, at least one of which is a licensed domestic institution, the Central Bank may, in writing, direct the controlling shareholder of the licensed domestic institution to engage in restructuring to form a financial holding company, such that—
- (a) the licensed domestic institution is directly controlled by the financial holding company; and
 - (b) that the other financial entities are either directly or indirectly controlled by the financial holding company or the licensed domestic institution...”

Reference is also made to cross-border banking. Clause 68 of our Bill provides that:

- “The Central Bank shall not require a restructuring under section 67—
- (a) where a licensed domestic institution is a member of a financial group that is directly controlled by a foreign financial institution...”

and it goes on to make other provisions.

Also section 19 of the Basel Core Principles is an important one. That provides that banking supervisors must have a means of independent validation of supervisory information either through on site examinations or by the use of external auditors.

I am happy to say that provision is incorporated in our Bill, through clauses 82 to 84. Mr. Speaker, as far as the Basel Core Principles 5 to 13 are concerned, which deal with prudential regulations and requirements, again, reference is made in the domestic Bill, through clauses 5, 22 and 25 that offer protection to a financial entity. That reads:

- “A financial entity or significant or controlling shareholder of a financial entity shall not become an acquirer of a licensee of the financial holding company of a licensee without obtaining a permit issued by the Central Bank.”

It is clear that the Act has taken into consideration many of the significant principles that would give it the legislative teeth and the foundation to ensure that

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the integrity of the financial system remains sound and remains not totally foolproof, but that it would ensure that the type of slippages and the type of loose negotiations and transactions that have assailed the international community do not take hold here.

In deference to my friend who was so gracious, I would now move that I end my contribution at this point and invite my friend to continue.

Mr. Chandresh Sharma (Fyzabad): Thank you very much, Mr. Speaker. It has come to my attention that the Members of the Government would be going into a retreat in the next few days. I wish them well. I think that is very significant. When you look at the performance here today, they really need to go to a retreat. One of the agenda items I want you to consider—who is leading the retreat? I hope it is not the Member for Diego Martin North/East or wherever he is from. I hope it is not the Member for Lopinot/Bon Air West. One of the items I want you to put on that agenda—I am very serious, I am your friend and colleague—is when you debate in this Parliament and bring Bills, ask yourselves how is it adding value to the national community. Everything you said today seems so far and distant from the national community. How will this Financial Institutions Bill add any value? Would it lower the cost of living? Would inflation go down? Would those people who are struggling to pay their mortgage be in a better position? Would the hospital get more medication? What will happen? You have done absolutely nothing. I think the Member for Chaguanas West said that you were being cosmetic and that it is PR. You have delivered absolutely nothing. In fact, I would only deal with a few points raised by the last speaker.

I want my good friend to look important as if he did say something. He spoke about the HCU. It is calculated on the Government's part. I do not want to get into a debate, but you have a moral obligation to treat with all citizens of Trinidad and Tobago. When your institutions fail it is because it might be calculated on your part. You are a very wicked Government. Over the years you have cut the throats of thousands of people all over. It is no strange development.

The last speaker spoke about the Central Bank. He said some people—I do not know who he was pointing to—moved their money to the United States and elsewhere and they were greedy and lost it. Let us hear what the Central Bank said. The Central Bank Governor who spoke in a lecture entitled: "Implications of the Current Financial Crisis for Trinidad and Tobago", at the TTMA on September 26, 2008, about one month ago, said:

"As at the end of August 2008, just before the last episodes of global financial stress—

- some 58 per cent of Central Bank reserves was invested in money market instruments.
- 26 per cent was invested in US government and other GF government bonds;”

You are part of the Central Bank; you are in government.

- “6 per cent was invested in agency bonds (Fannie Mae and Freddie Mac);”

You were saying that the Government was not doing it; only those people who took their money to the United States.

- “the remainder was held in asset-back securities and other money market instruments.”

Let us go further. Do you know how much money Lehman Brothers was controlling? They were controlling US \$85 million, which is approximately TT \$500 million. Merrill Lynch was managing money for you. That is close to TT \$500 million. When the Government came earlier today and presented this, the national community listening and watching has to look at how you perform. You want to introduce Financial Institutions Regulations, but how are you regulating yourselves, where you have control? Let us look at what you have been doing. NEDCO, secret government. Money is being given away to friends and family of the PNM with no accountability. When you look at contracts awarded by the State, CEPEP and others, hundreds of millions of dollars and now billions of dollars, no accountability. You gave your friends and family \$46 million for scholarships with no information. Even your own Member is saying that it is unfair, you are wrong and you must answer. What regulations are you talking about? You are using taxpayers’ money. The Member for Chaguanas East is correct; this is PR at the highest level. When you look at the multi-purpose companies, 15 of them, billions of dollars and nobody knows how the contracts are awarded. With most of the jobs in PNM constituencies, there is no accountability and no process.

The Member for Port of Spain South talked about the collapse of Enron. There are so many state companies in Trinidad, if you do not fund them—Petrotrin might be the only one under the leadership of Malcolm Jones, obtaining its keep and making a profit. In a number of the other companies, you are pumping money into them day and night.

You are talking about regulations. You have seen all governments under operation. Other governments were able to get people to serve on all the state boards, under you, you are complaining that you cannot get people to serve under the state boards and you want them removed from the Integrity Commission. This is the Government of 2020; a total waste of time.

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What has happened? So many of you want to jump on the American experience, but what have you learnt from it? What have you presented? You want to appear very educated: “I read this and so much is happening in America and Obama is going to change the world.” Maybe he will, but what are the lessons you are applying to Trinidad and Tobago?

The simple-minded constituent in Barrackpore, Laventille or O’Meara wherever he might be, is he going to learn anything today from you? Is he going to obtain any hope? Is he going to see any benefit coming? What is the citizen going to obtain from this Government? Absolutely nothing!

The Member for Princes Town South/Tableland indicated that the world is in a financial crisis. That is in the public domain now, but what have you presented today, since you are making reference to the global financial crisis—is that going to change the picture for people?

Thousands of persons from Trinidad work in the United States and some live there. They send home money. They are unable to do it now, are you going to assist those families to pay their mortgages? Many, many people we know received goods in barrels. They are called barrel children. Their parents go to work in the United States. Today, those barrels are not coming anymore. Are you going to revisit your social programme? That is what you should be telling the national community with respect to all the regulations that you have presented.

Each one of you went through the clauses. The presenter went through the 141 clauses and all the others went through those same clauses; each one with a different story to tell. We are really killing time. The constituents are not seeing you in the constituency, so you have to present yourself on television. It does not work so at all.

A World Bank background paper prepared—[*Interruption*] “dey doh have cable in Fyzabad”—for the G20 Meeting of the Heads of State which is being held on November 15 notes that weaker growth combined with the credit crunch means that governments will have less money to invest in education, health care and women empowerment, et cetera.

7.30 p.m.

You have not indicated what you are going to do. As a result of high food and fuel prices, it is estimated that 100 million people have already been driven into extreme poverty. You should come to this House today and tell us how you will

treat with this new poor in Trinidad and Tobago. There are many, many families, 100 million. The Member for Diego Martin East lives on the website, he knows the information; thank you for confirming it.

With every 1 per cent decline in developing country growth rates, approximately 20 million more people are added to this rapidly swelling number; so the poor is increasing. [*Interruption*] The 20 million, their brothers and sisters wherever they live. Where you came from? It says:

“‘The global financial crisis, coming so soon after the food and fuel crises, is likely to hurt the poor in most developing countries,’ said World Bank Group President, Robert B. Zoellick. ‘Working with the IMF, UN agencies, and regional development banks and others, the World Bank Group is helping both governments and the private sector through lending, equity investments, innovative new tools, and safety net programmes.’”

This is what you should be telling the national community. They want to hear something of hope; Obama gave hope. What is the PNM giving? Dope? What are you giving the national community? Absolutely nothing! You are not an incentive; you do not add value; you do not excite people. What are you doing? Your health care has collapsed; no water in the taps; electricity rates are going up. What is this Government doing? Why are you punishing the people? [*Interruption*] Thank you, thank you; I know you agree with me; I really appreciate that. It says:

“Besides extending help to cash-strapped governments, the Group is boosting support to the private sector...”

You should be telling us how you are going to assist the private sector in making sure the jobs of those persons are kept; what assistance they are going to receive.

“...Global Economic Prospects report, to be published December 9, 2008, shows that real GDP growth will slow down across all developing regions...”

All across the globe.

“‘The direct impact of the crisis is less dramatic in financial sectors of the poorest countries’,”—said the UN director—“Commenting on the projected decline in world trade, which would be the first such drop since 1982”—the President of the World Bank said—“‘One of the primary drivers of this is the credit crunch. It’s not just the lack of demand for the product, but there’s a big gap in trade finance and, it appears, even working capital for some of the shipping firms. So, we at the World Bank had already expanded a trade finance facility that’s a pool to \$1.5 billion, and we’re looking about expanding that’.”

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You should be telling the national community what resources you are going to make available. Is the small businessman going to get money to grow and develop? Are you going to shut him down? The poor family who builds his house wherever he builds it because he does not have, are you going to mash it up and destroy that family? Already our children are unable to get medical care here and you do not even attend their funerals. You do not go and lend any assistance, even though there are funeral grants available. It goes on to say:

“Like previous crises, this one will hit the poorest people the hardest. Many households, already weakened, are faced with having to sell assets like livestock to survive. Malnutrition could well rise, and school enrollment may well fall.”

Give the country hope. You see why the country needs a UNC government? You have lost; you have outlived your usefulness; you are not able to deliver; you have no new ideas; you have no love, no care.

“Economists at the World Bank believe that such social safety net programmes—particularly those that are well-designed—”

Not the smart man card you give out and not the handouts you give to PNM supporters; you must treat with all the people.

“‘Crises have given birth to some of the worst social protection policies, and some of the best,’ said Martin Ravillion, Director, Development Research at the World Bank. ‘Some developing countries, including Mexico, have turned crisis into opportunity by dismantling inefficient subsidies in favour of more safety nets.’

In an October 2008 policy research working paper, ‘Bailing Out the World's Poorest’, Ravillion notes that a comprehensive safety net requires a combination of two things—targeted conditional cash (or food) transfers for those who cannot work or should not be taken out of other activities like school, and guaranteed low-wage relief work on community-initiative projects.”

It has to be across the country. [*Interruption*] Exactly, but not the way you distribute only to PNM members. We have raised here and the Member for Cumuto/Manzanilla indicated in one family household six members need it, mother, father, brothers and sisters. You really have lost your way; you keep making excuses and you keep spending large sums of money to put advertisements. Those advertisements that appear in the newspapers with Ministers photographs, what purpose does it serve? To wrap up fish? [*Laughter*] What does it do? How does it add value? Cut off that; pump that money into the national community.

“Staff of the Bank's Development Research Group note, in a November 2008 paper...”

The research is there; the information is there. When you send your staff to pull down anything, they pull up anything, give it to you, you come here and read it out, you do not know what it is, be current.

“‘Lessons from World Bank research on financial crises,’ that the short-term responses to a crisis—macroeconomic stabilization, trade policies, financial sector policies and social protection—cannot ignore longer-term implications for both economic development”—and to make sure that the needs of people are met.

“‘A new agenda is now emerging for financial sector policymaking,’ says Asli Demirguc-Kunt, Senior Research Manager, Finance, in the World Bank’s Development Research Group. ‘This crisis is prompting a reassessment of certain principles and practices in financial sector policymaking.’”

Nothing you said today, absolutely nothing you said today, is stimulating any new development, any new growth. You are not managing your own resources that you have; you are not regulating. I think it was the Member for Port of Spain South, who spoke about directorship in three and four different places. When you look at all the state companies, it is every PNM family and friend. In fact, in WASA, you would recall a senior Government Minister’s spouse got a big job there for \$25,000 with a school-leaving certificate. This is what you have reduced this country to.

“A stronger financial system will also require effective collateral registration and enforcement systems.”

It is very important that countries come together to face the crisis in a coordinated way. We want to throw out to the Government, let us all come together, united—as Mr. Panday said, a united front. We do not want office; we have been there; I have a jacket, I do not need a new jacket; I do not need to eat in a restaurant in Port of Spain. Let us come together for the country; let us pool our talents and resources; let us invite all the citizens of this country to get involved in saving this country; to save our brothers and sisters. This is not PNM country; it never was; it never will be; this is Trinidad and Tobago for all of us. I give a commitment to my Chief Whip that I will speak for 20 minutes; I have two more minutes. [*Crosstalk*]

Mr. Speaker, under your watch in this Parliament because it is now on electronic media, some will say that you are an excellent Speaker and I will join in that chorus, and others will say under your watch it was the worst performing

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Government. They come with no new ideas Friday after Friday; they will not answer questions; they will not treat with any issues at hand. I want to make sure, as I conclude, that the crisis the country is facing requires all hands, all hearts and all heads coming together.

This loyal Opposition of Trinidad and Tobago is prepared to lend support in saving Trinidad and Tobago. So, let us get together and do what we must do; work together. There is a crisis that is going to affect each one of us. Your son or daughter attending school with my son or daughter cannot go to school with lunch if my son or daughter does not have, and you cannot take them to a private institution for medical treatment if my son cannot get it at the local health centre; so we have to work on this one together.

Thank you very much.

The Minister of Finance (Hon. Karen Nunez-Tesheira): Thank you, Mr. Speaker. I was going to start my contribution with a few preliminary comments, but I cannot resist the opportunity to comment on what the Member for Fyzabad ended. After making all kinds of comments following, I suppose, the "example" of the Member for Chaguanas West, about why were we spending all of our time debating this Bill when there is serious crime, et cetera, et cetera, I was happy to hear him say at the end of his contribution that we have a crisis and we must unite together to deal with this crisis. So, I am glad at the end of his contribution he saw the light and recognized that this was the situation, and in the circumstances made it important that this Bill be brought before the honourable House.

I want to really start with a few preliminary comments and this is in response to comments that have been made on the other side. The first comment I want to address is the seven days notice. With regard to that matter, there have been extensive consultation on this Financial Institutions Act. In fact, more recently after an extended period of years, we went back to a public consultation—and I emphasize the word "public" not "sectoral"—as recently as May of this year; that is a few months ago. In addition, I know the Member for St. Augustine did mention that the legislation, the Bill and the Act are on the website.

The Governor had signalled that this legislation was coming, and I may also add that I have been saying this a few weeks now. I cannot remember what the forum was, but it was a public forum, where I indicated that on November 07, we intended to lay the Financial Institutions Bill in the honourable House; I think it was reported in the newspapers. So, I think it is a little disingenuous to say at this point in time that the other side had no proper notice of this Bill. That is in respect to the first point.

With regard to the other point, the suite of legislation; I agree with you and I do not think you will find any argument on this side that there is a need to pass the legislation that complements, and it could be considered as a suite of legislation on financial institutions, and this Government is committed to so doing. I am very pleased to see from the very early contribution of the Member for St. Augustine that the other side is supporting this legislation, so it appears, and we welcome that, because we do agree that we should unite, if not hearts, heads on this.

With regard to giving an indication of the suite of legislation, the Securities Industry Act is before the Legislative Review Committee and this is the step before tabling it before Parliament. We have gone through the Cabinet and before the Legislative Review Committee, and because we wanted to make sure before we brought it here that all the concerns that had been expressed were cleared up, we are expecting that we would be able to bring it at the very beginning of the new parliamentary term.

With regard to the Insurance Act, I understand Central Bank indicated that the Bill would be sent for consultation in early December 2008, which is next month. With regard to the credit union legislation, I can speak on this, that we have had several consultations with the credit union movement, and one of the reasons it is not here as yet, is because we have continued the consultative process.

In fact, since I have been Minister of Finance, I have had about three or four consultations with various arms of the credit union movement, with the hope and intention of bringing some sort of consensus with regard to this. I can assure you that the consultation has taken place, and the policy document is being prepared. In fact, a Bill is being drafted for consultation early in 2009. The pension legislation for occupational pension plans, a policy document will be sent out for consultation in February 2009. So, that will give you a good indication of where we sit with regard to the legislation.

7.45 p.m.

The Member for Caroni East raised an issue—and I have an answer for him—with regard to, and this was the question that I believed you posed. What system does the Minister of Finance plan to put in place to deal with the problems of motor vehicles insurance companies not honouring claims? The answer to that is, the Central Bank has issued a claim guideline on September 30, 2008—that was two months ago—and the Central Bank acknowledged the need to address the tardiness and irresponsible behaviour of some of the insurance companies, as a result, they have been working through consultation—again this is what we

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believe in consultation—with the industry; that is the companies, the brokers and the adjusters to develop a guideline and the guideline has key elements, crucial timeline for the settlements of claims and responsibilities of all stakeholders, companies, brokers, adjusters, the claimants and timelines for the payment of claims.

So, that is in response to the question I believe the Member for Caroni East raised. With respect to a question that had been raised again by the Member for Caroni East that the Bill excludes all mortgage companies, the response to that is, under the Bill, as under the Financial Institutions Act, mortgage and trust companies are regulated by the Central Bank because they conduct business of a financial nature as defined under clause 17(2) of the Bill.

The Third Schedule only proposes to exempt certain named institutions. So, I think that gives you some of the answers that had been posed by the other side and I trust that this will give some clarity. Now with regard to the—

Dr. Gopeesingh: If you look at clause 121, it says here that certain duties under the Third Schedule exempted activities, insurance companies registered under the Insurance Act, the collection of funds in the form of premiums and the activities set out in paragraphs 5, 6 and 7 on the First Schedule and that paragraphs 5, 6 and 7 of the First Schedule have the mortgage and trust companies in it, so, kindly address that aspect, something is wrong there.

Hon. K. Nunez-Tesheira: I will maintain the position I have taken. I have gotten advice from the Central Bank so that if in the course of my response they can give me a further enlightenment in response to your question which I thought was adequate we will do so. I have undertaken that if during the course of my contribution I can further elucidate on the point I will do so.

So, to move on therefore, one of the things I wanted to address is another comment that had been made—really and truly I think this comment really speaks to a lot of, and I mean it with all the greatest respect, certainly it is articulated—by the other side, a lack of self-belief, a lack of confidence—

[*Hon. C. Imbert stands*]

Dr. Gopeesingh: [*Inaudible*]

PROCEDURAL MOTION

The Minister of Works and Transport (Hon. Colm Imbert): Do not try that. Mr. Speaker, I wish to move a Procedural Motion under Standing Order 10, that the House continue to sit until the conclusion of the debate on the Financial

Institutions Bill and there is one matter on the adjournment from the Member for Cumuto/Manzanilla.

Question put and agreed to.

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Hon. K. Nunez-Tesheira: Thank you, Mr. Speaker. I was really responding to another comment—it is more than a comment—on the other side and it really spoke—and I suppose it is not only from one of the speakers, it really was a thread that carried through with about two or three of the speakers—to the lack of belief and a lack of confidence in the people of Trinidad and Tobago because even though we represent the people of Trinidad and Tobago, we are only 26 people, so when you condemn us you condemn the people of Trinidad and Tobago because what you are saying is that we who represent them—and they are thousands and thousands of people—that we are saying—*[Interruption]* Yes, it is a sequitur because we speak on behalf of the people of Trinidad and Tobago. The engines of this economy are not run only by the 26 people who sit here, we represent—*[Inaudible]* It cannot be! There are a number of persons like your good self Member for Chaguanas West who have business interest.

So, what you are saying is a condemnation of the people of Trinidad and Tobago when you stand here and talk about the IFC as if it is some sort of pipedream, as if it cannot be realized, because what it is, it is really speaking to your own self and speak to how you view yourself, but we on this side do not share that belief and we believe in the people of Trinidad and Tobago and that is not just idle chatter, it is not just talk, we have a track record to prove it.

I want to speak first to the comment made, I believe, by the Member for St. Augustine, when he spoke about the FTAA and he was almost speaking about it in pejorative terms, as if it was somehow a reflection on the people of Trinidad and Tobago and the Government of Trinidad and Tobago. I am sure that he well knows that the FTAA and the failure of the FTAA has much more to do than a little island of 1.3 million; it is a number of countries involved, one of which was the United States of America. The fact that the FTAA has not become a reality cannot and—I do not imagine you are saying that—is a reflection on Trinidad and Tobago. Indeed, the reflection on Trinidad and Tobago is this, that there are only two countries that were shortlisted to be the headquarters of the FTAA, only two countries and to be more specific, Miami and Trinidad and Tobago, Port of Spain and that says a lot about Trinidad and Tobago. *[Interruption]*

So, when you see that Trinidad and Tobago was shortlisted—*[Interruption]* but, Member for San Fernando East that is the problem, he hears what he wants to

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hear because I am getting the opportunity to bring to his attention the contribution of the Member for Port of Spain South when he misquoted her and said that she said “most simplest”. The Member did not say that, she said “most simplistic and applied level,” that is what the Member said, but you choose to hear what you wish to hear.

Let me continue with my contribution and the *Hansard* report will settle that dispute. [*Interruption*] I want to say that what it is that makes Trinidad and Tobago such—the opportunity to be shortlisted to be the headquarters for the FTAA, it is the same reasons that make Trinidad and Tobago an excellent destination, an opportunity to be an international financial centre. [*Desk thumping*] It is the same reasons. Whether you like it or not and you do not want to hear it, it is the same reasons.

We had Oliver Weinman—I have said that on another occasion—do a sort of SWOT analysis to see what are Trinidad and Tobago's strengths. This is what it said and this is what many other—not only the Standard and Poors, Moody, we have met with investors forum and they have all said the same thing. In fact, the Prime Minister, myself and other Members—I believe, not of the Cabinet—went to Dubai and coming out of that trip, one of the things that came out was clearly that Dubai had many similarities with Trinidad and Tobago and it was clear—

Mr. Maharaj SC: No way! In what way?

Hon. K. Nunez-Testeira: Yes, there were. [*Interruption*] There are similarities—well if you can give me an opportunity perhaps I can teach you something, Member for Chaguanas West, because I too was a teacher at a tertiary level institution mind you, but I was also a teacher.

Let me just say what are the things that make Trinidad and Tobago a good candidate: Language, the language of commerce is English, we speak English. Political stability: Very critical in this side of the world, because when you deal with economies in Central America and Latin America, we know that political stability is an important criterion. Our location: Very important, the location. When I said there are commonalities; one of the things we found out when we went to Dubai is this. How did Dubai start? Dubai can fit into the Sangre Grande Regional Corporation at least once and even twice. That is how small Dubai is. So, size does not matter. First lesson, size does not matter. Second lesson; where is Dubai located? Dubai is located in a situation geographically in the Middle East and in the Asian economies. Trinidad and Tobago; where is Trinidad and Tobago located? In the very critical significant position in regard—

Hon. Member: Is that the Government's position? [*Crosstalk*]

Hon. K. Nunez-Tesheira:—to Central America and South America. Not only that, when you hear the history of Dubai and that is more interesting. In fact, I have here the report from Oliver Weinman [*Crosstalk*] and what you will find out is how did Dubai start? In fact, when we did a symposium we had Alex Chaplan, he went to represent PWC to do the regulatory framework for Dubai, and what he said is when they sent him there, it was 125 hectares of desert sand and Dubai unlike other countries in the Middle East United Arab Emirates, does not have oil, does not have gas. [*Interruption*]

It is Qatar; those are the countries that have the oil and gas. They do not have much oil and gas reserves, but what Dubai had is what we have on this side, a sense of “yes we can”. “Yes we can” that is what we have! [*Desk thumping*] And a sense of self belief and visionary leadership, that is what we have on this side. [*Desk thumping*] That is what we have on this side! I can give you another example. Ireland, when Oliver Weinman—I have their report here—when they looked at Ireland and what are the difficulties that Ireland had to face when they wanted to become an IFC, it was one of the three poorest countries in the European Union. The high death ratio, 100 per cent of GDP in 1987, high inflation, an employment rate of over 18 per cent, poor data quality environment, limited financial market structure; those are the kinds of challenges that Ireland had, and that is what the speaker said.

If you had come to the symposium you would have heard him, what he said it was the vision of a leader who believed that Ireland could become an international financial centre and 10 years later *The Economist* had an article and the heading was “The Shining Light of Europe”. That was Ireland and what was the difference? A visionary leadership and a sense of self-belief. [*Crosstalk*]

I heard the other side talk about—and I will speak to the vision because it is not “pie in the sky”, [*Interruption*] because we have a track record to support what we are saying. That is the difference! I heard the other side, I believe the Member for St. Augustine speak and talking about Trinidad and Tobago and what the *Gleaner* had to say about Trinidad and Tobago, but clearly he has not been reading all of the *Gleaner*'s editorials or publications, because this is what the *Jamaica Observer*—actually more recent, I think within the last week there was an article coming out of the *Gleaner* that spoke in very glowing terms of Trinidad

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and Tobago's potential to be an IFC. This is an article on September 12, 2008 in the *Jamaica Observer* and this is what Keith Coalister had to say:

“My recent trip to a bustling Port of Spain suggested that Trinidad seemed to be well on the way to becoming the financial capital of the Caribbean.”

This is what they had to say. [*Desk thumping*] Not we, they had to say about us:

“...and despite holding the Trinidad and Tobago International Financial Centre Symposium on April Fool’s Day, Trinidad is clearly far from joking in its bid to create the Caribbean's newest International Financial Centre.”

This is what they had to say about Trinidad and Tobago. In fact, Mr. Speaker—

Hon. Member: A letter to the editor.

Hon. K. Nunez-Tesheira: No, no.

Mr. Speaker: Order!

Hon. K. Nunez-Tesheira: Please do not ascribe, that is what you call projection and we do not indulge in that.

What are the reasons that we believe that we can become an international financial centre? Well, I gave some of the indications, but the most important I think is visionary leadership and a sense of self-belief. We have the track record to support it. We have the track record to support it, and Member for Chaguanas West I will give you the examples of that track record. In the 1970s, what is Trinidad and Tobago's economy based on? They say it all the time, it is the energy sector. What is the energy sector? It is not really oil, because it is 150,000 barrels of oil that we produce in Trinidad and Tobago. It is gas, LNG and all the petrochemical industries that flow from that. It is from gas. That is what is responsible in the main part for the state of our economy.

In fact, we know already that the LNG that Trinidad and Tobago provides the United States with is 70 per cent of its domestic requirement; we know that Trinidad and Tobago is the largest exporter of methanol and ammonia, and what is amazing, we have 0.4 per cent of the world's natural gas resources and the world is amazed at how we do so much with so little. [*Desk thumping*] Yes they are. Mr. Speaker, that did not happen by—I have said it before but perhaps I need to say it—happenstance—that is the expression. It is not by happenstance it occurred. In the 1970s the decision to monetize the natural gas was made by the

then leader of the PNM administration, Dr. Eric Williams, *[Interruption]* You have heard it but you see you come here and say to us that we are indulging in pipe dreams and these are the kinds of things that we need to tell the people of Trinidad and Tobago—

Mr. Maharaj SC: Stop the murders.

Hon. K. Nunez-Tesheira:—that we need to believe in ourselves. For those who doubt like the doubting Thomases we need to tell them that we have the track record to support what we are saying on this side. In the 1990s the first LNG plant in the Atlantic Hemisphere in 28 years, and whilst the UNC may have come into power and enjoyed the benefits of the coming into effect of Train 1 of the Atlantic LNG, it was the PNM administration under the leadership of Patrick Manning that brought that into fruition. *[Desk thumping]* That is the truth! That is the truth and they know it is the truth, liberalization of the economy. *[Desk thumping]* The fact that Trinidad and Tobago made the decision, and a courageous decision I may add in the 1990s to liberalize our economy, it was the time when the manufacturing sector had a campaign to blow its horns and to do not vote and they said that this was going to be the end of the manufacturing sector, the opposite has happened. *[Interruption]* The opposite has happened!

So, Mr. Speaker, those examples that I have given you speak, not only for visionary leadership and a “yes we can” attitude, but speak to a track record that we cannot deny.

8.00 p.m.

Dr. Moonilal: Is the Minister aware that the former Finance Minister, ANR Robinson, in 1987, reported that the Treasury was not just empty—to put it differently, the Government has been surviving on overdraft from the Central Bank, the Minister of Finance in 1987?

[Mr. Manning stands]

Dr. Moonilal: You want to jump up. *[Laughter]* You want to question the question. *[Laughter]*

Mr. Manning: I could answer that for you. I was there, you know.

Dr. Moonilal: That is why you jumped out of the barber chair. *[Laughter]*

Hon. K. Nunez-Tesheira: Do you want to go?

Mr. Manning: “You go ahead, doh bother with dem fellas.” I could answer you, but let me leave you alone. I was Leader of the Opposition then.

Hon. K. Nunez-Tesheira: 1987? Mr. Speaker, these are the matters that we have come here to address today, the Financial Institutions Bill, and I want to sum up in a sense what this Financial Institutions Bill means. I think it is well said in clause 5(2) of the Bill. Clause 5(2) of the Bill says:

“The primary objective of the Central Bank, in respect of the licensees shall be to maintain confidence in, and promote the soundness and stability of, the financial system in Trinidad and Tobago.”

So, in essence and if I have to encapsulate what the Financial Institutions Bill speaks to, I think clause 5(2) sums it up very well.

Mr. Speaker, I have heard mention made that until—I expect that you have been saying, Member for St. Augustine, if I have to follow your argument, that somehow in the last few utterances, I have indicated that we are not immune from the international financial crisis. I have challenged you and I have asked you to bring evidence that I have said otherwise. You had the opportunity so to do and I would be very grateful to hear that. Mind you, when you do that, I do appreciate that we do not do perhaps what others may be tempted to do, to be very selective in how we quote—[*Interruption*]

Dr. Browne: Cherry picking.

Hon. K. Nunez-Tesheira: Yes, cherry picking—and be fair in how you represent what I have said. Because I have never ever said, that Trinidad and Tobago stands immune for the international financial crisis. In fact, I was looking to bring to the honourable House a speech that I had given, I believe in March of 2008 in which I had indicated in some detail, the implications of a global recession if there were one, because at that time we were still talking about a subprime mortgage crisis and we had not reached to the point. There was the question whether the United States was in a recession or was not in a recession, and the implications for the globe, whether in fact we would have ended up in a global recession. That was the conversation that was happening and what I said and what I stand by today and say, is that Trinidad and Tobago stands in a far, far better position to withstand any downturn, any global recession than it has ever been in, ever in its history, whether it was the 1980s or 1990s. That is what we have said and we stand by that position.

Hon. Member: George Chambers was saying that too.

Hon. K. Nunez-Tesheira: Mr. Speaker, I believe in order to really have an appreciation of the implications of the Financial Institutions Bill, it is really important I think to understand in a sense how this whole thing began, because

what happened in the United States and what has happened in the world, really speak to the importance of this Financial Institutions Bill. I am pleased to hear and we on this side appreciate that you will support the Bill.

So without going into too much on it, the Minister of Legal Affairs, the hon. Peter Taylor, spoke very eloquently on how the subprime mortgage crisis morph into the international financial crisis. But what is important, Mr. Speaker, to take out of it is this, when the subprime mortgage crisis which was really giving mortgages to persons at not the prime rate, at higher rates, to persons who had questionable credit histories or no credit history and giving them loans to purchase homes—But what happened was that they took these mortgages and made them into securities, what we call “acid backed securities”, and these were packaged into acid backed securities and special investment vehicles or SIVs were established and they were what you call, “off the balance sheet unregulated industries”. So they were not part of the regulated industries.

Mr. Speaker, what happened was this. When you had declining lending standards, easy initial terms and a long-term trend of rising house prices, encouraged brokers to assume difficult mortgages in the belief that they would be able to quickly refinance at more favourable terms. So what happened? Mortgage foreclosures. Borrowers could no longer service their mortgages as house prices failed to increase and refinancing became difficult. What else happened? Banks and financial institutions suffered losses and had a reduced pool of capital to lend other banks. Mortgage guarantors had to be taken over by the State—something America thought they would never do. They had to have equity injection into almost “nationalized private organizations”—institutions collapsed; surviving institutions suffered losses and had a reduced pool of capital to lend under tighter terms.

So then we had the contagion effect, the financing trouble of one institution affected others, and ultimately we have what we call, an international—but Member for Chaguanas West, you know I am trying here today to be serious, articulate and intellectual. So, I want to banish any thought that we on this side, what it is called, “giggly” and even that I have to laugh, but I cannot help it if you amuse us so much. So ultimately you have had a tighter global financial condition, slowing economic activity and weakening economic growth and I think it is important to see where the world stands today. Advanced economies like the United States, Europe, United Kingdom, minus zero growth.

Hon. Member: Minus zero growth? [*Crosstalk*]

Hon. K. Nunez-Tesheira: Mr. Speaker, what we have now is an international financial crisis that Trinidad and Tobago is not immune from and we have always

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said that, but I want to mention a bit of what the Member for Chaguanas West said about crime. He said why we are talking about this when we should be talking about crime. It depends on your definition of crime, Member for Chaguanas West, because crime does not only mean murder—

Mr. Speaker: Order!

Hon. K. Nunez-Testeira:—and robbery, there is Enron. You remember Enron? Enron—persons who are involved in money laundering, what we call white-collar crime, it is none the less a crime.

So, Mr. Speaker, what we are dealing with here, is dealing with that type of crime, the crime of a lack of accountability, a lack of regulatory oversight and a lack of transparency. We have addressed that as we have said already, interlocking directorship, the duties of directors and auditors, mandatory audits, financing holding companies and consolidated supervision.

I just want to mention before I wind up on this debate, that whilst the legislation speaks in terms of those types of provisions, it is also facilitative and there are many provisions in the legislation that are facilitative. There is a provision for a financial ombudsman; there is a provision also for the inspector to have a discretion in relation to interlocking directorships; there is a provision that requires the inspector to provide reasons within 14 days of any refusals to grant a licence requirement; and there are provisions that no longer require branches, domestic licensees to get a licence from the inspector.

Finally, Mr. Speaker, I want to respond to the comments of the Member for Chaguanas West, where he said no regulations—[*Interruption*]

Mr. Bharath: Minister, before you wind up. If you are winding up, are you? You said finally. I had sent you a little written note regarding a query—[*Interruption*]

Hon. K. Nunez-Testeira: I got your note.

Mr. Bharath: Yes, would you deal with that?

Hon. K. Nunez-Testeira: Have no fear. [*Crosstalk*] Mr. Speaker—

Mr. Speaker: Order! Order!

Hon. K. Nunez-Testeira: No, no, he asked—I am sorry to disappoint all of you. Mr. Speaker, the Member for St. Augustine asked, is clause 42(3) correct? Is it 800 per cent of capital base? It is correct. I confirmed that. I had thought that they had told you, I am sorry. No, it was not an error.

Finally, the Member for Chaguanas West talked about the need for regulations. Not so? Without regulations, what is the point of legislation? Well, I have checked and come today to tell you what are the provisions and which ones of them require regulations:

- Revocation and restriction of a license—regulations not required;
- Prepublication of list of licensed institutions—regulations not required;
- False statements about license status—regulations not required;
- Restriction on dividends—not required;
- Restriction on financial institutions acting as insurance agents—not required;
- Vesting orders—not required;
- Obtaining information from exempting institutions—not required;
- Protections of rights for unlawful transactions—not required;
- Regulations of interlocking directorships outside of a financial nature—not required;
- Appeals—not required;
- Controller shareholder and significant shareholder—not required;
- Publications—not required.

However, I have been told that there are some provisions that do require regulations and they will be making them as they do in many instances. There are about three of them. Based on the information I have here on the regulations of electronic money, there is a need for a regulation. The other two, selective credit control working capital and deposits, regulations are required; and mergers and acquisitions under clauses 73 and 74, yes regulations are required. I believe that those are the three that have been indicated to me require regulations, but the vast majority do not require any.

Mr. Speaker, in closing, to be a good team player, you have to be a team player and we recognize that your side supports the Bill this evening and we are very happy so to acknowledge and so without further ado, I beg to move.

Question put and agreed to.

Bill accordingly read a second time.

Bill committed to a committee of the whole House.

House in committee.

8.15 p.m.

Clauses 1 to 55 ordered to stand part of the Bill.

Mr. Maharaj SC: We are supporting the Bill, but we just wanted to get something on the record.

You stated that there was consultation with the banks and financial institutions and they have not seen any problem with it.

Mr. Imbert: Yes.

Mr. Maharaj SC: We tried to speak to some of them. We were told by a particular group that they had objections, but when we looked at the Bill we could not have seen any basic objections to it. *[Interruption]* It was one institution. I do not know if they were just saying it, but they did not want to say what the objection was.

Mrs. Nunez-Tesheira: I am just confirming with Central Bank, who really did the last public consultation; they have confirmed that there was no objection on the record.

Clauses 56 to 72 ordered to stand part of the Bill.

Clause 73.

Question proposed, That clause 73 stand part of the Bill.

Mr. Sharma: Mr. Chairman, clause 73 seems to suggest that the Central Bank would have the power to grant the approvals, et cetera. But it also talks about the interference of the Minister. What is the understanding?

Mrs. Nunez-Tesheira: Mr. Chairman, I am just confirming that clauses 73 and 74 are part of the current legislation; this is not a change. This is the current legislation, and so it is not an amendment or change to the legislation.

Mr. Sharma: Can you advance an explanation as it obtains now?

Mr. Speaker: Could you repeat the question, hon. Member?

Mr. Sharma: Clause 73 seems to suggest that the Central Bank is in charge. It goes further now and talks about some circumstances that it is the Minister for mergers and so on. What is the understanding here? Is it that Central Bank will not be in charge or will Central Bank be in charge?

Mrs. Nunez-Tesheira: The Minister only in circumstances where the share exceeds 40 per cent and that, in fact, was the position under the old legislation;

there is no change. When it comes to 40 per cent of market share, that is the position under the current legislation, and there is no change to that.

Mr. Sharma: Is it that the Minister still participates or could it just be the Central Bank?

Mr. Maharaj SC: If I may assist in some way. The merger can be approved either by the Central Bank or by the Minister; that is the practice, not only in Trinidad and Tobago, but in a lot of Commonwealth countries, because the Minister is responsible. It has been in existence there, and the Minister may make orders.

Mr. Imbert: My notes tell me, for the benefit of the Member for Fyzabad, that clauses 73 and 74 of the Bill are the same as sections 39A and 39B of the Financial Institutions Act, as amended in 2006. It provides for the prior approval of the Central Bank and, in some circumstances, the prior approval of the Minister for mergers and acquisition involving a licensed financial institution or financial holding company. Clauses 73 and 74 also outline the matters and criteria to be taken into account by the Central Bank or the Minister when granting such approval. So they are the same provisions as 39A and 39B of the existing legislation.

Mr. Sharma: All I am asking is that if the Central Bank can do this, there may be no need for the Minister's participation anymore. I am saying that you could remove the Minister.

Mr. Speaker: I think the matter was adequately explained by the Member for Tabaquite. Shall we move on.

Question put and agreed to.

Clause 73 ordered to stand part of the Bill.

Clauses 74 to 80 ordered stand part of the Bill.

Clause 81.

Question proposed, That clause 81 stand part of the Bill.

Mr. Sharma: This is saying whether a firm of accountants is qualified to act in the capacity of auditors. In Trinidad and Tobago accountants can be auditors; the qualifications are the same, so this should not stand.

Mr. Speaker: Could you repeat that question, please?

Mr. Sharma: Clauses 81 to 85 talk about whether a firm of accountants is qualified to act in the capacity of auditor for a licensed financial institution.

Accountants by their training and qualifications can also be auditors, so there is no need to enquire into if a group of accountants can.

Mr. Imbert: My notes tell me that clause 81(4) to (5) outline the criteria for determining whether a firm of accountants is qualified to act in the capacity of a licensed financial institution. A key criterion in determining whether a firm of accountants is qualified to act as auditor, is the independence of the partners of the firm in relation to the licensee or the financial holding company.

This concept of independence is defined in subclause (5); subclause (9) further safeguards independence and an absence of a conflict of interest by restricting the additional services the auditor can provide. This means not every accounting firm would meet the criteria to be an auditor, since conflict of interest or the lack of conflict of interest must first be established.

Question put and agreed to.

Clause 81 ordered stand part of the Bill.

Clauses 82 to 120 ordered to stand part of the Bill.

Clause 121.

Question proposed, That clause 121 stand part of the Bill.

Dr. Gopeesingh: I would like the hon. Minister to look at clause 121 with these exemptions.

Mr. Chairman, the exempted areas that we spoke about under Part II of the Third Schedule, the second paragraph (b), the activities set out in paragraphs 5, 6 and 7 in the First Schedule are exempted. If you look at 5, 6 and 7 of the First Schedule, No. 5 is mortgage institutions, No. 6 is trust companies, and No. 7 is Unit Trust.

So the Mortgage Finance, Trust Company and the Unit Trust are exempted from this. Does the Minister want that to continue? [*Interruption*]

Mrs. Nunez-Tesheira: The response is that the Schedule speaks to insurance companies and their activities are regulated under their own legislation, the Insurance Act.

Dr. Gopeesingh: The Insurance Act would cover those companies?

Mrs. Nunez-Tesheira: That is correct.

Dr. Gopeesingh: Who will be the regulator of those?

Mrs. Nunez-Tesheira: The insurance companies? It will be the Central Bank.

Dr. Gopeesingh: The Central Bank and the inspector?

Mrs. Nunez-Tesheira: Under the Insurance Act the Central Bank is the regulator. It is no longer the Supervisor of Insurance; it is now the Central Bank under the new insurance legislation.

Dr. Gopeesingh: Is it the Central Bank or the inspector of financial institutions?

Mrs. Nunez-Tesheira: The Central Bank is the inspector of financial institutions.

Dr. Gopeesingh: If they are covered by the Insurance Act—

Mrs. Nunez-Tesheira: Yes they are.

Mr. Bharath: In the Third Schedule, Part I, which talks about exempted institutions, are you saying that the Trinidad and Tobago Mortgage Finance Company, Caribbean Leasing Company and others listed here fall under the Insurance Act?

Mrs. Nunez-Tesheira: No, they do not fall under the Insurance Act. I am subject to being corrected, but I believe there is something, whether an order or legislation that exempts certain companies. I believe, subject to being corrected, it would be the UTC and the TTMF.

Dr. Gopeesingh: The UTC is covered by its own Insurance Act?

Mrs. Nunez-Tesheira: They are an exempted institution under this legislation.

Mr. Bharath: Minister, I just wanted to also carry on from there, because it says in sections 1, 2 and 3 that the Central Bank may at the request of the Minister require information or enquire into, and so forth. Under what conditions would the Central Bank request the Minister to enquire into these organizations that are exempt?

8.30 p.m.

Mrs. Nunez-Tesheira: Mr. Chairman, through you I am told that it is stated in the legislation although I am not seeing it here. It does not state the circumstances; it is at the discretion of the Minister to do so under section 123. But I understand that these clauses 123 and 124 are the same as sections 65 and 66 of the current legislation and they provide:

“the Central Bank at the request of the Minister, require information from, enquire into, and examine the affairs of any financial institution mentioned in the Third Schedule.”

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In essence, these sections already exist under the current Financial Institutions Act and it does not set out the circumstances under which, but it is a question about discretion which the Minister may exercise.

Mr. Bharath: If you are suggesting that the criteria set out in the previous Act—

Mrs. Nunez-Tesheira: It is not.

Mr. Bharath: So it is just the discretion.

Mrs. Nunez-Tesheira: It is a discretionary provision.

Mr. Maharaj SC: Mr. Chairman, am I correct that the Third Schedule from 1 to 8 are really Government entities? Section 123 refers to the Third Schedule, does it not?

Mr. Imbert: The third, fourth and fifth ones would not be Government.

Mr. Maharaj SC: Notwithstanding, the Minister has the power under existing law to do—

Mr. Imbert: That is what it says, that under sections 65 and 66 of the Financial Institutions Act (FIA), clauses 123 and 124 are the same as 65 and 66 of the existing FIA which provides for “the Central Bank at the request of the Minister, require information from, enquire into, and examine the affairs of any financial institution mentioned in the Third Schedule.”

Mr. Maharaj SC: In any event, if there is any problem, in the other place you all can look at it.

Question put and agreed to.

Clause 121 ordered to stand part of the Bill.

Clause 122.

Question proposed, That clause 122 stand part of the Bill.

Mr. Sharma: Mr. Chairman, I was wondering if the Government would consider, where the offence is committed, a payment not exceeding the fixed penalty. This is new legislation and there could be human errors, so if they will go with the fixed penalty type as specified in the Fourth Schedule and allow a payment not exceeding so there would be some flexibility.

Mr. Imbert: I think the rates speak to the payment of the fixed penalty so you can interpret that to mean—

Mr. Sharma: There is a fixed penalty in the Fourth Schedule.

Mr. Imbert: That is what it says. It is payment of a fixed penalty specified for the offence in the Fourth Schedule.

Mr. Sharma: I am suggesting that you term it: “to pay a penalty not exceeding...” So if the penalty is \$500,000 the magistrate can have the flexibility to—

Mr. Imbert: Once it is payment of, the judicial officer—and I am subject to correction by the learned Member for Tabaquite—would be allowed to impose a penalty up to the amount—

Mr. Sharma: Does it say that in section 122?

Mr. Imbert: No, but that is practice, that is in the Interpretation Act, the judicial officer can impose a penalty up to that. That is a maximum figure, okay.

Mr. Sharma: Attorney General, do you agree?

Mrs. Anisette-George: Yes, I agree.

Question put and agreed to.

Clause 122 ordered to stand part of the Bill.

Clause 123 ordered to stand part of the Bill.

Clause 124.

Question proposed, That clause 124 stand part of the Bill.

Dr. Gopeesingh: Mr. Chairman, I want to find out if “a fine of ten million dollars” is a typographical error.

Dr. Moonilal: That is where the money gone?

Question put and agreed to.

Clause 124 ordered to stand part of the Bill.

Clauses 125 to 132 ordered to stand part of the Bill.

First to Sixth Schedules ordered to stand part of the Bill.

Seventh Schedule.

Question proposed, That the Seventh Schedule stand part of the Bill.

Mr. Imbert: Mr. Chairman, there is a typographical error with respect to the Seventh Schedule.

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Mr. Chairman: In the Schedule after Part xv, omitted from there are the words “Seventh Schedule”. It is a typo so we will correct that and just for your information, the Bill does not refer to a Seventh Schedule in the heading, but there is a Seventh Schedule.

Question put and agreed to.

Seventh Schedule ordered to stand part of the Bill.

Preamble approved.

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

House resumed.

Bill reported, with amendment.

Question put, That the Bill be read a third time.

The House voted: Ayes 30

AYES

Imbert, Hon. C.

Manning, Hon. P.

Nunez-Testeira, Hon. K.

Gopee-Scoon, Hon. P.

Kangaloo, Hon. C.

Abdul-Hamid, Hon. M.

Dumas, Hon. R.

Taylor, Hon. P.

Swaratsingh, Hon. K.

Parsanlal, Hon. N.

Beckles, Miss P.

Mc Donald, Hon. M.

Le Gendre, Hon. E.

Browne, Hon. Dr. A.

Callender, Hon. S.

Cox, Hon. D.

Jeffrey, Hon. F.

Hospedales, Hon. A.

Joseph, R.

Hypolite, N.

Regrello, J.

Maharaj, R. L.

Warner, J.

Moonilal, Dr. R.

Gopeesingh, Dr. T.

Bharath, V.

Panday Miss M.

Sharma, C.

Peters, W.

Partap, H.

Question agreed to.

Bill accordingly read the third time and passed.

ADJOURNMENT

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Speaker, I beg to move that this House do now adjourn to a date to be fixed.

Having said that, I want to put hon. Members opposite on notice that the likely date for resumption is Wednesday, November 26, 2008. The reason for this is that we are examining the Children Bill and have decided to give everyone sufficient time to examine the points made by the Opposition. We are giving very careful consideration to the points contained in the letter sent to me by the Opposition Chief Whip which indicated some issues with respect to the Children Bill that we need to examine.

I beg to move that this House do now adjourn to a date to be fixed.

Mr. Speaker: Before I put the motion on the adjournment, there is a matter to be raised and I now call on the Member for Cumuto/Manzanilla.

Over-billing of Customers (T&TEC)

Mr. Harry Partap (*Cumuto Manzanilla*): Mr. Speaker, this Motion on the Adjournment deals with the over-billing of customers by the Trinidad and Tobago Electricity Commission (T&TEC) since the introduction of the new rates. This over-billing has affected pensioners, low-paid workers, the middle class and even those high-end users, in some cases would be people who can least afford it. Some customers have had their bills reflect an increase of three times more than what the Bill had been prior to the application of the new rates.

Mr. Speaker, when T&TEC announced the increase in electricity rates, the Regulated Industries Commission (RIC) gave the assurance that electricity users at the lower end would have more to benefit than to lose from the increase in rates. In fact, in May 2008, the RIC announced what it claimed was “good news for residential A customers.” The RIC made bold to say that these customers would not have to pay more for electricity.

8.45 p.m.

The RIC said then that residential customers will actually experience a decrease in their total bills when the new rate structure and annual tariff adjustments are implemented from August 01, 2008. Now that the rates have been implemented, T&TEC customers are realizing that the RIC had misled them. The people of Trinidad and Tobago have once again been deceived. They were promised a decrease in their electricity bills but instead these bills are escalating. They were promised that estimated billing—that process from T&TEC—would have stopped and the actual billing would be reflected on their bills. The estimated billing is still there and it continues to be a disadvantage to the poor.

Yesterday T&TEC issued a statement on the issue of over-billing which may have been designed to derail this Motion. However, T&TEC, in that statement, offered some relief to affected customers, which is really a temporary relief. Neither T&TEC nor RIC has offered a permanent solution to this problem. They have not tackled the underlying problem, except to say that the matter will resolve itself.

There will be no permanent solution to this over-billing problem unless the RIC is prepared to force a system of monthly billing instead of the bimonthly billing. The problem is in the calculation of these bills. The bimonthly billing is placing an additional financial burden on consumers. T&TEC’s two-month billing cycle is calculated on 65 days when a normal two-month calendar cycle does not exceed 61 or 62 days. This may seem harmless, but when applied to rates on kilowatt units of electricity, it means customers having to pay more rather than less for units used.

Time permitting, I will refer to three examples of actual billings to compare monthly and bimonthly billings and the financial impact on customers. Example one: According to the RIC chairman, customers using 400 units and less will pay 25 cents per unit used. If they are billed on a monthly basis, that is every 30 days, one assumes that the customer used 400 units; he pays 400 units by 25 cents, which is \$100. However, if that customer is billed bimonthly, that is a 60-day period, and assuming that he uses the same 400 units in 30 days, he will end up paying for 800 units in 60 days, and that works out, on the first 400 units by 25 cents to be \$100 and the next 400 he will be charged 31 cents, when he should have really been charged 25 cents. He will pay \$124, which means that he will pay \$24. This customer pays \$24 more on a bimonthly billing. In one year T&TEC gains \$144 from that customer and I understand that there are 94,243 such customers.

My second example: Let us take a customer who uses 1,500 units in 30 days. Since he crosses the 400 units a month, he pays two cents more on the first 400 units than the customer using 400 units or less. His bill is as follows: On first 400 at 27 cents he pays \$108; the next 600 units he pays 31 cents which is \$186 and over 1,000 units—and he only uses 500—he pays it at 35 cents. That works up to be a total of \$469.

However, if the same customer is billed bimonthly, assuming that he uses the same 1,500 units in the month, he would be billed for 3,000 units in 60 days and this would mean that he would pay a total of \$994. So, really, that customer pays an extra \$56 on his bill calculated every two months and this may seem, as I said, insignificant, but accumulated in a year means that the customer pays \$33 annually more and I am sure that that customer could least afford it.

My third example is a customer that is billed for 1,884 units over 79 days, that is two cycle months of 30 days each, plus 19 days. Assuming that the units consumed per day is 23.9 units, over a 30-day period for the first month he will use 717 units; the second month another 717 units and for the 19 days he will use 450 units, coming up to 1,884. Assuming that his bill is calculated monthly, the first month he will pay \$198.27, the second month the same and the 19 days he will pay \$115. But by paying for 79 days the charge is \$604; by paying monthly, the charge is \$512.04. So he pays \$92 and a few cents more on a bimonthly bill.

This means that a customer pays \$370.64 more on his bill by the bimonthly billing system. If this is applied to 147,144 customers so affected, one can understand why T&TEC and the RIC prefer to keep the bimonthly billing. We on this side call on the RIC to instruct T&TEC to begin issuing monthly bills to

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customers if the intention is to assist the vulnerable in the society. If it cannot do so and must issue bills bimonthly, then T&TEC should calculate these bills on a monthly basis and truly keep the promise to provide lower electricity bills to domestic users.

Thank you, Mr. Speaker. [*Desk thumping*]

The Minister of Public Utilities (Hon. Mustapha Abdul-Hamid): Mr. Speaker, it was in 1998—and the identification of the year is very important because it was during the period when hon. Members opposite were actually in government that Act No. 26 of 1998 was passed, the Regulated Industries Commission Act. One of the purposes of that Act was to depoliticize the exercise of arriving at the formula—the principles and methodologies—by which service providers determine rates for services. I wonder if the hon. Member is asking that we re-politicize that particular exercise.

The RIC was established as an independent authority and it was established because it was felt at the time and even before, that some independent authority ought to be responsible for making the kinds of decisions as they impact on the calculation of rates. So now having set it up, I am now faced with a situation where a politician is asking me, as the Minister with responsibility for T&TEC, to direct the RIC to direct the Trinidad and Tobago Electricity Commission. I am wondering how reasonable that is in the context of the fact that this very legislation was passed during the period when the hon. Member opposite was in government.

I am wondering whether during that period he may have experienced some kind of mental blackout, because that was your legislation and you were the one who established the RIC as an independent body and I can read for you the details specifically what the RIC was established to do. The RIC was established to be an independent body to make that determination without the interference of any political activity. Having done that, we now come to reverse that. I cannot understand why.

We are moving from the old billing system where, as you will recall, we used to have exchange rate adjustments and fuel charge and so on. The RIC has arrived at a formula where they have established a tier system on the basis of a 60-to 65-day billing period, which is a two-month billing period. Now they have determined the tiers on the basis of 65 days, meaning that they have established a tier, 0 to 400 kilowatt hours; 401 to 1,000 kilowatt hours being tier two and beyond 1,000 kilowatt hours, on the basis of a 65-day billing period.

They could have had a 30-day billing period with 0 to 200 and 201 to 600 as the case might be. They had an exhaustive consultation process; it went on for a very long time—months. They would have consulted with T&TEC, with members of the public, with all stakeholder groups, union, political parties, public consultations and so on, and they have arrived at this particular formula. Now we are being asked because the hon. Member opposite woke up one morning and decided, no, all of that was not necessary; was not relevant; was not appropriate. He feels we should just arbitrarily have a 30-day billing period. What sense is that? How can that possibly make sense?

In any event, the authority of the RIC ought to be recognized and has been established and the formula that it now employs has been arrived at after a lengthy and very complicated and involved process, so we have been prepared to accept the law, accept the position of the RIC and we have been prepared to accept the formula that it has determined. But at this particular point in time because we are in transition, we do, in fact, have a particular challenge and the challenge is really moving from the old system to the new system.

In fact, the remedies that it has identified we have described them as temporary because we anticipate the problem to last only for a very short period of time. We do, in fact, have a challenge and the challenge is as a consequence of trying to do two things at the same time. One is to move from the old exchange rate fuel charge billing system to the new tier system which is based on a 65-day billing cycle and we are also doing something where we are moving from the old metering system to a new advanced metering infrastructure. So we are changing meters while at the same time we are moving from an old billing system.

It is that transition that has introduced a particular challenge that we are addressing and we will ensure that we address it so that the population is not adversely affected. The transition to the new metering is what is causing delays in being able to respect the billing period and it has caused T&TEC to go beyond the 65-day billing period and that is what the problem is. Let me tell you why the change of meters has caused a problem. People are billed in cycles or groups. You have a group of customers; that is a cycle. If within a 65-day period you are unable to change all the meters in that particular group, then you would find that people's bills would go beyond 65 days, so that you might end up being billed for an 80-day period, a 70-day period or a 90-day billing period.

The problem is, all the electricity you would have used at the end of 65 days, you are supposed then to start over from tier one after 65 days. Let us say you

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used 500 kilowatt hours of power over 65 days, the next cycle ought to start; instead of 501 you really should start over from one. You follow me?

9.00 p.m.

For that 65 days, you would have paid for the first 400 at 25 cents and the 100 at 35 cents. If you go to 90 days and add the total at being 600, you would end up paying for the first 400 at 25 cents next 200 at 31 cents. What should have happened is that the next 100 should have been at 31 cents and the 100 that takes you from 500 to 600 should have started over at 25 cents. Do you follow me?

Mr. Partap: Yes.

Hon. M. Abdul-Hamid: Right. I hope that you understand it. It is a little complicated. If we do not adhere strictly to the billing period we would have a problem. You would end up paying for electricity at the rate of the higher tier, when you should have started over from zero. The problem is that you would pay for tier two when you should have been paying at tier one.

The three times the bill that you have identified is craziness. That has not happened. Persons would have experienced an overbilling only to the extent of the difference between tier one and tier two in some cases. That will not be allowed to happen and go uncorrected because the Regulated Industries Commission (RIC) has a responsibility to monitor T&TEC and all the agencies to ensure that the methods are respected.

On Wednesday of this week, T&TEC and the RIC had a meeting where they arrived at an agreement which ensured that all customers would experience a rebate, a credit to their accounts. We will calculate the overbilling and ensure that our customers are in receipt of credit to the value of the extent that we might have overbilled. Customers need not worry about that. We are quite confident that we would get it done. The RIC is also determined to ensure that we monitor the problem. Once our meters are changed, we would not have a problem because as we change meters some are in the old and some are in the new. Once the whole cycle is changed, we would be in a better position in respect of the 60-day billing cycle. The only problem we have at this point in time is as a consequence of the fact that we are changing meters. We have already done about 295,000 meters and we have 100,000 more to do.

All persons who are in cycles where all the meters have been changed would not have problems. People are likely to experience the problem only once. We have put the mechanisms in place to ensure that we correct the billing error that

would have taken place. It is not as dramatic, hon. Member, as you have described it. It is only that some persons have been billed for some of their kilowatt consumption at a higher tier than they should have been. It was only because we have gone beyond the 65-day billing period. It is something that we understand very well. We are aware of the problem.

Hon. Member, you made the point that yesterday's release was intended to derail this. You will recall that I was prepared to go last week. You pleaded for us not to go last week because you were not ready and you had to get your evidence. We were ready and we have been working on the issue. We are aware of the problem. We have been meeting with the RIC and concluded. The RIC will oversee the process to ensure that we do not have a problem and any issue as it relates to any customer will be addressed. No customer will be disadvantaged. We can give the assurance that we would ensure that T&TEC does not receive money for consumption that people did not consume. We will ensure that fairness obtains in every case. Where there is a need for rebate, it would be afforded to the customers.

In addition to that, hon. Member for Cumuto/Manzanilla, any member, even after a rebate is granted or credit is provided for in the account of customers, any citizen who has a query is still invited and encouraged to approach the Trinidad and Tobago Electricity Commission to have that query addressed.

Thank you.

Mr. Speaker: Hon. Members, before you rise let me indicate to you that there is dinner and you can avail yourselves for dinner in the lounge.

Question put and agreed to.

House adjourned accordingly.

Adjourned at 9.06 p.m.