

Senator's Appointment

Monday, November 29, 1993

SENATE

Monday, November 29, 1993

The Senate met at 1.30 p.m.

PRAYERS

[MR. VICE-PRESIDENT *in the Chair*]

SENATOR'S APPOINTMENT

Mr. Vice-President: Hon. Senators, I have been advised that His Excellency, the President has appointed Mr. Andre Maloney to be a temporary Senator with effect from November 29, 1993 and continuing during the absence from the country of Sen. Joseph Emmanuel Carter.

I also wish to advise Senators that the President of the Senate has proceeded abroad to receive medical treatment.

OATH OF ALLEGIANCE

Sen. Andre Maloney took and subscribed the Oath of Allegiance as required by law.

SUPPLEMENTARY APPROPRIATION BILL

Bill to provide for the Supplementary Appropriation for the service of Trinidad and Tobago for the year ending 31st December, 1993; brought from the House of Representatives [*The Minister of Planning and Development*]; read the first time.

Motion made, That the next stage be taken at the next sitting of the Senate.

Question put and agreed to.

PAPERS LAID

1. Review of the Economy, 1993. [*Minister of Planning and Development (Hon. Lenny Saith)*]
2. Draft Estimates of Expenditure for the year 1994. [*Hon. L. Saith*]
3. Draft Estimates—Details of Estimates of Recurrent Expenditure for the year 1994. [*Hon. L. Saith*]
4. Draft Estimates of the Revenue and Expenditure of the Statutory Boards and similar bodies and of the Tobago House of Assembly for the year 1994. [*Hon. L. Saith*]

Papers Laid

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5. Draft Estimates of Development Programme for the year 1994. [*Hon. L. Saith*]
6. Public Sector Investment Programme 1994. [*Hon. L. Saith*]
7. Draft Estimates of Revenue for the year 1994. [*Hon. L. Saith*]
8. Medium Term Policy Framework: 1994—1996. [*Hon. L. Saith*]
9. Report of the Auditor General on the accounts of the Victoria County Council for the year ended December 31, 1982. [*Hon. L. Saith*]
10. Report of the Auditor General on the accounts of the Victoria County Council for the year ended December 31, 1983. [*Hon. L. Saith*]
11. Report of the Auditor General on the accounts of the Victoria County Council for the year ended December 31, 1984. [*Hon. L. Saith*]
12. Report of the Auditor General on the accounts of the Institute of Marine Affairs for the year ended December 31, 1992. [*Hon. L. Saith*]

**MOUNT BETHEL NATIONAL SPIRITUAL BAPTIST
ASSEMBLY (INC'N) BILL**

Question put and agreed to, That a Bill to provide for the incorporation of the Mount Bethel National Spiritual Baptist Assembly of Trinidad and Tobago, be now read the first time.

Bill accordingly read the first time.

ORDER OF BUSINESS

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. Vice-President, I beg to move that this Senate proceed to deal with Bills Nos. 1 and 2 listed under “Bills Second Reading” before Motions.

Question put and agreed to.

PETROTRIN VESTING BILL

Order for second reading read.

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Mr. Vice-President, I beg to move the second reading of a Bill to vest the substantive petroleum operations and assets of the Trinidad and Tobago Oil Company Limited (Trintoc) and the Trinidad and Tobago Petroleum Company Limited (Trintopec) in the Petroleum Company of Trinidad and Tobago (Petrotrin).

Mr. Vice-President, in moving the second reading of this Bill today, I would like to develop the following points. First of all, I would like to locate this Bill as part of the Government's overall policy on state sector reform. Secondly, I make the point that the reform programme itself is a component of the economic restructuring which has been underway by this Government over the last 23 months. More specifically, the programme is based on the five economic pillars outlined in our 1991 manifesto.

1.40 p.m.

The rationale for the programme is the current world momentum and an analysis of our strengths, weaknesses, opportunities and threats with which we are faced. That programme, over the last 23 months, involves the economic liberalization; a rationalization of the incentive regime; the pursuit of appropriate fiscal and monetary policies; the implementation of an appropriate safety net package and, of course, the reform of the state sector.

Lastly, the purpose of this Petrotrin Vesting Bill is to form a new, financially strong company that caters for operational effectiveness. I may add that this is similar to what we plan to do with BWIA in the near future.

To develop those points, one can look at the economic restructuring that has been on the way in this country over the last 23 months. The aim of that restructuring is to enable market forces to promote the efficient allocation of resources with a leading role for the private sector. This Government has said, time and time again, that it would be taking a more facilitative approach, investing only when necessary.

As I said before, our 1991 manifesto pointed in that direction, when we outlined the pillars, as it were, of our economic programme. As we said then, we envisage a competitive, market-oriented, domestic economy with the Caribbean being seen as part of the domestic environment. Secondly, we said that the Government would be targeting growth and would be relying on exports to lay that growth.

Thirdly, the Government said that it would want to ensure that there is a stable investment climate, and lastly, we made the point that all this must be underpinned by strong people-orientation, because we are aware that whatever we do we must take the people along with us.

As I said, that thinking in the manifesto was based on our analysis of world events at the time. We are aware of what has happened at Tianamen Square,

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Berlin Wall, events in the USSR; the influence that two world leaders—one in the United Kingdom and the other in the United States of America—were having on world events, as it were. The fact that they have changed the world environment, it appears, for all times. In a sense, we appear to be back to basics, as though we have made the full circle. Most would agree that, today, governments, whether in the developing countries or in developed countries, are pursuing market-oriented policies; with the state not merely holding the ropes, of course, but approaching that type of "Adam Smith environment".

Sen. Prof. Spence: Mr. Vice-President, I have a little problem with the approach the Minister is taking. I thought we were going to get directly to the Bill. If I had known we were going to have a debate on the Government's economic policy, I would have prepared for it. I have not done so. Could he give us the assurance that on another occasion he would, indeed, bring the Government's economic policy for debate, so that I may reply?

Hon. K. Valley: Mr. Vice-President, I am sure Prof. Spence would have a chance, if he so desires, to debate Government's economic policy in the budget debate. What I want to do is to locate what we are doing this afternoon within the framework of Government's policy.

In other words, this is not an isolated event. The Minister of Energy and Energy-based Industries would, of course, deal with the oil and energy matters, so I thought that I would attempt to locate the vesting of Petrotrin and the fact that we are rationalizing the energy sector within Government's overall economic policy so that Members would be aware of how this fits into the picture. That is all I am attempting to do.

I was making the point that the rationale for the Government's programme is our analysis of the environment, and what we see as our strengths, weaknesses, opportunities and threats of the environment. Certain things came out quite clearly to us that yes, we have to position ourselves and find our way in this world environment, and given those currents, the question was: What are we supposed to do? We decided on a vision and certain strategies to push that vision.

So, it has led to the vision—called different things: the global cities of the Caribbean or the hub—whether it is sea hub or air hub; the export platform, the gateway and the business and financial centre. Over the last 23 months, we have seen the programme in implementation; economic liberalization in trade,

financial, whether it is with respect to the currency or instruments, as the Minister of Finance mentioned last Friday, about the mutual funds.

We have seen changes in the institutions and the regulatory framework. We have seen the rationalization of the incentive regime in the oil sector, where last year, given a certain regime, we have seen a flurry of activities in that sector. Only last Friday the hon. Minister of Finance mentioned other incentives for other sectors of the economy. Of course, we have seen the pursuit of tight monetary and fiscal policies, obviously, with certain aims.

With respect to the state sector reform, Members would know also, that the Government has been pursuing its policy, as stated, that is, that it would be more of a facilitator, getting involved in industry only when it considers it necessary or strategic.

1.50 p.m.

Over the the last 23 months Government's involvement in eight companies has now been divested. These are Urea, Fertrin, Food Processors, Printing and Packaging, Farrell House; then there are some minority interests. These are not state companies. These are merely companies in which Government held minority shares: Angostura Holdings, Angostura Bitters and Neal and Massy. I can inform the Senate that only on Friday Government sold those shares to the Trinidad and Tobago Unit Trust Corporation in accordance with Government's policy.

We have, so far, reviewed some 58 companies and have made decisions to divest on 27 of them. We have decided to restructure six and part of the restructuring is with respect to Trintoc and Trintopec, which is the subject of the Petrotrin Vesting Bill this afternoon. Senators would know that what the Bill attempts to do is to have Petrotrin step into the shoes of the parent company, Trintoc and Trintopec with respect to the core petroleum assets. In other words, all of Trintoc would not be vested in Petrotrin nor would all of Trintopec be vested in Petrotrin. But the core petroleum assets would be so vested leaving behind the non-petroleum assets such as the agricultural holdings, the golf clubs, the houses and so forth.

We should note also that this sector is deemed to be strategic in Government's scheme—the oil/energy sector is deemed to be strategic and Government's policy with respect to strategic industries is that we would maintain investment at appropriate levels. At present our definition of appropriate levels is a minimum of 51 per cent. In the special case of Trintoc and Trintopec, while we feel that we

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have to look for some type of joint venture partner for the Pointe-a-Pierre refinery, whether that is actual partner taking share interest in a company for the refinery, or whether it is some type of agreement to supply crude to the refinery with a take afterwards, I do not think is determined as yet, but we know that we are upgrading a refinery. The refinery would have a capacity of 160,000 barrels per day. The crude in Trinidad is supposed to be around 80,000 barrels per day so that we know we would have to look for an additional supplier, and one who would preferably come with some capital and, perhaps, markets. We are clear when we say that we are in the strategic sector, that is what we want to do.

A bit of history with respect to the companies. Trintoc, as you know dates back to around 1974. The history I have is the Government of Trinidad and Tobago acquired Shell Trinidad Limited which was incorporated in the United Kingdom from the Royal Dutch Shell Group of companies on August 31, 1974, and subsequently, on December 10, 1974 Trintoc was incorporated and acquired all the assets and liabilities, undertakings and obligations of that company at a price of net book value. The company was profitable for some time until somewhere in 1985 when they got into difficulties, they started doing crude processing for Texaco. Whereas the company was marginally profitable before, after that the company had some losses. In the case of Trintopec's history the Trinidad and Tobago Government and Tesoro which was formed in mid-1991 as a joint venture, owned 49.9 per cent. On July 1, 1969 the jointly owned Trinidad Tesoro acquired the assets of Trinidad Petroleum Development Company Limited, Apex Trinidad Oil Field Limited and Kern Trinidad's Oil Field Limited and the shareholdings of British Petroleum Limited, the Trinidad subsidiary of the world-wide British Petroleum Company Limited.

Mr. Vice-President, this company was profitable up to 1992 when the Trintomar fiasco seemed to have interfered with the fortunes of this company. In effect, what we are attempting to do here this afternoon is to structure a new company and then vest the core petroleum assets of these two companies into the new company to provide, as it were, a new lease on life to rationalize the operations in our oil sector. Senators would know that the last Government had a similar idea concerning the rationalization of this sector. The difference being that they saw the problem differently. In their formulation, they were forming a holding company and allowing for some six subsidiary companies. One for exploration and production which would have held Trintoc exploration and production division, Trintopec, Trintomar and producing joint ventures. There

would have been a second company, refining and international marketing. The third with petrochemicals holding methanol, urea, urea formaldehyde, the oxygen/nitrogen plant, NEC and the petroleum joint venture. A fourth would have held the domestic petroleum company, NP. A fifth for National Gas and a sixth for research and development.

On taking office, we looked at that formulation and decided, given our stance, that we wanted a different formulation. We had to talk with the Inter-American Development Bank because, as you know the Inter-American Development Bank is funding certain developments in that area. Our formulation envisaged a company to hold the core petroleum assets of Trintoc and Trintopec, but including also international refinery business. Most of the other petrochemical companies were to be left on their own. As a matter of fact, as I said, Fertrin/Urea are now no longer within Government's petrochemical sector especially with respect to NGC. We saw NGC as the company to develop the energy-based industry downstream so that we really did not want that as part of any holding company. We wanted that on its own. As a matter of fact, we have now vested NEC. We have transferred the assets of NEC into NGC and provided that company with a mandate to develop the downstream energy companies, all with a view to restructure the sector to perform a certain function as part of our state sector reform.

Mr. Vice-President, we expect that Petrotrin would be a fully integrated company combining its exploration, production and international marketing; that it would operate as a responsible commercial enterprise satisfying all its obligations to the shareholder, the state. The projection is for profitability from 1993—we would need to push that back because those projections were based on a January 1 vesting, and that information suggests that in 1993 we were looking at a net profit of \$72.4 million, increasing to \$453.1 million in 1994. I am suggesting that that would have to be pushed back one year now. Those forecasts were preliminary for estimates and were based on certain clear assumptions. The cash flow, however, is expected to be negative in the period because of the Trintomar situation and the fact that that loan obligation would now have to be repaid.

The Bill, Senators would see, in addition to the assets and liabilities, provides for rights and obligations to pass to Petrotrin, in effect Petrotrin stepping into the shoes of Trintoc and Trintopec with respect to these rights and obligations. These pertain to matters such as the pension rights and other obligations or liabilities of the companies. The tax liabilities of the company would not be transferred. They would remain in the parent companies and the intention is that over time, the non-

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petroleum assets which are left behind in these companies would be divested in an orderly manner, the proceeds of which would be used in part to liquidate the tax liabilities.

2.00 p.m.

Sen. Mansoor: Is the Minister in a position to tell us something about the numbers involved? In other words, what is the value of the assets to be left in the parent company, and what is the amount of tax liability he is talking about?

Hon. K. Valley: I have some figures here: the agricultural lands and buildings—\$77.5 million; residential lands and buildings—\$81.4 million; the total excluding VAT—\$181.9 million. The Minister of Energy and Energy-based Industries may have more up to date figures with respect to that. The tax liability is TT \$147.5 million.

The book value of the non-petroleum assets is about \$181 million. In other words, there are sufficient non-petroleum assets to meet the tax liability. Of course, the Government owns 100 per cent of Trintoc/Trintopec, so that the proceeds of any further divestment, would go to the Minister of Finance (Corporation Sole).

I was making the point that the intent of this Petrotrin Vesting Bill is to rationalize our operations in that sector to structure a company that we hope would be effective, and would pursue the policy in that sector. We stand a better chance of achieving profitability in that sector. That is the intent of the Bill. What is left outside of the company would be divested in an orderly manner within the norms of transparency for which this Government is now known for the last 23 months.

I beg to move.

Question proposed.

Sen. Wade Mark: Mr. Vice-President, before I commence my contribution, I would like to ask you to convey on behalf of our side, to the President of the Senate, a very safe and successful medical arrangement. We hope that he has a very speedy recovery. We would like you to despatch a note on behalf of the Senate wishing him success in that area and the best in terms of recovery.

Whenever I hear our goodly junior Minister speak here, I get the impression that he is in another world, in another place, at another time, because just three

years ago, this very Minister was on this side where we are and he was lambasting the previous administration—it is there in the records of *Hansard*—on the sell-out of our assets; attacks on the *laissez faire* philosophy; let the market decide philosophy. We have it here, but we would deal with it fully and extensively.

We have to be very careful because people have short memories and the Minister seems to be one of those.

2.10 p.m.

The way he spoke today one got the impression that he has been converted; he is now a born-again Christian and all his sins have been washed away. But, the more things change the more things remain the same. As I said, we will have to deal with Valley in the valley, at the appropriate time.

Petroleum in the various forms of pitch, crude oil and natural gas, has helped to make our country one of the richest in the Caribbean. The first deposits were found in May of 1866, but serious oil drilling began in 1907 in Pointe-a-Pierre. After some 86 years of oil experience and production, Trinidad and Tobago still does not have what can be described as an energy policy. How can there be an energy policy when the nation does not control the industry?

The Government published a so-called Green Paper, an incoherent, jumbled document, which is now becoming yellow. The energy sector, as we all know, contributes some 25 per cent of the nation's gross domestic product, 40 per cent of the Government's revenues and some 85 per cent of the Government's and the country's foreign exchange, but we have a “la diablesse” regime; we have a search and destroy Government in power at this time.

Today, the Government is seeking our support for this Vesting Order, but we ask the Minister, what is the status of this new company that is being formed? What has been the performance of the management of the former companies? Is there accountability at these former companies? What about the extent of corruption and glaring conflicts of interest? These are critical issues which must be addressed by this Parliament before any support can be given to this Petrotrin Vesting Order.

Evidence reveals that Petrotrin, once merged, will become the largest owner of property in Trinidad and Tobago and, we understand, in the Caribbean. Its combined total assets will be over TT \$4 billion; a workforce of 5,500 or thereabouts, and an operating capital of TT \$2 billion, but the combined total debts of this company, from our information, is close to \$2 billion.

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Today, we are being asked to debate this matter without proper accountability. The Parliament is unclear, ignorant and in the dark on the accounts of these former companies, Trintoc and Trintopec. The audited annual accounts of both these companies have not been seen in this Parliament for the period 1986 to 1992. The Government should withdraw this Bill, bring proper accounting principles to this Parliament, perform a due diligence on both companies and then we would be able to debate this particular Vesting Order very seriously.

As parliamentarians, we cannot sit and allow the Government simply to bring matters before us without proper accountability.

Sen. Barnes: The Senate will recall that on some occasion last year—it is in the *Hansard*—I explained the problems we have had in terms of the audited annual statements of the two companies. I had pointed out that as limited liability companies, they are required under the law to have audited statements registered, and they have so complied by using external auditors. I believe it was at the urgency of the goodly Senator himself that we sought and secured an undertaking that those audited statements be placed in the library of the Parliament to be available to all Senators. I can give the assurance to the Senator that having undertaken so to do, I have so done. What has to come to the Parliament, at least, up until the change that has been made this year, was audited statements of accounts signed by the Auditor General. That has not been forthcoming, but in respect of what has gone to the Registrar of Companies on an annual basis, that is within the confines of the library of the Parliament.

Sen. W. Mark: I hope my good colleague did not infringe on my time. *[Interruption]* That was not a correction.

We are representing the nation in this Parliament and I do not want to see or to read those accounts personally. The people of the country require the information. To tell me to go to the library to look at documentation which I am supposed to have, as of right, I am saying my good colleague has missed my point.

Mr. Vice-President, I hope that I get those three minutes that Sen. Barnes took from me.

Trintopec's gross sales for the period 1988—1992 totalled approximately \$3.3 billion, whilst Trintoc recorded some \$12 billion during the same period; yet these companies remain loss-making entities. We understand that Trintoc has been running an annual loss of some \$300 million over the last three years. Why are the

proper accounts not provided to this Parliament to properly determine these companies?

2.20 p.m

These companies have been manifestly mismanaged and there is large corruption and theft at these companies. Mr. Vice-President, there was a massive theft of \$43 million in the Materials Division at Trintoc. So far no one has been jailed, there is no accountability, and this has been going on for a number of years.

Sen. Barnes: Mr. Vice-President—

Sen. W. Mark: Are you standing on a point of order?

Sen. Barnes: On a point of correction. Mr. Vice-President, I was obliged in the House of Representatives and it is in the *Hansard*, to repeat what I had stated here in response to a question, in respect of the problem that occurred in the Materials Department. It involved two companies which had been set up and commenced trading for the first time in 1989. Over the first few months of their trading with Trintoc everything was going well and then problems started—which were picked up in 1992.

Because the companies in question commenced trading for the first time in 1989, Trintoc was able to find every invoice, every payment voucher, every credit note, a complete documentation. The total sum amounted to \$9.237 million not \$43 million or \$45 million. I am merely correcting what I heard in the House of Representatives.

Sen. W. Mark: Mr. Vice-President, if my honourable Friend would like to correct me, I suggest that he should do this when he is replying. I have lost almost eight minutes already. If I can get back my time I have no problem, but I am not allowing anyone else to encroach on my time. The issue is that there is corruption.

Lease operatorships and farm-out programmes have also been subjected to corruption. There have been corruption and deals between company officials and private contractors and company officials who themselves were major suppliers. I vividly recall raising in this Parliament a grave conflict of interest existing between high officials of Trintoc and Trintopec who were also involved in Trinmar. Those people were running a private company called EASY.

I recall writing the Prime Minister of this country at the time asking him to investigate the matter.

Hon. Member: Who was the Prime Minister at that time?

Sen. W. Mark: At that time the Prime Minister was Mr. Robinson. What we are saying on this side is that there have been extreme levels of corruption at those companies, no accountability. None. This Government has facilitated the mismanagement and lack of accountability, it has not collected taxes from these companies between 1985 and 1992. The hon. Minister told us about \$181 million. That is not an accurate reflection of the reality.

Mr. Vice-President, Petrotrin is supposed to be the flagship of our nation and the oil sector in particular, whatever happens to it is going to deal a severe blow to our future development in Trinidad and Tobago. This brings me to the critical issue of the almost \$2 billion IDB loan contract for the expansion and upgrading of the Trintoc refinery. What are the realities of this loan arrangement? Should Trinidad and Tobago pursue it? What is the background of this situation?

Mr. Vice-President, there is a document that was signed called Loan Contract dated June 25, 1991 between the Republic of Trinidad and Tobago and the Inter-American Development Bank. This was the NAR document; we understand the PNM has one. This particular Minister, Sen. Barry Barnes, in response to a question I posed in October of last year, faithfully promised—I raised the question about whether the Government had a new plan and whether the plan had been accepted by the Inter-American Development Bank—he told the Parliament that the restructuring plan referred to has been passed to the Clerk of the Senate for distribution to hon. Senators.

I enquired—this is written in the *Hansard*. I am talking about the re-organized document on this loan arrangement. The Government went to the IDB and re-organized the document. We would like to see that plan, which the Minister said he would make available to the Clerk of the Senate for distribution to hon. Senators. He said that on October 27, 1992 and we do not have it. We knew that the Government was not in favour of this holding company concept that was promoted by the NAR. You see secrecy is conspiracy, we always tell you this. We want the information on this matter. I am not saying that you are secretive, Mr. Minister; you may be a prisoner of a secret gang. *[Interruption]*

What we are dealing with here, is a series of developments. First of all, talking about Trintoc and Trintopec, we had a report from the Boos, Alleyne and Hamilton Committee. This report was described as a secret document: it is still a secret document. It dealt with the rationalization of the energy sector and the

debate was centred around a management company versus a holding company. We understand from that report, Mr. Vice-President, that the Boos, Alleyne and Hamilton report recommended a management company.

This report and the whole issue of the rationalization of the energy sector have to be addressed very seriously, because we have a situation in which the Government is committing this country to an expansion and upgrading project at Petrotrin which is going to cost this country a huge amount of foreign exchange.

2.30 p.m.

Mr. Vice-President, as you are well aware, oil production has been declining for the last 13 years, despite fairly extensive but unsuccessful exploration drilling for crude oil. The latest available information is that oil is down to about 118,000 barrels a day. In 1990 it was 190,000 barrels a day.

The three projects agreed to by the Government of Trinidad and Tobago deal with what is called the upgrading and expansion of the Pointe-a-Pierre Refinery; Trintoc's heavy oil recovery project and Trinmar's water-flood project, which is a method of secondary oil recovery. We ask the hon. Minister: What will these projects yield in respect of economic returns? We would like the hon. Minister of Energy to respond to this in his contribution, to indicate to us what would be generated by these projects on a net basis after construction. The former Minister of Planning and Development—*[Interruption]* “Former”. You would fall in that category just now. Oh, “Mobilization.” The former Minister of Planning and Mobilization told this country that an overall economic return of 33 per cent over a 15-year period would be generated as a result of this loan. We would like the hon. Minister—*[Interruption]* the former one—but we have received no information from this Government on such an expensive project. The Minister of Energy is silent on this issue. We want to get facts on these matters, we want accountability. It is roughly TT \$2 billion that is being invested here, who is going to pay for that? By that time the PNM would be dead.

One knows that the heavy oil recovery project would require tremendous quantities of low cost natural gas, and we know that natural gas in this country is under the control of Amoco, in the main. The Government has now given away the SECC fields to another foreign company called Enron. We would like to know if this refinery is to be upgraded to 160,000 barrels of oil a day and we are producing currently around 70/80 thousand barrels, going through that system a day—the Minister said that there is a threshold minimum of 115 barrels required

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to keep that refinery profitable—where are we going to get the balance of oil? Are we going to import oil? What about the marketing of these products? We need to get this information because it is our moneys that are going down in this project, and the Government must account and let us know exactly what the returns are going to be, where the markets are going to be. If we are going to import oil, what will it cost the country? If so, do we have the foreign exchange reserves to deal with US \$800/900 million a year to import 30 million barrels of oil, about 90,000 barrels a day? Do we have that capacity? These are questions that need to be clarified. We need information on those matters.

What is the rationale for the expansion, when we know that the throughput is both uneconomic, the expansion project is uneconomic from our assessment, and it flies in the face of international development in the refining industry.

The World Bank and the UNDP in 1985 warned this Government that it ought not to go into that kind of full-scale operation. They advised the Government that the Pointe-a-Pierre Refinery should be scaled down to a throughput of 100,000 barrels a day and upgraded to produce more of the lighter ends or wide products. All over the world refineries have been losing money or barely surviving. Indications are that our refinery capacity is way in excess of the guaranteed domestic crude input. How can we expand and upgrade our refinery on the basis of speculative activity and hope? What is the source of crude? What are the terms? What is the reliability of supply in markets? But this Government tells us to allow it to lead us.

Mr. Vice-President, we are saying that we have to focus on the kind of advances taking place worldwide in technology; the whole issue of environmental policy; the issue of the proliferation of these refineries all over the globe and the inefficiencies of these refineries. Even very efficient, deep conversion, high gasoline-producing refineries in the USA are losing money. These refineries produce 5 per cent fuel oil from a barrel of crude refined. Our expanded refinery, even after this large investment will still be producing 40 per cent or more of fuel oil. What is the rate of return when we upgrade and expand? We suggest marginal, at best.

The expansion and upgrading of the refinery has been premised on false assumptions. It was anticipated by the former NAR Government that approximately 75,000 barrels of crude oil will come from domestic sources as a result of planned deep exploration effort. Is this likely to take place?

The IDB loan will only compound our problems. If we go along and go down the road with this search and destroy regime, it will transform our country from an oil-exporting economy to an oil-importing economy. The nation would need to locate from our estimates some US \$500/\$600 million to import roughly 60,000 barrels of oil a day, in order to meet the shortfall on an annual basis. Can our country afford this Mr. Vice-President?

This project should be halted, it should be reorganized in the interest of our country. It is a self-defeating investment, designed to facilitate, not our agenda, but the IDB market agenda as well as foreign contractors and their local agents. For instance, what is the position with the Point Fortin Refinery? This refinery was shut down in July, 1993. It used to process about 30,000 barrels of oil a day from Venezuela. I guess this was part of the sell-out arrangement that was entered into by the last administration, actually ceding parts of our territorial waters, without any parliamentary approval. The PNM in opposition then opposed that deal but they are extremely quiet since coming into power. Instead, the Government is seeking to sell out the Point Fortin Refinery. They have already contracted Bankers Trust to find a buyer for the refinery at Point. The Point Fortin PNM constituency representative, the Minister of Housing, is saying that the Government will not sell out the refinery and on the other hand the Government is indicating to the country that it is going to look for a buyer for that refinery. What will happen to the jobs of these hundreds of workers in that area of our country? This Government is committed to a programme of unadulterated, irrational and indiscriminate privatization of our country.

We have some serious reservations about this agenda of the PNM Government. We have indicated to this Government already, we have gone on record that if it proceeds to sell the nation's assets without consulting the people, a UNC government will take these matters to the people in a referendum when we get in power and the people will have to decide these matters, because the people are not being incorporated in this arrangement. It is undemocratic, it is immoral, it is illegal for the Government—*[Interruption]* You have a stagnant 28 per cent, it is not moving. *[Interruption]*

2.40 p.m.

Mr. Vice-President: Would hon. Senators allow Sen. Wade Mark to continue his contribution?

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Sen. W. Mark: Mr. Vice-President, we want to raise the question about these deals, the assets retention and the assets divestment or privatization. We know for a fact that this Government is noted for private, secret deals. So many deals have been struck by this Government since it has come into office about which the people of this country are not aware. They signed a deal with Nucor, subsidizing Nucor at US 60 cents per thousand cubic feet of gas. They did that and are telling T&TEC that at the end of 1994 they will have to pay Amoco \$1.10 per thousand cubic feet of gas.

We are producing gas and they brought a foreigner who, if he had remained in the United States, would have been paying US \$3.30 per thousand cubic feet. He comes here and gets it for US 60 cents. That was flushed down the drain to us, because they would not produce the information. It is a commercial secret. They are subsidizing foreigners to exploit this country and its people and they are refusing to make the information public. We need to set up an economic court—a crimes commission—to try these people.

Mr. Vice-President, we are saying that this Government is going to engage in many private deals and treaties when this Bill gets through with the various properties and holdings which the hon. Minister of Local Government has identified for privatization and sell-out. Why do they want to sell 237 buildings on 465 acres of land?

Sen. Capildeo: What is the value of those buildings?

Sen. W. Mark: To whom?

Mr. Valley: To you.

Sen. W. Mark: Not me. The Minister is selling out to his "pardners", his "boys". Why? We do not know—they have not told us. These are valuable assets, Mr. Vice-President. Why are they not being transferred to Petrotrin? Why do they want to separate Petrotrin, leave some assets and take some assets? Why not vest all the assets into Petrotrin? Why do they want to privatize the clubs and the recreation facilities? To whom are they selling them? Privatization is a dangerous plan. They are not looking down the road. They are creating a monster in this country and reverting this country to the colonial days when a minority, controlled it, and there is a black elite accommodating the return of colonialism in Trinidad and Tobago. That is what they are doing.

Sen. Capildeo: Valley? I am ashamed, really ashamed, boy.

Sen. W. Mark: Why sell these private properties, Mr. Vice-President? We are certain that they will not bring that to this Parliament. *[Interruption]* Yes, well they are killing Marshall. They want Marshall to die. Especially Lenny. Lenny wants to kill the young boy. They put the boy in the hardest ministry—Public Utilities, and then "lick him up". Discredit the man—the poor people's champion. Wicked people! I tell you, these fellows believe in obeah.

Sen. Capildeo: That is the real leader of the PNM.

Sen. W. Mark: Mr. Vice-President, they want to privatize the Pitch Lake, Lake Asphalt. Why? They want to get rid of the Urea Plant SE, the O2N2 Plant. Why? This is a "search and destroy" regime. A "demolition squad". They are just destroying everything in their path. But the real intention, as I said, Mr. Vice-President, is not to ensure that Petrotrin is appropriate for the twenty-first century—they are not concerned about that. They merged three banks in this country and right now they are looking for a buyer. An indigenous bank! And they are looking for a buyer. They are selling out everything. I would not be surprised if they sell out their families eventually, the rate at which they are going.

Sen. Barnes: Mine is privatized already.

Sen. W. Mark: I think you will re-privatize, Barry.

Mr. Vice-President, the true objective of this Government is to privatize Petrotrin. That is what it wants to do. I know that people who do not understand history, do not appreciate struggle and who were born with a gold spoon in their mouth would never appreciate the hunger pangs and struggles of the ordinary people in this country. I do not expect the hon. Minister of Planning and Development, Dr. Lenny Saith to ever understand this. Mr. Vice-President, what is happening is that this Government is privatizing the economy with almost neo-colonial revenge. It is a revenge that they are taking and they want to revert the energy industry and sector fully to the colonialists. They sold Methanol. They are going to sell it completely just now. They have sold Fertrin, Urea. Now they are going for Petrotrin.

Mr. Valley: Printing and Packaging, Farrell House.

Sen. W. Mark: I am talking about the energy sector. I know you sold Farrell House to your "pardner."

Mr. Valley: Mr. Vice-President, I cannot even remember the person's name who purchased Farrell House, so could I kindly ask the hon. Senator to withdraw that statement?

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Mr. Vice-President: Would you kindly withdraw that statement?

Sen. W. Mark: Mr. Vice-President, I simply attempted—I withdraw the statement—but I would say that the hon. Minister never tabled the documents surrounding that sale in this Parliament.

Mr. Valley: Mr. Vice-President, that is not correct. I came here and made a statement—

Sen. W. Mark: The document.

Mr. Valley:—detailed statement, Mr. Vice-President, with respect to that transaction.

Sen. Capildeo: We have so many lawyers on this side, we want to see the document.

Sen. W. Mark: But, Mr. Vice-President, this is the trend that is developing. They are privatizing. This country has now become real estate for the PNM. Never in their wildest dreams would people have thought that this so-called "caring" Government would have sold our national patrimony and made us into land tenants. They have transformed this country from ownership to tenancy and that was the theme of the Prime Minister's 1990 budget debate when he was in another place.

2.50 p.m.

Mr. Vice-President, this is a new trend. They merge, they weaken and they destroy. That is what they are doing. They are merging, weakening and then destroying. They are giving to their friends.

They merged our three banks, made them into the First Citizens Bank and we hear they are looking for a buyer. What we are saying is that they merged Trintoc and Trintopac into Petrotrin and they are going to privatize it. We understand that from February 1, NBS, 610 and TTT are to be merged and they are going to sell, privatize. They have already announced well-known PNM hacks and agents to run the company. But we will resist those appointments.

I come now to the issue of industrial relations at this new plant. We have been informed by the OWTU, the union that represents 5,000 workers at the Petrotrin company, that:

- "1. Petrotrin is starting off on shaky ground with a Board and Management team that has continued to avoid the essential prerequisite of treating with the Unions representing workers at Trintoc and Trintopec so as to bring about a smooth blending of the cultures of the two outgoing companies.
2. The mistakes made in 1985 and continuing today with regard to Trintoc/Texttrin are being repeated to the detriment of Petrotrin and better employer/employee relationships."

The OWTU goes on to say, Mr. Vice-President:

- "3. Senior officials of Trintoc and Trintopec have interests in contract arrangements with these two companies all of which are about to be inherited by Petrotrin as liabilities.
4. The managements of Trintoc, Trintopec and the transition team and interim management of Petrotrin have consistently failed/refused to meet with the Union to rationalize employee terms and conditions of employment, pension and medical benefits, housing programmes, work classification, etc."

This is a letter sent to me by the President of the OWTU in my capacity as Assistant General Secretary of Natuc and leader of our Opposition here.

I want to let them know, Mr. Vice-President, that that is not a very good start. I think that the hon. Minister must be very honest. He seems to be an honest, elderly gentleman to me. I think he must level with the Parliament and the population. Let us know if there is going to be retrenchment when they merge. I remember this durable salesman—Lenny would know him very well—who said in 1991 in an interview that it would take 200 workers to operate an upgraded Trintoc refinery. That is what he was talking about.

I am asking the question: how many thousands of workers do they intend to retrench at Petrotrin? They must tell the workers and the unions and stop having them hanging on a string. Let the workers know what is taking place, whether they are retrenching or not. Let us know. We understand that they want to retrench 2,000 workers there. That is what we understand. *[Interruption]* Well, you have to be modernized. I know that boy is modernizing you. We are saying that these are issues which they must address.

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What about the pension plans? Mr. Vice-President, we understand that there are seven existing pension plans in the two companies that are being merged. We demand that some kind of actuarial evaluation be done on these plans. This is necessary because many of these plans are underfunded. We do not understand the scandal that could be existing today in Trinidad and Tobago insofar as workers' pension funds are concerned.

Mr. Vice-President: The speaking time of the hon. Senator has expired.

Motion made, That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. S. Capildeo*]

Question put and agreed to.

Sen. W. Mark: Mr. Vice-President, in terms of these pension plans, we know for a fact that the original Trintoc has two pension plans, one for the monthly rated employees and another for the hourly and weekly rated employees of the company. This plan, we understand, has a shortfall. In the case of the Texaco plan—the former plan—we understand there are two plans and there is a shortfall as at the end of 1993 amounting to TT \$200 million. We understand, if we look at it up to this time, it could run into a billion. Trintopec also has a difficulty in its pension arrangement.

The old Texaco pension plan was underfunded to the tune of \$200 million at the end of 1985 when this Government, signed an agreement with Texaco. The hon. Minister Barry Barnes was a member of the negotiating team at that time.

The Government made a deal with Texaco—they got a certain percentage of their shareholdings in Trinmar and they got another arrangement insofar as, in the first instance, they were given the same SECC fields that we have now given to Enron, 95 per cent state interest and Block 1. We understand from the reports that the Government was compensated by Texaco in order to deal with the \$100 million that Texaco had not been able to fund. It was a liability. This Government has not properly addressed this issue today and there are retirees who are not receiving their full pensions as a result of this underfunding of the pension plan. At Trintopec, the plan is also underfunded, from our information, to the tune of \$85 million at the end of 1983.

Mr. Vice-President, former oil workers of Texaco and Trintopec are still not receiving their full pension rights as we speak here today. We know that when we combine these sums, as I said, it could amount to close to a billion dollars that is

outstanding in these two pension plans in question. The Government is guilty of not addressing this issue, because the Government was the agency responsible for negotiating with Texaco and the hon. Barry Barnes was a member of that team. He knows what I am talking about.

3.00 p.m.

Why did they not convert through all the profits made? Why did the Government not seek to actually bring those pension plans up to mark? Why is it that there are people who have worked hard in the fields—Texaco and Trintopex—still receiving about 60 per cent of what they actually paid? They were supposed to get 100 per cent, but they are getting about 60 per cent of what they are supposed to enjoy as a result of this reality.

We understand that the Government did receive, as I said, appropriate compensation from Texaco and Tesoro to deal with these liabilities that are outstanding. I think that we need due diligence, as I said, at Petrotrin, to determine the valuations at all levels. We want to determine the assets and liabilities of this new arrangement, because this development has impacted adversely on retirees at Texaco and Trintopex, resulting in reduced retirement lump sums and monthly pensions. This is further compounded by the high level of inflation. We have argued that there is need for indexation in this regard. We suspect that if we do not address this issue, when the new agent comes to Petrotrin to take 51 per cent, we may have a heads of agreement being signed denying those workers their rightful pensions.

This is a white collar crime and we want the Minister of Energy to address this issue seriously. There is need for the Government to establish a supervisor or a Director of Pension Funds in this country to avoid the same experiences those workers who have not received their full pension rights. I know of one union in question, the National Union of Government and Federated Workers, which lost its pension scheme when Winsure went into receivership. There is no proper supervision of pension plans in this country. We believe that the time has come when the Government must step in to protect workers' pension rights. Thousands of workers' pensions could be jumping up, just as the retirees of Texaco found out that Texaco was not paying its contributions.

How many employers do we have in the private sector today who are not properly funding their pension schemes? The Supervisor of Insurance is a

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glorified clerk. He has no clout. The Government has to deal with these things, because it is over \$5 billion that exist in reserves insofar as pension funds are concerned in Trinidad and Tobago. So we cannot just leave that in any kind of flippant manner or allow the workers' funds to be utilized in any way.

In the same way that we have a Supervisor of Insurance, we are calling on the Government to establish a supervisor or director of private pension funds in Trinidad and Tobago to ensure that the situation which occurred with those workers of Texaco does not haunt workers in other private sector agencies and companies. Pension plan scandals can rock this country if we are not careful. So we have to deal with this issue in a very serious way. We are not talking about wages here, we are talking about workers' hard earned retirement funds. That is what we are talking about. The Government must tell us what they are doing about the under-funding of these pension plans and the liabilities that they have for these thousands of workers who have retired and not receiving their full pension rights. And they say they care!

This Government has engaged in fraudulent practices. That is what they have done: receiving compensation and not converting the necessary compensation into liquid cash to bring those pension plans up to a certain level.

We would like to know when they address this question, whether these people who have worked hard and have been denied their full pension rights would, in fact, receive retroactive payments. Because since they have retired, they have not been receiving their full pension rights and something has to be done about it.

This Bill that we have before us is not a simple one. The oil sector is critical to our existence as a nation. We believe that the Government has a responsibility to manage it responsibly and efficiently. Those who need to be sent to jail, send them to jail for stealing people's money! We have no qualms about that. There is too much "bobol", corruption, theft and scandals taking place at those two companies—Trintoc, Trintopec—that are now Petrotrin. We have no difficulty with jailing bandits, thieves and criminals. I do not care if it is Minister Valley or Minister Kuei Tung. Whoever it is, jail them.

Mr. Valley: What about you?

Sen. W. Mark: If I am guilty, send me, I have no problem. But, you see, I am clean.

This is a very important Bill that we have before us today. We want the hon. Minister of Energy who is going to reply, to let us know what is happening.

Sen. Saith: How do you know he is going to reply?

Sen. W. Mark: He must reply. I know you are there and once you are there he must reply, because you are the boss. Remember you are the invisible Prime Minister.

Mr. Vice-President, we are calling on this Government to withdraw this Bill. We want proper accountability for the running of these companies. We feel that the Government has a responsibility to address the problem of the pensioners, the former workers of Texaco and Trintope. We believe that the Government needs to look at that upgrading and expansion project which is going to cost this country over \$1 billion. Who is going to pay for this? The Minister tells us that we are coming over a hump—1995, and after that we would go from 30 to 18 to 15 per cent in terms of the debt servicing ratio. But what the Minister is not telling us is that this same Government is borrowing around \$1,000 million between 1993 and 1996 from the IDB. We want to know if that \$1,000 million is included in the overall figure of \$2 billion that they are now speaking about.

This Government is actually setting up this country. They are borrowing like it is going out of style. We are asking the questions: Can this country afford? Do we have the information? Can this hon. Energy Minister provide us with a plan? When we call for a joint parliamentary committee, they say that we want power. But that is the only way that we would be able to understand what is taking place in the energy sector, in the Ministry of Finance and even in the Central Bank. We need accountability, transparency, to have greater scrutiny of our finances. Unless they can come to this Parliament with a plan to let us know how they are going to market—we want to know the returns on this investment; we want to know whether, for instance, the Government is so stupid to import 26 million barrels of oil annually, that could cost this country over US \$500 million.

Do we have the capacity for this? They must come and discuss these matters. They talk about democracy but they are a dictatorship. This Government is a dictatorship! This is not democracy! Democracy means full participation; full accountability; full transparency. That is what democracy means.

Mr. Vice-President, may I take two seconds just to wind up? Because he actually stole eight minutes of my time.

Mr. Vice-President: I am guided by the Standing Orders, Sen. Wade Mark. Your speaking time has expired.

Sen. W. Mark: Thank you very much, Sir.

3.10 p.m.

Sen. John Rooks: Mr. Vice-President, I rise in support of the Petrotrin Vesting Bill. This is a most important Bill for the petroleum industry in Trinidad and Tobago because it provides an asset base which would make the state-owned companies much stronger financially. By merging Trintoc and Trintopet, Petrotrin would have assets in excess of US \$4.4 billion, placing it in a very strong position, which is necessary in these days of changing market associations and cost of doing business in the petroleum industry.

In addition, there has been very little interchange of information between the companies, so this will also be a merger of expertise, systems and experience. Each company may have a different way of accomplishing a specific operation and one may be more efficient than the other. With the merger this information will become available and the company, as a whole, would benefit.

The Petroleum industry worldwide has been changing over the last decade and the new technology is much more costly to operate. The locations of prospective drilling sites are now identified by a three dimensional seismic survey which provides much more information than was previously available, and reduces the ratio of drilling successful wells from 10 wells drilled to find one good one, to three to one. The ratio of cost for this system is very much higher, however, and the 3-D system is also capable of locating prospective areas in much deeper structures, but it takes much longer to evaluate.

In the past the average drilling depth in this country was around 6,000 feet, whereas today wells are being drilled to the 20,000-foot depth. A well to this depth, provided there are no major problems, will cost in the vicinity of US \$25 million. Should there be problems such as a stuck pipe or a fish in the hole, the cost can escalate very quickly to several times the normal cost. Oil wells are like women, they are all attractive, but some of them can be troublesome and expensive.

Sen. Hosein: Mr. Vice-President, I cannot sit here and hear a Senator speak of women in that fashion. I think the Senator should withdraw that statement about women.

Sen. J. Rooks: Mr. Vice-President, do you consider that I should withdraw that statement? It is a standard synonym in the oil industry, that oil wells are like women.

Mr. Vice-President: Continue, Sen. Rooks.

Sen. J. Rooks: Thank you, Sir.

Our future lies with wells of this depth because this is where we have been finding new oil, gas and condensate in substantial quantities. It is not difficult to see that we have been very fortunate in finding foreign investors, as it would be impossible to fund the high cost involved from our national coffers.

From what we have seen so far from the successes of Amoco and Enron, we are heading into a new era for the petroleum industry. Finding the new supplies of crude oil, gas and condensate, and getting them to well head is just the first cost. After this there are pipelines necessary for bringing the products ashore, storing them, and getting them to their final destination, whether it be for shipping or transfer to the refinery.

The refinery at Pointe-a-Pierre is in the midst of the second phase of being upgraded to provide products more acceptable to the world market and, therefore, more easily saleable. Whilst this is being funded from external sources, these funds would not be accessible if we did not have the collateral to support the loans.

The Second Schedule, exceptions, is very important as all the real estate holdings of Trintoc and Trintopoc would remain theirs and not be included in the merger. This ensures that all the real estate would remain under the ownership of the two Trinidadian companies if a foreign investor should buy into Petrotrin. Most people do not realize that the combined land holdings of the two companies amounts to one-third of the land area of Trinidad and, naturally, it is not desirable for this to be owned, even in part, by a foreign investor.

Potential foreign investors may be interested in purchasing shares in an oil company, but it is not general for them to supply residential and recreational facilities, so it is better to retain these in the original companies or vesting them to Corporation Sole. The same applies to the agricultural companies which are a drain on the coffers of the oil company, along with the maintenance of the residential buildings and the golf courses. The O2 and N2 plant and the Urea Formaldehyde plant have both been up for sale for some time now, but there have been no offers. Therefore, they remain in the list of exemptions, because it is unlikely that if somebody is purchasing into the production, drilling and refining, they are not going to be interested in these two specialized plants.

Thank you, Mr. Vice-President.

The Minister of Energy and Energy-based Industries (Sen. The Hon. Barry Barnes): Mr. Vice-President, what we are asked to consider today is the Petrotrin Vesting Bill that provides for the vesting of the substantive petroleum assets and operations of two state-owned companies, Trintoc and Trintopec, into a new company, Petrotrin.

Perhaps, I should briefly remind this Senate about who Trintoc and Trintopec is/was. I would go back to the year 1969, a little earlier than my colleague, when BP said to this country "We are British Petroleum, we operate worldwide; there is Alaska, Enox and it is not for British Petroleum to be mining 60-year-old oil fields with wells that are producing 16 barrels of oil per day. That is not for British Petroleum".

Let us make no bones about it, we, as a country, went to Shell, who was here, and Texaco, big internationals, and they said "Really, we can do without that"; and it was Texaco that pointed to Tesoro. It is a matter of fact, Texaco pointed to Tesoro. What one needs is people who have experience in stripper oil production. It was 1969 when Trinidad Tesoro was formed for stripper oil production. I was there.

Trinidad Tesoro went to Shell and said that we need your refinery to purchase our crude to make this thing work—and Shell was bringing in oil from Nigeria and Shell said no. The then Ministry of Petroleum and Mines—and I will call a name, Mr. Ovid Fernandes—intervened. After a little pressure, and a little persuasion, Shell said all right. The battle was between \$1.33 and \$1.35 per barrel. We must understand that.

I go back to 1971. At a time when the Point Fortin refinery was part and parcel of what was called Shell's Caribbean Refinery. The Shell Cardon Refinery, Shell Curacao Refinery and the Point Fortin refinery; and the Point Fortin refinery did not make finished products; it only made gasolene blending agent, and it made gas oil component.

3.20 p.m.

And you are doing a number—perhaps on your fuel and oil, shell company A—in New York and the rest of it went to Curacao for finishing and the Venezuelan law was a reversion law that said that all the private holdings in Venezuela would revert to Government ownership in 1976. Shell looked at that regional envelopment and decided that the Point Fortin refinery had no standard loan capacity: it could not live without Curacao and in November, 1972 Shell

wrote to the Government saying that, it is going to happen and we can see no standard loan capability with this refinery, and, perhaps what you would like to consider is to use your pay-back Tesoro crude and take a 50 per cent. Shell initiative—and, because of, perhaps, the "good fortune" of what happened in 1973 when we had the first oil price shock, Government was sufficiently emboldened to say, "all right, we will take the whole thing."

In 1985, both Tesoro and Texaco were negotiating on both sides and even then as they negotiated, recognizing that we would end up with two small companies, Trinidad Tesoro and Trintopec, we were saying that we would have to merge the companies.

In 1974 and in 1985 there was a down payment and there was not payment by product, and it was until the payment was completed, the operating companies would hand over.

In 1974/1975 the stations, painted in Shell colours, were beginning to deteriorate, the Government could neither re-paint them in Shell colours nor could it paint them any other colour because it had not finished the payment. It was only after the final drop was completed and you got a release from the company stating that you have completed your payment, you owe nothing on either side, it was only then that you could have done it. We completed that payment in 1985 and as we went into 1986, the oil price market collapsed. The Government started the year in January, with \$28 a barrel and by the end of February it was at \$16 a barrel and falling like a spoon. Nobody that was there had time to consider anything. Honest to God survival. It hit \$8.00 a barrel in August.

I have said "there," because, I think we must all understand that at the end of 1986 the PNM Government was removed and a new government came in with new ideas. We ended up in 1992 with two small state-owned companies still independent, still arguing every month over what price one should sell crude to the other and, as I said, thank God, the people in the field have a little more sense than that.

3.30 p.m.

Our state-owned companies, Trintopec/Trintoc, between them both producing 33,000 barrels of crude per day; if you bring in Trinmar's share of 65,000 barrels of crude per day, that is small. Venezuela is 2.5 million barrels of crude per day. Our local market is 17,000 barrels per day and it cannot afford to carry and

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support the energy sector that we have. Trintoc/Trintopec for their survival must live in the international market place. They cannot live anywhere else.

Our refineries—Sen. Wade Mark has made heavy weather of it—70,000 barrels per day; 17,000 barrels come to this island and we use it for gasoline. The rest must go into the international export market, no other place. The international export market says that it wants reformulated gasoline; it is only going to buy gas oil with 0.05 per cent sulphur; it is only going to buy fuel oil at 1.5 per cent marked sulphur. The United States will start on October 1, 1994 and Europe says that it is going to impose the same specification on October 1, 1995.

On the basis of our own crude and the refinery that we have we are still supplying leaded gasoline in Trinidad and Tobago. Do you think that is a political matter? Leaded gasoline was stopped several years ago elsewhere. It is what our refineries can make with the crude that they have.

We produce a gas oil of 0.5 per cent sulphur maximum. The international specification said 0.05. Therefore, there is a reality. The decision really facing us is that we either upgrade to meet the international requirements because that is where we must live, or we say: “Boys we cannot make. Shut it down.” That is not a political decision. That is the reality that faces us.

Let me go on. I said it before. Sen. Wade Mark's figures were a little inaccurate, but he said the first discovery was in 1907. It was a little earlier than that. The first export was in 1907, but it had to be discovered before it was exported. The first drilling was 1870. Our fields are 100 years old.

I went to a long service award ceremony at Trinmar. Recognizing the grey hair on the old boy, they invited me. Trinmar's first well was spotted in July 1954; average daily production rose to a peak of 70,000 barrels per day in 1969, and is currently 31,584 barrels per day in 1993. A field that is in decline peaked to 70,000 barrels per day. The land fields are in decline.

Perhaps to assist the Senate to understand what we are talking about—will someone help me? If we look at table one [*Diagram Shown*] we would see just between the two of them, the total number of wells they have within their care is 12,250. The wells that are currently producing 2,730; average production per producing well 12.2 barrels per day.

I think all of us can remember that Iraq invaded Kuwait and set 720 of them on fire. The fire was put out. Those 720 wells in Kuwait have now been returned

to operation. Kuwait is screaming at OPEC about the allowed quota of 2 million barrels. It is not enough; 720 wells averaging over 3,000 barrels per well per day. We are talking about 12 barrels per day, per well, but we are in the same international market place competing “mano mano”, whether we like it or not, with Kuwait and Venezuela, because our domestic market cannot support even the size of the company that we are talking about.

Let me make the point that these are two small state-owned companies 14 miles apart and they cannot live one without the other. The crude has been going to the refinery of one. They are arguing every month. Trintopec has a field in Sobo, eight miles outside of Point Fortin, but their men must come from Palo Seco to attend to that field. Trintoc has a field in San Francique and the men must leave there and go to San Francique. They go backward and forward.

The law says that they cannot drill within 300 feet of a boundary. Where there is a common boundary and both companies are rigidly observing the law, one cannot go within 300 feet on one side and the other cannot go within the other 300 feet on the other side. They have common boundaries that run for miles and miles. They cannot put a well in between. It is a whole bunch of new drilling sites.

Just the rationalization of the pipework—and something that Sen. Rooks touched on—Trinidadians with the expertise in heavy crude are in Trintopec, but the project for heavy crude is in Trintoc, and because we say one is Trintoc and the other one is Trintopec, we cannot use the facilities.

Let me touch on another point that Sen. Wade Mark made. In 1974 the Government bought the shares of Shell Trinidad; in 1985, the Government bought the physical assets of Texaco Trinidad, not the operational assets. Upon agreement, Texaco immediately took away the management—and they apologized for that—certain records and even the liquid stocks out of the refinery.

There was a situation in which there were assets and people, but the management was gone. In that situation, the Government did the only thing that it could have done. It sent Trintoc to manage. A bunch of us went down there next morning and by the very nature in which the thing was done, we ran into obviously, many problems. The financial and personnel procedures and the union agreement were different. There were those little guys from Point Fortin coming into big Point-a-Pierre trying to take away everything. It was a human relations problem and it created inefficiency.

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A similar thing happened when NP acquired the marketing assets of Shell Trinidad as Trintoc. Therefore in terms of bringing about a very necessary merger, I think we recognized that it could not be done that way. These merging operations started in April 1992 when the two appointed boards were called together and asked to work toward the merging of those two companies.

I think most of us had known what was going on. We appointed a merger committee. They brought in management members from both sides; a sub-committee to look at the finances, personnel, exploration and production operations, the advantages and how they could bring it together. They brought in outside consultants to deal with the psychological impact, change agent. I know people have asked why.

The merger committee sat with the senior executives of OWTU to discuss the merger, not once, not twice. Companies that owed money to foreign and local banks went to the bankers and everybody had a part to play, even the Southern Chamber.

Let me say a couple other things as well. It was when they were having that very keen close look at their operations—not from the Government, the Government really stayed out of it—there was a clear signal that they did not want a merger with Trintopex being absorbed in Trintoc. They wanted a new company: to go back to their core business being a petroleum company again. When they looked at what was facing them, particularly, in the international marketplace where they must live.

This is not my headline. This was their headline: "Survival". That is the name of the game. Mr. Vice-President and hon. Senators, let me assure you that is what it is about. With due respect to Sen. Wade Mark this is not the time for games.

3.40 p.m.

We have a serious business. They have gone as far as they have gone. They have registered the company; they have made the selection of the first line management; they have made a selection of the second line management; they have entered into an accommodation of the two companies at this time to allow it to run, in which Petrotrin was effectively contracted as the manager of the two companies. What they require to set the ball a-rolling, so to speak, is the approval of Parliament, through the Petrotrin Vesting Bill that is before us, that legally vests the operations and the obligations of the two companies into Petrotrin.

Sen. Mahabir-Wyatt: I presume that Trintoc and Trintopec, from what the Minister says, will continue to be legal entities. The Bill does not make it clear in what form these are going to remain. Could he just point out to whom they are going to report? Will it be to the Minister as they do now, or to Petrotrin? The Schedule to the Bill talks about Lake Asphalt; to whom will that company report? Can you address these matters in winding up?

Sen. Prof. Spence: I have tried to find in the list of assets in the document you have just circulated, the 1/3 area of Trinidad and Tobago by way of total landholding which I have heard mentioned. Can you just find this for me before you wind up?

Hon. B. Barnes: We come back to a very important question, a matter of great concern. Sen. Wade Mark has read a letter. The fact of the matter is that legally the union agreements are between Trintoc and OWTU and Trintopec and OWTU. In a way, there have been ongoing meetings between the merger committee, the new management and the OWTU. Petrotrin is not in a position to deal with the union agreements of Trintoc/OWTU and Trintopec/OWTU at this stage, nor, in the circumstances of the merger can either Trintoc or Trintopec deal with that. Yet there is obviously the necessity to bring them more in line—as PC himself has said, are we going to have two people doing the same job? There is need for rationalization. We have a temporary difficulty in that until the thing is legally vested, there is nobody—certainly not the Minister of Energy or indeed anybody in his ministry—that can deal with those problems.

The Petrotrin Vesting Bill, therefore, seeks to vest the substantive petroleum operations into Petrotrin. This is their choosing. We look at the list and we see 25 clubs and recreational facilities; we see the farms and agricultural holdings—things that came from a different time; in the boom years when there was a certain amount of buoyancy, the companies became involved through social concern. We are talking about a different time. We are talking about fields that have declined and which continue to decline. We are talking about an international oil price, and I put it for what it is worth. We are not talking East Coast crude, we are talking medium-heavy land crude; we are talking about a \$12 per barrel price per day. We are talking about a cost at the present time—Trintoc \$12.60, Trintopec \$14.60, average \$13.39—and a price set by the international market of \$12 per barrel. That is what is facing them. We are talking about half their wells being inactive and you have seen that they have formed what are called internal lease

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operatorships, with their own company people going out into the fields to seek to reactivate the wells.

Perhaps I should take the opportunity of expressing my regret for the incident which happened in Hermitage last Thursday. Perhaps Sen. Rooks will understand more than anyone else. Trintoc was trying to bring back Well AO33 into production. My ministry people inform me that AO stands for Antilles Oil. That makes it of our vintage. I saw a report in the newspapers "Oil well explodes" and I just pray God that we never have an oilwell explosion. The Trintoc people were bailing the well and when it started to come alive, they put on a twin safety valve which failed and the well blew. The five men on the winch were on the platform. The head man unfortunately dislocated a finger. The well blew for 3 1/2 hours and decorated the neighbourhood more than summer. One apologizes for the inconvenience, pollution and general disturbance of the neighbourhood. My heart tells me that there was something there for them to retrieve.

I saw in the newspapers, "Why is Trintoc going after a six-barrel per day oil well?" Yes, it is six barrels per well per day, but we have 5,000 of them. I am not saying that we can get back all, but if we can get back 3,000 of them at six barrels per well per day, that will be 18,000 barrels. If we can get back 5,000, it is 30,000 barrels. So, our current production will be different from what Sen. Wade Mark has said. It is 120,000 barrels per day, which is 25 per cent. It is there and the bringing together of the two companies allows us to deploy our people; it allows us to so rearrange our business to give us the opportunity, I think for the first time in a long time, to make a special effort to reactivate as many of those wells as can possibly be done.

3.50 p.m.

Sen. Mahadeo: I am a little puzzled. I read the booklet that the Minister just sent. On page 3, "Unallocated residential land developed: 268 lots at La Fortune Estate in Point Fortin." And then under the developed housing areas on that said page you have subsection E, Trintopec tenanted lands other than housing, agriculture or industrial use. I am a little unclear as to what the purpose is if Petrotrin is going to be in control of all these bits of real estate, particularly in the light of the last paragraph:

"It should be noted that there are certain other assets not within the classification of real estate assets which shall be excluded from being vested in Petrotrin with the passing of the Bill."

I would like to get a little clarity on that please.

Sen. The Hon. B. Barnes: Perhaps I am doing this very badly but since the question of the exclusion seems to be of great concern—Fundamentally, what Petrotrin says is that we want to go back to being an oil company. There is a whole bunch of things that have been accumulated over the years—real estate, club houses, churches and farms. Once these are outside Petrotrin in the sense that we are talking about here—and the question was asked, what is the value of these things? They have been carried in the companies at book value, some of them picked up when they picked Antillies. With due respect to my colleagues at Petrotrin, they know about the oil business but they really do not know anything about real estate. They will bring in professionals to come with a proper valuation and it is not going to remain in Petrotrin. You are looking at areas in which possibly a club in Egypt may be a useful place for a community centre. These have been private clubs. The question really is, does an oil company—5,000 people; 33,000 barrels per day—really require 25 clubs?

Sen Prof. Spence is here and one of the things that has been passed to me is an assessment of the real estate holdings and they told me that Sen. Prof. Spence had a hand in it. As Minister of Energy and Energy-based Industries, I learnt many things, and perhaps Sen. Prof. Spence can correct me if I am wrong:

"Chatham, run by Trintoc farm, this enterprise is the largest supplier of fresh milk in Trinidad and Tobago..."

As Minister of Energy and Energy-based Industries, I have to stand before this House and say that Trintoc is the largest supplier of fresh milk in Trinidad and Tobago and I cannot say it is the largest supplier of crude oil.

"Approximately 1,000 kilograms per day bringing an annual revenue of \$180,000 plus the Government subsidy of \$27,000 in comparison to an expenditure for 1993 of \$1,657,250"

And that is only one part of it. I detect that Sen. Prof. Spence had a hand in it because there is a section on horticulture suggesting that there is a future in heliconia. Some of us know it as the balisier and I would like to say that the balisier does not need any subsidy to grow. In fact, it does not need any subsidized fertilizer, but that is another matter. *[Interruption]*

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I see some things about plot that it is the best genetic breeding material in Trinidad and it has to be preserved. I support all that but, as I stretch my imagination, I do not see that has anything to do with six barrels a day oil wells.

I have read the report because it falls under my portfolio. It is not the final report, the board itself has not dealt with it, but I intend to pass it to the Minister of Agriculture, Land and Marine Resources, and there are several other things like that. This is not a question of divesting or privatizing or anything of the sort. What this is about is strictly a company with an accumulation of non-essentials that might be put to better use in the interest of the community. I went to the Trinmar long-service awards ceremony, I came off the Forest Reserve Main Road, the function was at the Forest Reserve Club—four miles—and the companies, now Petrotrin, have three clubs on a four mile stretch of road. It is an historical thing.

I heard statements, such as “we want a projection; we want a forecast on what this company is going to do”.

Sen. W. Mark: I asked whether there is a restructured plan for the rationalization of that sector—Petrotrin, Trintoc/Trintopec; whether the upgrading and the expansion of those operations was subject to some new plan submitted by this new government to the IDB and whether that plan could be made available to this Parliament. Secondly, the whole issue of the under-funding of the pension plans. Whether there is a comprehensive plan for the viability of this new company called Petrotrin and whether there is any room for retrenchment. The final area, is the question of economic and financial projections with respect to this huge loan into which we are going to enter.

Sen. The Hon. B. Barnes: To start on projections and forecasts, there is a reality that we all must share. Petrotrin—and if we include Trinmar's participation 65/70 barrels per day—let us understand that we do a five-year projection—I used to play the games myself—and Sen. Wade Mark says I like \$12.00 as a price. Are you going to argue with Sen. Wade Mark that the price of crude is going to be \$12.00 over the next five years?

4.00 p.m.

I say, "No, I do not like \$12.00, I want \$14.00, so there is a \$2.00 difference. US \$2.00 per barrel on 70,000 barrels a day—140,000 barrels per day; by 30—4.2 million barrels per month; by 12—US \$50 million; by 5.756—\$300 million. So just by saying that, I am forecasting at \$14.00 instead of at \$12.00. Let me assure

the hon. Senator that Trintoc/Trintopec have some of the most up-to-date computers in Trinidad and Tobago and if you want to play those games with them you would get 250 sets of computer printouts.

There is only one real way to do it—take the two companies separately and say \$10.00 per barrel; put the two companies together and say \$10.00 a barrel and make a comparison and you will find that you are less worse off with the merger. If you take it at \$14.00 per barrel and put the two companies at \$14 per barrel then you put Petrotrin, the merged company at \$14.00 per barrel you will find that you are that much better off with the merger. But the actual projections and figures do not mean anything really, because, certainly not the Minister of Energy, nor I suspect—with due respect to Sen. Wade Mark—nobody here, is going to influence the international price of oil and what it will, in fact, be over the next five years.

Mr. Vice-President: The speaking time of the hon. Senator has expired.

Motion made, That the hon. Senator's speaking time be extended by 30 minutes. [*Hon. L. Saith*]

Question put and agreed to.

Sen. The Hon. B. Barnes: Let me turn to pension funds, it came up in the other place. It is not something to make a joke of, or to be rash about or to be wily. In fact, Mr. Vice-President, I suppose before I say anything I should declare an interest as a pensioner.

Sen. W. Mark: Trintoc or Trintopec?

Sen. The Hon. B. Barnes: Trintoc. Let me start with the Texaco purchase agreement. Sen. Wade Mark is correct. Matters of pension funds are for the determination of professional actuaries. I was part of the negotiating team and I can tell this honourable Senate that actuaries on both sides met and made a determination on the basis of which, at the end of the fulfillment of the product application, the then Government and Texaco signed the appropriate release. I am not an actuary. I know that the funds have been under actuarial examination several times since, I am not aware of any Texaco pensioner, or indeed Trintoc pensioner, who has been paid less than what he is due. I know a number of pensioners who say that they have worked for 35 or 40 years and the pension might have been all right when they retired, but the cost of living and flotation of currency are hurting them. That is a reality.

Sen. W. Mark: Mr. Vice-President, I wonder if the hon. Minister could indicate to this Senate whether the pension fund was underfunded to the tune of \$200 million when Texaco left this country? What steps has the Government taken to ensure that that level is re-established?

Sen. The Hon. B. Barnes: I have heard that said. It comes up from time to time. The charge was made before the negotiation, that the Texaco pension fund was underfunded. The matter was handed, as I said again, to professional actuaries on both sides and the professional actuaries made a determination. I am not an actuary—*[Interruption]* I am the Minister of Energy now, Sir. What I know is that a number of the funds are over-funded at this time. They vary, but that, too, is going to be a matter for actuarial determination. That is where it has to be done.

So to suggest that people are being underpaid in pension is—I was going to say mischievous, Mr. Vice-President, but I prefer, incorrect.

Sen. W. Mark: Is the hon. Senator saying that all retirees are getting their full rights now?

Sen. The Hon. B. Barnes: Yes, as to their entitlement.

Sen. W. Mark: I will organize a delegation to see you.

Sen. The Hon. B. Barnes: Let me make the point that I have met people who have said that the pension they are now entitled to is too small; it is not adequate after working for 40 years. I sympathize with that, but that has nothing to do with the validity of the fund; that is another matter.

What I am trying to indicate to this Senate is that there are certain hard facts—the fact of the age of our fields; the size of our petroleum economy; the fact that our companies must live in the international market-place. The realities in the changes of product specifications are occurring. Those we must meet.

Just to make the point again. One hears the concern that we are seeking to privatize the landholding. The exploration and production—we need to bring back those wells. We are going into Petrotrin, encouraging lease farm-outs to use up some of the idle equipment that was accumulated during the boom years to put it back into operation on a basis that does not require Petrotrin to pay the up-front money. They have made no secrets about it, they advertised: they have received offers which they are evaluating. Let me again make the point—how successful is it going to be? I can tell you that if the price of oil was \$20.00 per barrel today there would be a lot of equipment crawling over the field.

4.10 p.m.

We are looking at \$12 a barrel oil and the influences from the international market at this point are not inspiring confidence. But the wells are there. There are a number of them and it has to be worth our while to go after them. That is one. Two, let us understand that we have 70,000 barrels a day of crude. Because of the nature of our geology, there are seven different crude types. If we did not have the refinery we would have to sell that crude, a medium heavy crude. We would need to segregate it and if we, in fact, segregated it and we have to move crude in parcels of 80,000 tons which is what it is, 700,000 barrels, we would be selling a cargo of crude every 150 days. We would have to be financing the cost of the drilling and everything else and then selling every 150 days.

Then one has to ask oneself whether an independent refiner, who is looking for a secure supply of crude to feed his refinery would, in fact, willingly choose Petrotrin when he can go to Lagoven, or Maraven; and he is looking at a 650,000 barrel-a-day system. I have tried this. I have had to sell that crude when our plants were down. It is not easy, and if our refineries cannot meet international specifications on our crude, we are dead! Just to finish one other point.

Mr. Vice-President, we must also recognize that we are not building a refinery from scratch. This was a refinery that was split up. Texaco had it running at 350,000 barrels a day. They sized their equipment for that. The necessities of the marketplace dictate that we must upgrade. We can only upgrade the plant that is there. Vacuum distillation of a particular turn down capacity: you cannot upgrade part of it, you have to upgrade all of it, or none of it. That is what determines the final size of the upgrading. It is going to come out with 160,000 barrels a day. Sen. Wade Mark has asked the same questions that we asked, except that we asked them in April 1992. How are we going to find 80,000 barrels of additional crude? Can we guarantee to be able to buy it over a 15-year period?

We said very early on, we are going to seek a joint venture partner, if it takes the form of somebody who just wishes to bring crude for processing and is prepared to make that kind of commitment. But if we are going to do that, then it is absolutely essential that we should be able to tell those people who are going to bring their crude that, after we process it, the products they are going to get back are going to meet international specifications so they can move them into the United States, Europe, Venezuela, or Colombia. If we cannot do that, then not only can we not get any kind of joint venture association but, I am sorry to say, we

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would not even be able to refine our own crude into any products that we could sell anywhere else except, possibly, in Trinidad and Tobago; and if you had asked me four or five months ago, I would have said the regional Caricom, but I see in the papers that Barbados say they are bringing in unleaded gasoline from January 1, 1994; and Jamaica and St. Lucia are bringing it in already. *[Interruption]*

Sen. W. Mark: Before he takes his seat, could the hon. Minister indicate to this Parliament whether there is a second contract or document that deals with the Government's concerns insofar as the upgrading and modernization of the Trintoc refinery is concerned? We would like to know whether there is a secret document and whether it will be made public.

Sen. The Hon. B. Barnes: I was glad for the opportunity of the interruption just to advise the Senate in terms of a document that I had promised. It was an attachment to the reply. It was in the four-page document that has been just circulated. But it has been there since that time. That was the *Structure*. That is the question, all right? So it was there. I am not too sure there was correspondence on the layout, and I am not too sure whether there was a replacement document—I would have to refer to the Minister of Planning and Development as to whether it was put up in that form. I really do not know.

Mr. Vice-President, I did not quite follow the way in which I had intended to deal with this matter. But let me emphasize that the merger process was done in a particular way to avoid the inefficiencies that came out of the Texaco matter. So there was considerable preparation in all the papers which have gone out to all the people. They are ready to go. This Petrotrin Vesting Bill which gives them the legal authority to proceed, is the end of that phase. But at that end, the real work of Petrotrin begins. This is when they start to try and make a hand of this operation.

In respect of the exclusions, really, Petrotrin will be holding a watching brief over the excluded assets, pending bringing in the correct professionals and the Ministries of Agriculture, Land and Marine Resources, and Community Development, Culture and Women's Affairs to see what best use this can be put for the benefit of the country. There may be things that are going to be sold out but there are several things in that area. I have spoken to the Minister of Housing and Settlements about housing lots. There are excess bungalows that can be dismantled and placed somewhere else. There are a number of things. But really, with due respect, oil men are simple-minded men, one-dimensional like me.

When we get into plans and real estate and so forth, we bring in the proper professionals.

Mr. Vice-President: The speaking time of the Senator has expired.

Sen. The Hon. B. Barnes: Mr. Vice-President, I thank you, and I thank the Senate for listening.

Sen. Prof. John Spence: Mr. Vice-President, my contribution will be very brief. I certainly accept what the hon. Minister of Energy has said with respect to the desirability of merging two small companies into a larger entity. It seems very logical and one wonders why, indeed, it has not been pursued more actively before.

I am very glad that the hon. Minister spoke before I rose, because I did not get that same argument from the hon. Minister in the Ministry of Finance when he made his presentation. So I was a bit worried about the cogency of the argument for a merger. But it seems very logical that this should be so. In fact, it has always surprised me how state-owned companies can act quite independently of each other, not just in the energy sector, but in other areas: in the agricultural field it is exactly the same thing. It has always been an amazement to me that this can be so, so I certainly would agree with that thrust.

With respect to the Bill itself, I have only one point to make and that is with reference to petroleum. One wonders whether it would not have been desirable, in fact, to either define petroleum or, perhaps, refer back to the Petroleum Act, because in the Petroleum Act both petroleum and natural gas are defined.

4.20 p.m.

Now, I take it that in the Bill, petroleum includes natural gas, but perhaps the hon. Minister who presented the Bill might consider whether it might be appropriate either in this Bill to define petroleum or to include the other—

Sen. Barnes: Mr. Vice-President, just for the explanation. There is a little a problem here. We have an existing state-owned National Gas Company, which, at the present time, embraces all gas operations except what is defined in the Petroleum Act as "own use" gas—gas that is used within its own operation. Anything other than that, by definition, must go to the Natural Gas Company, so it is very dangerous to do that vesting and make reference to natural gas lest it offends and contradicts the obligations of the Natural Gas Company. Within petroleum, as it is defined there, natural gas for its own use in its own operation, is embraced.

Sen. Prof. J. Spence: If that is indeed the case, Mr. Vice-President, I think it is even more important in this Bill to make some distinction, because as it stands, if one reads the definition of "petroleum" in the Petroleum Act, it says:

"'petroleum' means any mixture of naturally occurring hydrocarbons and hydrocarbon compounds;"

That means that it does include natural gas. Is natural gas not a hydrocarbon?

Sen. Barnes: In associated gas, yes.

Sen. Prof. J. Spence: No. But you see, it just said:

"...any mixture of naturally occurring hydrocarbons and hydrocarbon compounds;"

Anyway, I think it is for the legal people to sort it out, but it does seem to me that there is a problem, particularly, in view of what the hon. Minister has just said.

My only other concern with the Bill itself was with the landholdings. Indeed, when one reads the Bill, it seems to exclude all real estate and I assume that means all the landholdings. I was then a little concerned when the hon. Minister circulated this document, because if one tries to find the total landholdings here, it does not seem to be there. So I assume that this is an incomplete listing and, indeed, the Bill—*[Interruption]* Yes. But if this is all that is going to be left out, then it does not, in fact, address the very substantial ownership of land which the two companies had. All that is excepted here is about 10,000 acres of land and the landholdings of the two companies are surely very much greater than 10,000 acres.

Sen. Barnes: I think you are right. In terms of that, there is a bit of a problem. The land on which the refinery stands stays. The land on which certain of the installations are obviously stays within Petrotrin. There is the need in terms of this and you will see that we have, in fact, allowed a situation in which the Minister of Finance may have to come back, as it were, to re-vest. Because the final determination of what is oil rights and what is lease rights really has to be a very detailed final examination. The intention is to remove all land that is not directly involved in the petroleum operation.

Sen. Prof. J. Spence: That is my understanding. If that is so, I have no problem. I was merely remarking that this list that has been circulated certainly does not include all of the land. Let us be clear that this list is not valid in that

regard. That is my position with respect to the Bill. I have no problem in supporting it. I think it is desirable and so forth.

I would, however, like to address some remarks to the points made by the hon. Minister in the Ministry of Finance in his initial presentation. I only do so because he made his presentation in that way. Indeed, as he said, we will have an opportunity during the budget debate to come back to this issue. The main thrust of my budget debate will be, in fact, to address the issue of the Government's economic thrust.

But you know, twice recently, once reported in the press and now here this afternoon, I have heard the hon. Minister in the Ministry of Finance refer to the world having been changed by Thatcher and Reagan. He named them in his previous statement which was reported in the press but here he did not refer to them by name, but clearly, those were the two persons to whom he was referring. I gained the impression—perhaps I am incorrect and the hon. Minister can correct it if that is so—that what the hon. Minister is saying is that this now is the Government's thrust, the Thatcher/Reagan thrust.

Mr. Valley: Mr. Vice-President, there was no implication that that is the Government's thrust. I was merely making the point that these two leaders, in fact, had such an effect on the world, that one has to take that environment into consideration. As a matter of fact, Gorbachev might be added to those two leaders.

Sen. Prof. J. Spence: I find myself somewhat confused. The hon. Minister is saying that these two people have changed the world and that we now, in Trinidad and Tobago, have to change as well. I assume change in the direction which they have changed the world. It seems as if the Thatcher/Reagan concept is what we are moving towards.

But, Mr. Vice-President, I am not so convinced that Thatcher and Reagan are still holding sway, because Thatcher was certainly unceremoniously kicked out of even the Conservative party in Britain and Bush did not win in the last election, it was Clinton. The Canadians have shown clearly what they think. New Zealand has gone half way there by throwing out the Conservatives but having a hung Parliament, so I am not entirely convinced that the hon. Minister is correct in his interpretation of what is the global climate.

This is my main problem with the present Government's thrust, that they are trying to convince the people of Trinidad and Tobago that this is the only view

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that pervades in the world today, because of the changes that Thatcher and Reagan have made. Now, I do not agree that this is so at all and I think we ought to understand that the debate is still taking place.

This morning, in fact, I was reading yesterday's *Catholic News* and there was a very interesting comment by the Pope on the present world economic situation. His comments were that, perhaps, there were some things in socialism that were not so bad after all and perhaps we should remember these when we are framing our new economic thrust. In addition to that, he said that we should be very careful about the capitalist thrust. Now, indeed, I will read these comments in my budget presentation. I would have brought them today with me but I thought that we were going to have a discussion of the Government's economic policy.

I was able to get from the library, yesterday's *Guardian* and I would like to quote from an interview which was held by Clevon Raphael with Dr. Ken Julien. This is the *Sunday Guardian* of November 28, 1993.

"Q: Okay, what do you think about Government's economic policies, do you think they would bear fruit, meaning providing sustainable jobs?"

DR. JULIEN: I have to say again, a difficult question. Since the Government has adopted a certain model for treating with economic development certain countries have used that model and apparently have been successful. I refer to Mexico, to Chile, Argentina. The model I am speaking about, of course, is Government backing out; liberalisation, opening up your trade barriers.

The concept as I understand it, is if you give money back to the private sector they would treat with your economic problems with Government taking a smaller share of the national cake. This is how I understand it.

The question mark I have is whether our size and whether our culture, our private sector culture, would respond the same way as in, let's say, Singapore and those other countries.

So I think the perception of Government is that they have a model in mind but they don't have all the pieces.

I think if the private sector culture is not there to respond to this, I think that the hopes they have may not be realised. That's the way I will answer it.

Having said that, the problem small economies like us face is, what to do? Maybe you should talk to our social scientist friends, they may have the answers."

So you see, the question is still being asked even in Trinidad and Tobago, and I certainly am asking the question and I have asked it for the last five years.

Mr. Valley: Mr. Vice-President, I wonder whether the hon. Senator read Prof. Ryan yesterday also?

Sen. Prof. J. Spence: I did read parts of it. I did not read it in detail, quite frankly, but I will do so, since the hon. Minister has called my attention to it.

Mr. Vice-President: Will you be much longer?

Sen. Prof. J. Spence: Five minutes.

Mr. Vice-President: Go ahead.

Sen. Prof. J. Spence: I have to gather my trend of thought. It is a bit difficult with the comments in front. They tend to distract.

4.30 p.m.

I was making the point that the discussion, in my opinion, is still taking place even here in Trinidad and Tobago. I think that we must understand that there is a change and we should not say that we are modernizing to go in this direction. It is not clear that this is a new modern concept and this is the concept that we should go for. It is a change; it is a difference. But when we use the term, modernization, there is a built-in value judgment of the term, so that it immediately implies that this is a better system; you must be modern. If you do not go this way, you are old fashioned and, old fashioned may not be so good. Although, in fact, in the United Kingdom now, John Major is wanting to take the country back to traditional family values. So in some sense, in some areas, old fashioned is good, in others, not so good.

Mr. Vice-President, I think it is extremely important that we continue this discussion; that we all address ourselves to whether this is the only way. It seems to me that it is an extremely important point here which I intend to promote as actively as I can in the coming weeks when we discuss these various matters in Parliament. If the Government is saying, "now we will withdraw from areas that we formerly participated in because state enterprises are inefficient, and when they fail, the taxpayers are the ones who suffer", and if they are saying, "look, it is no longer our responsibility as a major thrust to ensure that jobs are provided, that is for the private sector", okay, let us accept both of those, and say, "yes this is the way that we should go." Then it seems to me clear that you cannot have power

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without responsibility. The private sector, then, must take the responsibility for creating the jobs, for running efficient enterprises. Because let us be clear, if a private enterprise fails, then the 30 per cent tax, even if we decide to bring it down to 30 per cent, which would normally have gone to the general exchequer, and therefore to the people of the country, does not go.

So now, if we are saying the Government must withdraw, the private sector must take up these activities, they must also take up the responsibilities. So let us be clear. In Trinidad and Tobago, if that is the road that we are going, we have to have a private sector that will accept these responsibilities, who will say, "yes, it is our responsibility to run private businesses, not just for our own profit, because by so doing, we will be looking after the welfare of the people of Trinidad and Tobago". Is our private sector prepared to take up those responsibilities? That is the question we must all ask.

Thank you, Mr. Vice-President.

Mr. Vice-President: Sen. Spence, one can only anticipate your contribution in the upcoming budget debate.

The sitting of the Senate is suspended until 5.02 p.m.

4.32 p.m.: *Sitting suspended.*

5.05 p.m.: *Sitting resumed.*

Sen. Muntaz Hosein: Mr. Vice-President, there has been much argument here today about the merger between Trintoc and Trintopec into one entity called Petrotrin, and the hon. Minister, Sen. Barnes, in his own inimitable style, went through much of the technical aspects of why a merger was necessary. In that respect he may have missed the argument from this side. What we will argue, and what the people of the country are concerned about is the question of the Government's track record regarding mergers. This is what troubles many of us.

One should ask the question: Is this going to be another First Citizens Bank merger, the mother of all cover-ups, where the jobs of some 1,200 workers are threatened and the entire financial sector is being shaken from the roots? Nothing short of an immediate public enquiry will prevent a catastrophe for the financial system and the 1,200 workers involved.

There are highly questionable transactions and decisions made by people held in high regard in Trinidad and Tobago.

Mr. Vice-President: Sen. Hosein, we are not here discussing the merger of the First Citizens Bank. We are discussing the merger of Trintoc and Trintopac into Petrotrin. I will advise you, please, to get back to the Bill that is before us.

Sen. M. Hosein: Mr. Vice-President, I was simply mentioning the track record of the Government regarding mergers. I am not debating the merger of the First Citizens Bank, I am simply mentioning it *en passant*, according to the President of the Senate, who made that part of the proceedings of Parliament, that one can mention something *en passant*. So, I am not debating it, Mr. Vice-President. I think you may have, perhaps, been jumping to the conclusion that I am debating this. I am not doing so. I think you will agree that the people of Trinidad and Tobago need to know. If there is going to be a merger, one should first find out what is the track record of the people who are involved in the merger. There is a stench coming from Central Bank, the financial towers, the boardrooms of the three merged banks and no amount of disinfectant would deodorize the smell. This is the track record of the Government regarding mergers.

One must examine that and see whether one can have any confidence in the Government putting together another merger. I am saying, emphatically, that we do not have any confidence in the Government putting a merger together. No amount of technical jargon as to why the merger is necessary is going to wash away the question of the Government's track record to merge companies. That is the argument.

Petrotrin is the largest owner of property in the Caribbean. We are looking at a company with total assets valued at over \$4 billion with a combined workforce of 5,500 workers and an operating capital of \$2 billion. These companies are being merged to be divested later—that is what I understand by the Minister's opening remarks. The question of selling off the assets of Trinidad and Tobago is one that I have difficulty with. I ask the Minister: Who gave permission to sell off the assets of Trinidad and Tobago? Was there any consultation with the people involved? That is an important question that has to be asked.

One would expect that the Government has a moral duty to get a mandate from the population before the assets of Trinidad and Tobago are sold. As I understand it, in 1991, when they sought to become the Government, and they went to the population, I am not aware that this is one of the planks on which the election was fought. I am not aware that the people understood that. I am not

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aware that it is said in unambiguous language that the Government was going to offer the assets of Trinidad and Tobago. Therefore, I am saying that the Government has a moral duty to get a mandate from the people of Trinidad and Tobago before the assets are sold.

I have a document entitled *Structure* but I am not sure from whom it came. Am I to understand that this is a Government document? I am asking Mr. Vice-President. Is this from the Government? I just want to know. Was this document circulated by the Minister?

Mr. Barnes: Mr. Vice-President, if I can intervene. It was in response to a challenge from Sen. W. Mark that a document that I had promised had not been delivered. It was, in fact, attached at that time.

Sen. M. Hosein: Thank you very much, Senator. It appears that this is from the Minister. I draw the attention of the Senate to No. 4 which states:

"The National Gas Company (NGC) will continue to be responsible for natural gas transmission and distribution, as well as related activities. NGC will be retained as an independent company and operated on a commercial basis. It will be used as the main vehicle for promoting and facilitating the country's thrust in natural gas development. The Company has absorbed the National Energy Corporation (NEC). NGC will also have the responsibility to recommend to Government and to apply incentives for the development of down-stream activities in the natural gas sector."

5.15 p.m.

Mr. Vice-President, the National Gas Company is headed by the super salesman. He has denied being a super salesman, so perhaps, he is the super commission agent, I do not know—Dr. Ken Julien—and there is much happening at the National Gas Company, much more than what meets the eye. I have a problem with having the National Gas Company under the chairmanship of Dr. Julien, but I would not say anymore at this point in time.

Mr. Vice-President: I was just going to ask you to come back to the Petrotrin Vesting Bill.

Sen. M. Hosein: Mr. Vice-President, this document was sent by the Minister. It forms part of this debate. I am not going further into it. I will reserve that for later on. Not today!

Let us examine the Government's policy on the energy sector. I invite you to look at this document called *Medium Term Policy Framework, From Stabilization to Growth, 1993 to 1995*. It has gone further down, it is now 1994/1996. For our purposes let us use this one since we are still in 1993. I read from page 32:

"...the medium term strategy for the restructuring of the energy sector will include:

- (i) revitalisation of the major components—exploration, production, processing, construction and services;
- (ii) accelerated diversification of the sector with emphasis on the expansion and deepening of downstream industries;"

I see no details here to tell us what are the downstream industries that the Government is targeting. If you are putting in a medium-term framework, I do not think it is right to speak in such ambiguous language of what is happening. We see no downstream industries being targeted and one wants to understand this *Medium Term Policy Framework*. One would have expected to find some identification of these industries which this document is now addressing.

Mr. Vice-President, I want to read with your permission, a paper from a noted economist, Mary King. This is what she had to say:

"The refinery operations:

The Pointe-a-Pierre refinery now undergoing an upgrade from its current capacity of approximately 80,000 barrels per day to one capable of processing 160,000 barrels per day of crude oil, will when complete (by 1995), be producing more of the valuable gasoline and middle distillates than it now produces but it will produce the same amount of fuel oil which is a low value product.

The Point Fortin refinery is still in operation only because of a processing agreement with Venezuela from imported crude and again fuel oil is the main output.

Central Bank figures for 1991 (in million bb), report a crude production of 55.6 barrels with 5.6 in Motor Gasoline, 1.5 in Aviation fuel, 5.5 in Diesel fuel, 2.9 in Kerosene and 21.8 in fuel oil.

In the days of Texaco the PAP refinery was continually upgraded and at one time produced 200 of the 1000 separate products made by Texaco worldwide including high added value petrochemicals such as aromatic

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products, cyclohexane, naphthenic acid, and normal paraffins as well as several grades of gasoline, kerosene and high quality lubrication oils. Since the '70s, USA's offshore refining operations have declined as it had become less profitable because of changes in the tax structures and the nationalization fixation of the times.

Today we are spending (foreign loans) on upgrading but still hanging on to high levels of fuel oil production. We yet do not seem to have the vision of the state-of-the-art refiners who concentrate on the "white barrel" high added value yield. These high added value products are inputs into the plastics and petrochemical industries.

Natural Gas:

Monetizing our natural gas commenced successfully in the manufacture of urea, ammonia, methanol as well as the extraction of butane and propane liquids from the gas. However, all of the above are commodities traded on the world market and, therefore, liable to price fluctuations particularly, the fertilizers.

They are exported as both fertilizers or as inputs into worldwide petrochemicals and plastics processes, the downstream industries which add value and are both more profitable and more stable in price than the commodities.

One example is Methylamines, which has inputs of Ammonia and Methanol, and is the main input into pesticides (e.g. sevin powder), weedicides, fungicides, explosives, pharmaceuticals, poultry feed supplement and a textile dye modifier—all low capital cost plants which create jobs as well as earn foreign exchange.

Another example is MMTC (or Acrylic sheet) which is used in furniture manufacture, appliance and automobile parts, aeroplane canopies and light fixtures. Its inputs are Methanol and Isobutylene.

Only days ago, the Prime Minister suggested that the local car manufacturers should be looking at what parts can be made here..."

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"a more apt question might be 'What are the available raw material inputs which we can process here for the manufacture of those parts?' MMTC is only one answer. PVC, Polycarbonate and Polypropylene are others.

Eric Williams on the day he turned the sod to start ISCOTT. He said 'Steel today, tomorrow aluminum. Maybe, the next day petrochemicals (and by petrochemicals I mean not just the production of simple fuels and intermediate products, but the production of finished petrochemicals that could lead to meaningful downstream activities in plastics and other modern day chemicals). This is the road that the Government has embarked on.' That was October 1977."

This PNM is going on a different road. That road is forgotten. It is another road that they are taking now.

Mr. Vice-President, one would not have thought that they might have revisited 1977 and understand what their government, in those days, were saying because, even in those days, it might have been far-fetched, perhaps, but one can see now what kind of vision was being put forward.

On the other side, they have thrown everything down the drain and all they care about is to sell everything out. Pretty soon when they sell everything out there will be nothing more, but, of course, the plan may be that when they sell everything out they would not be there. So it would not be them to catch; it would be somebody else to catch. That may very well be the plan.

Mr. Vice-President, to say the least, any plan of that nature is short-sighted, greedy and wicked of any government to do such a thing.

5.25 p.m.

The paper continues. These are the recommendations that Mary King put forward. The other side of the House might consider these recommendations favourably:

Sen. Barnes: I think, he, quoted some documentation dated 1977, in terms of the direction and the development of downstream petrochemicals. This Government came into office in 1992. Can he perhaps help this Senate by telling them how many of those projects and products have come into fruition in the intervening 15 years?

Sen. M. Hosein: Mr. Vice-President, it is not for me to tell the Senate what came into fruition in 15 years. That is for the Government's side to do. My job is very clear. It is to replace them. If he came to hear anything different, I am very sorry about that. In doing that, I shall put forward, proposals which would be alternate proposals to what they are doing.

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I will continue with Mary King's paper. She went on to recommend the following:

"A MTBE/PP/Methanol Complex: Given our refining capability we must endeavour to seek investors who can finance the upgrade of our refinery at Point Fortin, with the necessary cracking facility to manufacture both isobutylene and propylene to facilitate a world scale MTBE/PP plant. This should be integrated with the proposed methanol plant.

Given that the demand for MTBE is driven by the shortage of acceptable octane boosters (it replaces lead in gasoline) the question of concern worldwide is whether there is enough methanol/MTBE capacity to meet this demand and whether it will come on stream in time to prevent a shortfall.

Do you see what this paper is saying? This is why I believe it is important for the other side to note. I am saying this because for every mistake they make on that side, the country suffers. I do not wish them to make many mistakes. This is why I am giving them the benefit of this paper. I continue.

"The current market of 4.5 million tons per annum is expected to grow by 300 per cent by the year 1997 due to the new laws governing the Clean Air Act in the USA. It follows that the rest of the world will eventually go the same way. We are geographically, ideally placed in the Caribbean to possibly support two MTBE plants given our rich gas reserves and the existing infrastructure.

Polypropylene is one of the fastest growing plastics in the world and since it is environmentally safe its market will continue to grow. New catalyst research has resulted in tougher and better heat resistant properties making its uses more flexible. It has many uses in packaging and manufactures. The manufacturing of PP will not only provide opportunities for local manufacturers but it will earn much needed foreign exchange.

Other plastics and petrochemicals: Pre-feasibility studies in certain processes indicate a vast potential for T&T to become the regional major supplier of plastic resins, polyester fibres and petrochemicals. To maximize profits these new plants must use state of the art technology, be automated by computer control thereby generating maximum profits so that through this increase in tax revenues the Government can be in a better position to implement its planned social welfare and education programmes."

On the other side, do they have the guts and foresight to pursue these alternatives? In this Senate, time and again one would hear—and outside of the

House mainly—that the Opposition would only put arguments forward against what the Government is doing, but it would not put forward any kind of alternative. I want you to understand, that the record is there for all to see. One can go through all our contributions and one would see that each of them has alternative proposals.

I go back again to the *Medium Term Policy Framework*. Page 32 states:

"(iii) creation of an environment that will attract foreign investment;"

Do we really have that environment that would attract foreign investment? One would see that our environment is filled with drugs and drug-related problems. Our environment is one of crime out of control. If that is in our environment, investors from abroad would loathe to come to invest in Trinidad and Tobago. Firstly, the Government must attend to those problems. This document certainly outlines some of the problems that we are faced with, but it does not give the solutions.

The Members on the other side are very good at talking. I have had that problem with them from time to time. They are not very good doers. There is no action from the other side. Some of them simply come to Parliament to make fools of themselves.

I now go to the second Schedule of the Bill. According to the Bill, there is a list of assets that are not going to be part of Petrotrin. Under clause 6 (1), one would see that the Minister may by Order transfer and vest in Petrotrin the assets of any of them as set out in the Second Schedule. One wonders why they have left these items unattended, so to speak.

What is the value and future of all these assets? What are we going to do with these assets? It is not clear to us. Is he going to divest them? Is he saying that?

Mr. Valley: We told you so.

Sen. M. Hosein: We did not hear him say that.

In the meantime who is going to manage these assets. If the employees of Trintoc/Trintopac have merged into Petrotrin, would the employees who man these other areas remain in those areas, or would they get fresh employees for this? What are they going to do?

For example, there is a golf course. I think, maybe, more than one of them. I know of one in Pointe-a-Pierre. What is going to become of that? There are

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employees and even members of the public who avail themselves of the benefit of those courses. We would like to know what is the position with the golf course and the other assets.

Sen. Huggins: What else can you do with a golf course?

Sen. M. Hosein: I would not answer that Minister because most of the time he does not make sense in whatever he says. I would ignore him. Everybody else, including the Prime Minister ignores him, so why should I not?

5.35 p.m.

Mr. Vice-President, the Government's ability to handle problems in the society leaves much to be desired. *[Interruption]* That is the kind of product that the Government is producing—people who have absolutely no place at all—well, I will not say in here—but I do not know where the hon. Senator is going to find a place, apart from being a "gopher" for the Prime Minister. I do not think he is anything else.

Sen. Yuille-Williams: Come on, come on.

Sen. M. Hosein: In conclusion, Mr. Vice-President, *[Interruption]* The Senator thought it was he speaking, everybody is glad when he stops.

Sen. Huggins: Carry on.

Sen. M. Hosein: I am very sorry for him. I am very sad for him. *[Interruption]*

Mr. Vice-President: Would hon. Senators allow Sen. Hosein to finish his contribution, please.

Sen. M. Hosein: Yes, Mr. Vice-President, I would like to carry on a good thing with the Minister.

Mr. Vice-President, one must ponder on the Government's track record regarding any kind of merger in Trinidad and Tobago. I am saying that their track record is definitely not a good one and that scares many people. You will be surprised to know that I am asked questions, on my way to the Senate, like, "are you going to be party to voting for another merger by this Government, when they have messed up the recent merger with FCB?" Therefore, people are very concerned about this, Mr. Vice-President and, as a result of that, I think the Government may do well to try to clean up their act. Because right now their act is in shambles and unless they clean it up, I am afraid the things they will be doing will not redound to the benefit of Trinidad and Tobago.

The Minister of Local Government and Minister in the Ministry of Finance (Hon. Kenneth Valley): Mr. Vice-President, I want to thank all Senators for participating in this debate, especially my colleague, the Minister of Energy, who really presented the Bill. There is no doubt that we can all learn from the Minister of Energy's knowledge in that field.

Mr. Vice-President, in closing the debate, I will not say anything much. I want to deal quite quickly with some issues raised by Senators opposite. The first one, of course, is Sen. Wade Mark, who claimed that somehow we were changing our tune on this side from what we were saying three years ago, or what have you.

Mr. Vice-President, again I have to refer Senators opposite to the People's National Movement manifesto, the one on which we fought the elections of 1991 and the state enterprises policy, as outlined in that manifesto on page 12, I think, which states quite clearly what our policy would be in Government with respect to state enterprises. That policy was informed by policies outlined in 1988. The Senator quoted from the Convention document "*From Ownership to Tenancy*" which, I think, is a 1989/90 document. Way back in 1988 the People's National Movement in its convention adopted a state enterprises policy as outlined in this document, which is the policy that the party is carrying out today in Government. I do not think I need to go through the policy. I can merely refer the hon. Senator to this document beginning on page 31, where the role of state enterprises is outlined. He will see quite clearly that we will be a facilitator and investor. Investor in cases only of strategic importance. So that there is no inconsistency. We said what we would do in government in 1988, that was mirrored in our manifesto in 1991; and now in Government, we are implementing that policy—simply. Way back in 1960 the father of this party said when the PNM say they are going to build bridges, they are going to build bridges; when we say we are going to build roads, we are going to build roads and the people of Trinidad and Tobago can depend on the PNM. When we say we are going in a certain direction we are going in that direction. *[Interruption]*

One other issue, Mr. Vice-President, I think we need to make—because there seems to be some misunderstanding concerning the PNM's policy. Sen. Hosein was quoting the policy in 1976.

Sen. Hosein: 1977.

Hon. K. Valley: 1977. Perhaps it is well that Senators realize that in the beginning the PNM said it would be a facilitator. In the beginning the original

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policy of the PNM was to be a facilitator in the economy. The first five-year development plan of 1958—1962 was quite clear on this.

Government at that time took the position that the role of Government was to create and foster a framework which was favourable for investment and also to try to persuade as many persons as possible to get involved in business, both local and foreign. That was the original position of the People's National Movement and that continued even in the second five-year plan, 1964 to 1968. That was the position.

That situation changed when the Government realized that even though they were providing incentives, the private sector at that time were extremely risk averse and somewhere around 1969 that policy position changed. It changed in the third five-year development plan when the Government outlined a clear policy—state participation in the commercial sector. One knows that policy was outlined in 1972; it was revisited in 1975 and I can assure this House that, very shortly after Cabinet approval, Government will be laying a third paper with respect to public participation in the industry—revisiting the situation. Mr. Vice-President, based on the changed circumstances of today. So that it is not true to say that anybody is moving from any policy. As a matter of fact, if anything, we are going back to basics. Another issue I want to deal with, rather quickly, is—

Sen. W. Mark: You rejected the sell out of enterprises. You said that! Here is the speech!

Hon. K. Valley: It is the same speech. You must read the whole speech. It is that same speech, Sen. Mark!

Mr. Vice-President. Can we calm the thing down a bit and let the Minister continue?

Hon. K. Valley: Thank you very much, Mr. Vice-President. I made the point that if the Senator would read on in that same speech—because that is the privatization debate he is talking about—he would see that the state policy is outlined in that speech.

Hon. Senator: Ignore him.

Sen. Prof. Spence: Mr. Vice-President, may I ask you please—it is very difficult to listen to the Minister if Sen. Wade Mark interrupts in that way. I am sitting right behind him and I really would like to hear the Minister. I may not agree with him, but I would like to hear him.

Hon. K. Valley: Thank you very much, Sen. Spence. I was about to say, Mr. Vice-President, that I wanted to say a few words with respect to Sen. Spence's contribution.

Sen. Spence made the point that the debate is still on with respect to the way of the world, I suppose, and implied that this Government is following "Reaganomics". Nothing could be further from the truth. The point that I attempted to make—and I am sorry that I was not as clear as I would like to be—is that, as a small country we do not determine world currents—big countries do that.

5.45 p.m

When one analyzes it in hindsight, these two leaders have left a certain stamp on the world. And as I have said, one can even add Gorbachev to that. As a small Third World developing country, when we are planning our way in the world today we must take that into consideration. As any business leader, Mr. Vice-President, when you are doing your business strategy you have to take the environment into consideration. So we consider that and then we have to say, given that environment out there how could we find our way? What is the appropriate vision for our country?

We have to take into consideration what we have: our strengths, the weaknesses, the opportunities available in the environment and the threats, and we plan our strategies to achieve our objectives based on that environment. That is the only point I was making.

Mr. Vice-President: You can proceed now with the winding up of the Bill.

Hon. K. Valley: I am winding up the Bill. *[Interruption]* I thought that is what I was doing, Mr. Vice-President.

Mr. Vice-President: Minister Valley, you will have time in the budget debate to deal with these macro-economic issues. We are dealing here with the Petrotrin Vesting Bill.

Hon. K. Valley: All I am doing, Mr. Vice-President, is responding to the issues raised by the Senators on the other side.

Mr. Vice-President: All I am telling you, Minister Valley is that you will have more time to treat with these in the budget debate which will be starting some time next week.

Hon. K. Valley: I shall take that cue, Mr. Vice-President, and rather than refer to some consensus reached by about 52 Finance Commonwealth Ministers in Nassau yesterday with respect to the way of the world, perhaps I should simply give a copy to Sen. Spence as evidence of the fact that most people believe that "yes, the world has changed, it has gone right. It has gone right and we have to find our way within that environment.

Mr. Vice-President, I beg to move.

Question put and agreed to.

Bill accordingly read a second time.

Bill committed to a committee of the whole Senate.

Senate in committee.

Clause 1 ordered to stand part of the Bill.

Sen. Prof. Spence: Mr. Chairman, may I raise the point that I made earlier as to whether the Hon. Minister thinks that petroleum needs defining? If not, then I have no problems.

Hon. K. Valley: Mr. Chairman, there is no need for amending—

Clauses 2 to 7 ordered to stand part of the Bill.

First and Second Schedules ordered to stand part of the Bill.

Preamble ordered to stand part of the Bill.

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

Senate resumed.

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

AIRPORTS AUTHORITY (AMDT.) BILL

Order for second reading read.

The Minister of Works and Transport (Hon. Colm Imbert): Mr. Vice-President, I beg to move,

That a Bill to amend the Airports Authority of Trinidad and Tobago Act, Chap. 49:02, be read a second time.

Mr. Vice-President, the Bill we have in the Senate before us today seeks to amend the Airports Authority Act to create a new type of public authority which will have the flexibility to operate as a public service venture, while at the same

time having commercial viability as a primary objective. Some of the functions of this Authority, therefore, would be somewhat different from authorities of this type, and if you allow me I will go through the amendments clause by clause.

The first two clauses are straightforward and deal with the title and the interpretation of certain clauses in the Bill. The third clause addresses the most modern terminology relating to certain areas in airports and would seek to change the description "protected area" to "restricted area". This will allow the substitution of all words "restricted area" for "protected area" now in the legislation. The fourth clause of the Bill seeks to update the provision in the existing legislation which is outdated and gives a limit of an annual salary that could be paid to any officers in any post in the Authority at \$24,000 or just \$2,000 a month. We have sought to bring this in line with one of the highest posts in the public service, that of a permanent secretary. Clause 4 seeks to raise the limit of the annual salary to \$130,000 that the Authority can assign to any post.

5.55 p.m.

Clause 5 deals with the transfer of employment of persons now in the employ of the Authority who may wish to transfer to any joint venture company in which the Authority holds shares, any company in which the authority holds shares, and will allow for preservation of their benefits, their pensionable entitlements, their gratuities, their severance.

We were advised that this clause might not have been absolutely necessary, but in the interest of ensuring that workers are not disadvantaged in any way, and since this is an ambiguous section, we thought it necessary to make it absolutely clear that any worker who transfers from one company to another would have his or her benefits preserved.

In clause 6, which is the most substantial part of the legislation—the Bill was passed with amendments in the other place—we are seeking to expand the areas in which the Authority can perform its functions; we are seeking to expand the powers and functions of the Airports Authority. In particular, to allow the Airports Authority to undertake investment by way of formation of a joint venture company or the holding of shares in any company. In addition, we are seeking to allow the Airports Authority to engage in any business that is related to the functions of the Authority and to invest in certain securities and other investments, with the approval of the Minister. I might add that all the provisions here are with the approval of the Minister, with the exception of the provisions in

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subclauses (d) and (e), specifically selling any related professional service to any person in Trinidad and Tobago or elsewhere, and establishing and operating an efficient bus service, where we did not think that the approval of the Minister was required.

In the next clause we are seeking to exempt the Authority from taxes and duties for plant, machinery, equipment, apparatus imported into Trinidad and Tobago for the purposes of carrying out the functions of the Authority. I want to be absolutely clear on this, this provision applies only to the Airports Authority and will not apply to any company in which the Authority may hold shares or have investments. This seeks to bring the Airports Authority in line with the Port Authority, the Water and Sewerage Authority and most other Authorities which are exempt, at present, from the payment of taxes and duties.

Clause 8 would repeal section 18 of the existing legislation which has now become redundant. Clause 20 seeks to give the Authority some flexibility with regard to auditing of its accounts. Mr. Vice-President, I would like hon. Senators to note that we are still making the auditing subject to the Auditor General, in that the qualified auditor that the Authority may use has to be appointed by the Auditor General.

Clause 10 seeks to allow the security committee, with the approval of the Minister, to declare a path, such as the immigration arrival hall or the customs area, a restricted area. Finally, the last part of clause 10 would allow the Minister with responsibility for National Security, in the event of an emergency, to declare the entire airport a restricted area.

Clause 11 relates to traffic requirements.

Mr. Vice-President, the Airports Authority is engaged at present in concluding discussions for the First Phase of the Piarco International Development Project. At Piarco, over the last several years, in fact, since 1913, there have been many improvements and developments at the airport. I use the year 1913, because this was just 10 years after the first flight by the Wright Brothers and it demonstrates that the history of aviation in Trinidad and Tobago is not far behind the rest of the world, in that the first commercial flight to land in Trinidad and Tobago was just 10 years after the first flight of the Wright Brothers.

Piarco over the years has gone through many changes. The airport has been lengthened and extended on several occasions. First by a Venezuelan company in 1939 and then later on by KLM Dutch Airlines; and again during the Second

World War by the colonial government and periodically thereafter. The runway is now three times greater in length than it was 40 years ago. We also saw the establishment of the Crown Point Airport in 1940.

So that Trinidad and Tobago has played a major part in aviation history in this part of the world. During the war it was a naval and air base; it served as a point for the carrying out of air activities during the war and my understanding is that some 19 squadrons were based here during the war.

What we are seeking to do in this latest development, is to take Piarco into the twenty-first century. The international aviation sector is changing all the time. The United States took the lead with deregulation of the industry and many of the airports that were built over the last 10 to 15 years are now outdated. There is now the concept of the hub and spoke coming into fore and we are hoping that with the development of Piarco with Project Pride, we can take Trinidad and Tobago to the leading edge of technology in airport development.

We would also like to allow the Airports Authority the flexibility to get involved in several other development projects, such as an aviation fuel pipeline from Pointe-a-Pierre; a bonded industrial park; and other projects on the Piarco estate, all geared towards export of goods and services and also increase in traffic.

It is also anticipated that by the year 2015, the cargo throughput through Piarco will have gone up by five times. We anticipate, therefore, that over the next two decades we will see a tremendous increase in traffic, both passenger and cargo, through Piarco. For this reason, the First Phase Pride Project includes a cargo facility and it is intended that the existing terminal be used for expanding the cargo capacity of the airport.

Let me just say a few words, Mr. Vice-President, on the evaluation and selection procedure for the preferred developer, so that those among us who may have some concerns would appreciate fully the level of detail that was gone into in the evaluation process.

6.05 p.m.

Mr. Vice-President, as you may be aware, the evaluation and selection procedure for the preferred developer was exceedingly rigorous and was developed in such a manner to allow absolute transparency and absolutely no interference. I will read for you some of the statements made by the international organizations and consultants who were involved in the Project Pride evaluation

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process. I will read now into the record a letter from the International Civil Aviation organization:

“23rd September, 1993

Re: Piarco International Airport Redevelopment:

Evaluation of Management and Operations Plan

The purpose of our recent assignment in Trinidad was to assist in the evaluation of submissions for the redevelopment of Piarco International Airport. We participated in a committee made up of ourselves and management officials of the Airports Authority of Trinidad and Tobago (AATT) charged with the specific responsibility for evaluating the management and operational aspects in the submissions.

The evaluation programme conformed with accepted international practice, with regard to major airport redevelopment projects. The analysis of the submissions follow the comprehensive and rigorously structured process, bringing to bear a full range of airport expertise. The process assured a full examination and assessment of all important aspects in the submissions. The objective of selecting the best overall proposals on the basis of independent technical criteria has been met.”

This is from the International Civil Aviation organization. I shall now read a letter from the technical consultants, Greiner Incorporated of the United States, dated September 23, 1993:

"Phase I Project Pride

Over the past six weeks, we at Greiner have had the good fortune of being a part of the selection to select the developer for Phase I of Project Pride.

In my 38 years experience in the industry, I can honestly attest to this being the most effective process related to fairness to proponents, as well as inability to manipulate the final rankings that I have observed or participated in.

In developing a scoring process allowing for several plans, supported by numerous sub-plans, and then analyzing those plans by completely independent groups, consisting of professionals in that discipline, you have achieved a completely level approach with no undeserving advantage to any one proponent.

Further, in respect to the final rankings, by keeping each plan sterile and independent of each other until the final roll-up of scores and policing the procedure with a process auditor, you have achieved what very few other organizations can attest to. You have fairly and unbiasedly selected the best developer capable of providing a world-class facility that we will all be proud of."

I now read the report of the process auditor, Ernst & Young, dated September 23, 1993:

"Selection of the Preferred Developer by the Board of Directors.

In accordance with our mandate established by the Authority, we have reviewed the process from issuance of the Request For Proposals to the recommendation by the Proposal Evaluation Committee and the selection by the Board of Directors of the preferred developer for a contract for development and operations of Phase I of Project Pride—Piarco Rainbow International (Airport) Development—on a build-operate transfer basis.

In our opinion, we are satisfied with procedures that were pre-established with respect to the evaluation criteria and selection procedures, and the control over proposals and evaluation documents have been complied with and that there have been no material divergences which would have resulted in an impairment of the intended objectives of this process."

Those are some of the statements made by some of the consultants and the auditors involved in the evaluation process.

Sen. W. Mark: Would you be kind enough to have those documents circulated so that we can have a look at them?

Hon. C. Imbert: I would do that in a short while, if you will allow me.

I wish to emphasize that the evaluation process has been scrupulously adhered to. It has been rigorous, transparent, fair and equitable.

Let me go now to a brief description of the preferred developer, Hughes Airport Systems Company. Hughes Airport Systems is a part of the Systems sector of Hughes Aircraft Company, the wholly owned subsidiary of General Motors, Hughes Electronics registered in the United States.

Hughes Aircraft Company has worldwide annual sales of over US \$7 billion and maintains more than 100 facilities. The current work force is in excess of

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60,000 employees, including approximately 20,000 engineers and scientists. The international activities of Hughes involve another 4,000 employees located in 25 countries around the world. The company also maintains a research laboratory and technology networks which support all the sectors.

Hughes has put together the developer organization for the project consisting of Hughes Airport Systems as the head developer. The foundation company is a Canadian company, over 80 years old, and it is the lead construction arm of the consortium. It has provided construction services to national and international clients in over 30 foreign countries. Foundation's name is linked with many Canadian landmarks and its list of worldwide achievements is impressive. The world's tallest free standing structure, the CN Tower in Toronto is among them. A landmark office tower, Classe Villa Marie in Montreal; the world's largest grain handling facility, the Prince Rupert Grain Terminal in British Columbia; Canada's longest rail tunnel; Roger's Pass Tunnel in Vancouver and Canada's largest airport terminal building in Toronto are some examples of the Foundation's projects. So, the Airports Authority has gone through a process and selected a developer which has a considerable reputation internationally.

The amendments before us today seek to give the Airports Authority the authority to enter into a joint venture with the company to develop the airport, to construct a new terminal building and expand the air field at Piarco. It also seeks to give the Authority the flexibility to engage in other projects of a similar nature. It moves the Airports Authority from your typical Airports Authority into a commercially-oriented Authority—and I might add that this is the modern trend, in that airports should be seen as profit centres. This should not take away from the Airports Authority's responsibility for security and management of the airfield itself. I believe that I have given sufficient background to the rationale for the amendments to this Act.

Sen. Daly: Can the Minister give way, as he appears to be winding up? Can he clarify two things? Has he given us the names of all the members of the consortium? What levels of control does the Government intend to exercise over whatever entity is developing the airport, in particular, the majority control and objective of the Government?

Hon. C. Imbert: The Airports Authority would have a majority share in this joint venture company and, in this particular instance, Hughes Airport Systems proposes to finance, develop and operate, in joint venture with the Authority, a

new terminal building, cargo facilities and infrastructure. Total capital cost is estimated at US \$80 million and Hughes Airport Systems is financing the project without unduly encumbering the assets of the Government and the Airports Authority and intends to repay the debt and transfer the facilities to Airports Authority for a nominal sum, within a 10-year period. During that 10-year period the Airports Authority will have a majority share and therefore a controlling interest in the joint venture company.

I did not read out all the names of the joint venture companies. I will read them now. Foundation Company Incorporated is a member of the Bannister Construction Group. Pegasus Associates Incorporated is the smallest member of the developer organization. It has been formed to provide financing for airport projects. Scott Associates will be with Foundation Company for architectural and engineering activities. Michael Branman Associates is responsible for environmental engineering. Airmar Services, a sister subsidiary of American Airlines, is responsible for managing the aircraft-oriented airport operational activities.

6.15 p.m.

They will train local personnel and companies to perform the tasks necessary to profitably operate the newly developed airport. From the brief that I have here, these are all the companies involved in the joint venture.

Sen. Daly: Mr. Vice-President, without trespassing on the Minister's good nature, would he say whether the Pegasus Associates he mentioned has any relationship to the Pegasus that was involved in the previous aborted project?

Hon. C. Imbert: As far as I am aware, it is the same company.

Mr. Vice-President, the amendments that are before us, as I said, seek to give the Airports Authority the—

Sen. Rooks: Mr. Vice-President, through you, may I ask a question of the Minister? I have heard no mention whatever of the departure tax, what happened to that? Is it retained? Does it go into Government coffers as it is, or is that retained by the Authority?

Hon. C. Imbert: Mr. Vice-President, what I had intended to do was simply introduce the Bill and take note of all the questions that would be asked during the debate. I would answer all of them, because I am sure that Senators on the other side would have many questions.

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However, with regard to the departure tax, that tax is a charge of the Treasury. It is not the property of the Airports Authority and it bears no relationship whatsoever, to the services provided by the Authority. It is simply a tax imposed by the Treasury. The joint venture company, as part of the fees and charges that it will levy, such as landing fees, rent for the facilities and so forth, intends to introduce a passenger service charge which will be directly related to the cost of providing the new facilities and this passenger service charge will be used to defray the expenditure involved in the new airport development. The passenger service charge, together with landing fees and all other money collected by the Airports Authority, will be used to repay the US \$80 million loan and to operate the business of the airport.

I might add that the question of departure tax is a matter for the Minister of Finance and that is a matter which would be considered in the overall context of taxes and duties levied on Trinidad and Tobago as a whole, so that there is no nexus in this particular case between the development and the departure tax. A passenger service charge will come in to defray the expenditure of the development.

Mr. Vice-President, I trust that I have explained the rationale behind the amendments. I beg to move.

SITTING OF THE SENATE

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. Vice-President, I beg to move that this Senate continue to sit until the third and final reading of the Bill under consideration.

Assent indicated.

AIRPORTS AUTHORITY (AMDT.) BILL

Question proposed.

Sen. Muntaz Hosein: Mr. Vice-President, the background of this Bill comes at a time when we need to look at airports, their purpose and effectiveness. We ought to look at the efficiency and the ambience of our airports, the impression that they make on the minds of visitors to our fair land, the value to business, getting people from place to place in comfort goods to and from their destination, at a speed and a price that is effective and reasonable; its value to tourism. As you will recall, airports give a first and last impression of any country, therefore, important as it is, our airports and the Airports Authority (Amdt.) Bill are very important.

Let us examine the Explanatory Note of this Bill. One would see, if one looks, that the Bill here seems to suggest that the Government is unable to make up its mind whether to privatize the Airports Authority or not. It seems to me that we have some kind of in-between situation where it is neither privatized nor is it in the control of the Government. Therefore, it puzzles some of us to understand where the Government is really coming from with regard to this.

The Explanatory Note says on page 2:

"Clause six would expand the functions and powers of the Authority to enable it to—

- (1) undertake investment of a type that is not provided for under the existing legislation;
- (2) market any professional services that may be at the disposal of the Authority;
- (3) appoint directors in a company in which the Authority holds shares subject to the approval of the Minister;"

I have a little difficulty with the appointment of directors here, Mr. Vice-President.

One could see that successive governments seem to appoint as directors, people of party affiliation, party hacks, political patronage and nepotism. One does not get the assurance from the other side that people appointed to boards, and not necessarily this particular one, will depart from this behaviour. Therefore, I have a problem with that and would want some assurance from the hon. Minister that this Government will awake to the 21st Century and understand that that behaviour is short-lived; that because of that behaviour we are saddled with a bureaucracy in Trinidad and Tobago, which seems to be too large and the Government is on a sticky wicket, not knowing what to do. But, Mr. Vice-President, I am suggesting that these are its own sins and it has created the problem.

Also, there are state enterprises all over Trinidad and Tobago with the same problem, they are badly managed and as such, one would feel that the Government would take the first step to make certain that the board of directors are competent people who are not necessarily aligned to that Government, although I do feel that there are competent people who are aligned to the Government.

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If we look at page 3 of the Bill, we will see "Functions of the Authority". Clause 12(1) says:

"The main function of the Authority is to develop and manage the business of the airports, including the development, maintenance or improvement of their facilities in a cost-effective manner, so as to ensure the availability of efficient, secure and safe aviation services to the public at all times as well as to ensure commercial viability."

6.25 p.m.

If we look at clause 12(2) you would see:

"In furtherance of subsection (1), the Authority may with the approval of the Minister, undertake investment by way of the formation of a joint venture company or the holding of shares in any company.

The haste with which this Bill is being brought and hustled through Parliament suggests that it is to accommodate the start of Project Pride in January 1994—The Piarco Rainbow International Development or Project Pride. One would see, as was indicated by the Minister, that Pegasus, having failed in its bid for the contract in the first instance, now ends up being the financier of the new winner of the contract, Hughes Airport Systems.

I have a difficulty with the ethics involved here. I want to suggest that a code of ethics to govern the tendering procedure ought to be developed. It seems to me that Pegasus, having found the front door closed to them, is now using the back door to get in. It seems very clear to me that this is what is happening. This is how it appears to the rest of Trinidad and Tobago. It may or may not be this way, but that is how it appears. When something like this happens in this country, I want to tell you, it does not go down well either for the Government or the country.

While I am not imputing any untoward behaviour to anyone, I want to say, loud and clear, that this ought not to have been so. Had we put in some kind of tendering procedure dealing with the ethics of what happens when people tender—and one would want to concede quite easily that the hue and cry in the first instance, where the first Airports Authority was fired and a new board was hired, is cause for concern—it could not have happened if everything was fine and dandy. It could not have happened if all was well. So we must conclude that all was not well and that Pegasus was a major player in this whole deal. Therefore, I hope it may not be too late for us to have some kind of ethics in the tendering procedure built in to protect us for the future.

We are hearing about some kind of contractual arrangement being contemplated. I am not too sure if it is already entered into, but the Parliament of this country is not aware of what is involved in the contract. I think it is very important that the Parliament should be aware of what kind of contract we are getting ourselves involved in, *moreso*, because this is a very delicate situation, as I explained earlier on, of what is happening and how people feel about what is going on.

In order that we might have some transparency and accountability, we are asking that the contract, when it is drawn up, should be made available to the Parliament and the country, so that transparency and accountability will be seen to be taking place.

The Minister made the point about users' fee. In answer to a question by one of our Senators, we are told that the departure tax will remain and will still be part of the treasury receipts, but there will be a passenger service charge. I do not know how you want to explain that. One way or the other, it is going to be a tax. If it is that you are going to charge people to use the airport, the passenger user fee is going to be a tax. Whichever way you put it, it is a tax. One wonders whether we can allow the Airports Authority to be involved in charging taxes to the people of Trinidad and Tobago. I have doubts about that.

What level of users' fee are we looking at? Are we looking at fees for using the toilets, to drink water in the water fountain? It is not explained. People want to know what kind of fees we are looking at, because we are talking about an investment of US \$80 million and we are talking about a 10-year period to hand it back. Therefore, investment must pay for itself; there must be a profit before handing back. So obviously, if we know the period of 10 years and we know what the investment would be, we should have some idea of the charges involved, because it is from there that the income would come.

I would expect that the Minister, in winding up, will make that available to us. I would suggest that, perhaps, before the winding up, one of his other Ministers might make that available to us so that the Senate can have the benefit of that information and make the debate here today more meaningful, because without this information, we cannot debate this Bill properly. We cannot see the full picture of what will happen.

There has been some concern, especially by myself, and I am sure by others, and perhaps the Minister could tell us whether there would be a clause for local

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involvement in the project. That is very important to us, because, you see, this is going to be a large investment. We have great unemployment in Trinidad and Tobago. We have talented people here, from architects right down to sweepers, and it would be a shame if these people were not used. Therefore, I am asking the Minister to tell us if he is going to insist on such a clause in the contract, and to what extent will local labour be used. Perhaps I can advise the Minister this evening that what we would like to see is a clause in the contract that would give maximum opportunity to the Trinidad and Tobago labour force to participate and to benefit from Project Pride.

What is to happen about the raw material for building? Perhaps the Minister could tell us that as well. In the contract which he has to draw up with the Hughes people, perhaps he can insist that as far as possible, indigenous materials available in Trinidad and Tobago should be used as well. I think it is very important that we protect what we have here in Trinidad and Tobago, because we are going through such a difficult period now, that one job lost is too many.

If we are to meet the project deadline, we have a concern about the villagers who will be displaced. If the project is to be commenced as scheduled in January 1994, it is imperative that the inhabitants of Oropune Village be relocated before that date. This raises the following issues:

- (a) The current status of the relocation programme;
- (b) The entire question of the Land Acquisition Bill yet to be tabled and the huge debt which Government owes to persons from whom lands have been acquired thus far.

6.35 p.m.

You will recall that this is a problem we have had in this Senate and I think it is a recurring one. Every time Government comes to this Senate to acquire lands, this debate goes on and on, and people are not paid for their lands. I do not know how much is outstanding. Perhaps, the Minister of Planning and Development, who is present, can tell us how much money is outstanding to people whom Government owes for lands which they have acquired. This whole question comes into play now. I know the Minister said recently that that Bill is coming before this Senate shortly.

If the AATT is to approach autonomy, and the desired commercial viability, then the onus of responsibility for the cost of land acquisition must fall with the

Authority and not with the state. Would the AATT be able to pay for the acquired lands? We want to have this issue clarified. Would the Airports Authority be the one to pay for the acquired land or is it going to be the Government? If it is the Airports Authority, would it have the money to do so? And, how soon would it be paying these people for their lands? Will it go the way it has been going for a long while, or, will there be a speedier resolution to the problem regarding the acquisition of land?

I now draw attention to "Powers of the Authority" section 12A(1) on page 5 of the Bill which states that:

"For the purpose of performing its functions under this Act, the Authority—

- (a) may impose as it thinks fit, dues, charges and fees for the use of airport facilities;"

This is where I have a little problem. It seems to me that the Airports Authority will be charging taxes disguised by other names, without the approval of Parliament. Because, by any name that one wishes to call these "user fees", especially the fee regarding passenger service charge, it seems to me to be another tax. I would like that clarified. The Attorney General was here, but since he has left, perhaps, one of my eminent colleagues present who are lawyers can elaborate on that.

Let us now turn to page 6, 15A "Exemptions" which states that—

"(1) Notwithstanding anything contained in any other Act—

- (a) all plant, machinery, appliances, apparatus, equipment and material of every kind whatsoever, imported into Trinidad and Tobago by the Authority for the purposes of carrying out its functions under this Act, shall be exempt from all taxes, duties, levies, imposts or surcharges;"

I want to know from the other side, what mechanism would be put in place to ensure transparency and accountability of this section, which can easily be abused, as was the case with the Mount Hope Medical Sciences Complex. Do you remember that? People were bringing in personal goods and not paying taxes. We need to plug that hole. Therefore, I am seeing that there is an opportunity here again, and we should learn from our errors. That error was created then, and I wish that we do not have a repeat of that problem.

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Subsection (c) states that—

"motor vehicles purchased by the Authority to be used exclusively for the purposes of its business shall be exempt from all taxes, charges or duties."

I ask the question: Will this include vehicles to be used by the directors of the board or the board members of the Authority? I would like to know this because these are loopholes which were easily abused in the past. I must draw it to the attention of the Senate again, because one would perhaps have seen this appearing in other bills prior to today. Therefore, I want to know from this Government, what kind of mechanism would be put in place to ensure that this does not occur.

Let us now examine clause 9, on page 7, where section 20 is to be amended:

“(1) The accounts of the Authority shall be audited annually by the Auditor General, or by a qualified auditor appointed by the Auditor General.’

(b) in subsection (3), by inserting immediately after the words 'Auditor General' the words 'or other qualified auditor';”

We have a problem here; the annual audit by the Auditor General versus private auditors. This Government is going *en route* to private auditors instead of going with the Auditor General. The reason is that there is a problem with the Auditor General's Department being unable to perform the duties quickly and on time. But, there are other problems associated with it. The fees charged by the Auditor General are small. It is between one-fifth and one-tenth of what private auditors charge state enterprises.

This Government is prepared to allow private auditors to audit these books and pay 5 and 10 times more, but at the same time, the Government is not prepared to use that money to beef up the manpower in the Auditor General's Department. The Government is not prepared to use that money to make the employment terms and conditions of these accountants within that framework of the Auditor General's Department, attractive enough to attract people and keep them in the department.

This is a real problem, because it seems to me that we would be paying more money if we go that other route. Perhaps, it may be necessary now, because the Auditor General's Department is so overworked that it cannot do all the audits. Even if it got the staff right away, which is not possible, all cannot be available at one time, but one expects that the long-term solution to the problem would be to use the money to make salaries and conditions at the Auditor General's

Department more attractive to the people in the department, and have that department do the audits for all of these state enterprises, including the Airports Authority.

I simply point this out to the Government side so that they would give consideration to that but, I understand that in the interim one would have to be flexible in order to get the job done.

When one goes to the auditors, whether it be the Auditor General's Department or a private auditing firm, one is talking about accountability and transparency. That falls within the purview of the Public Accounts (Enterprises) Committee, of which I am chairman. But one has a problem there which has been existing for some time now.

6.45 p.m.

The problem with the PA(E)C, as it is also with PAC, is that you cannot have the kinds of transparency and accountability which we so desire, unless, the PA(E)C can have staff to investigate problems. At present there are no investigative staff. If we identify a problem at the AATT, for example, there is no way we could find out the truth on it, because there are no investigative staff—and that is very important. If you are looking at transparency and accountability, you have to have investigative staff. I am not saying that only for the AATT. For example, we need to have public hearings. Unless you have public hearings, that pressure that goes with accountability and transparency cannot be achieved and, therefore, these are things that need to be addressed. To simply have the Auditor General audit the books of the AATT or statutory authority or any state enterprise is not enough. We need to have the reports of the PA(E)C debated in Parliament so that, too, brings out transparency and accountability. That is of paramount importance, as far as I am concerned.

We go now to section 31(1):

"The Security Committee may for security reasons, or for purposes of this Act declare with the approval of the Minister any part of an airport or an air navigation installation to be a restricted area."

Mr. Vice-President, when we start to talk about security, obviously, the security of the airport, as it now stands, is an area that we are very concerned about. Because you read every week in the newspapers about drugs and arms and

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ammunition coming into the country and leaving the country and much of it happens at the airport.

I wonder whether the Minister can give us some assurance that the security system at the airport will be increased, and in what way. Is he going to bring in more men or, is he going to bring in more machinery and more electronic equipment?

Mr. Vice-President, this is an important aspect of the whole issue of this airport. I think that I am echoing the thoughts and feelings of the vast majority of people in Trinidad and Tobago, when we talk about the Airports Authority and the security of the Airports Authority. Therefore, I ask through you Sir, that the Minister give some attention to this, if he has not already done so and if he has done so, maybe, he can inform us; and if he has not done so perhaps, this is a good time for him to start thinking in terms of the security at the airport.

There is a problem with people entering and leaving the airport. There are bandits who seem to lie in wait and observe people who get into their cars and see how many pieces of baggage they have—and they select their victims quite carefully. So that the safety of passengers and the travelling public entering or leaving the airport is of paramount importance.

I am sorry that the Minister of National Security is not here, but perhaps, it would be even better for the Leader of the Senate to convey this sentiment to the Minister of National Security—sometimes he is clouded by his arrogance. He never listens to anything anybody has to say in the Senate.

One would see very clearly, that what we have is a case of a Bill brought before the Senate that easily could be one of the more controversial Bills that may have been brought here. My colleague tells me that is why it has been brought at night.

We need to look at it very carefully and, I know it is going to be very difficult for Senators on this side of the Senate to support a Bill of this nature, unless we can get the kind of assurances for which we are looking. The Government will do well to hearken to the calls made today.

Thank you very much.

Sen. Michael Mansoor: Mr. Vice-President, I thank you very much for the opportunity of addressing the Senate at this rather late hour on such controversial matters, as I am made to understand.

Mr. Vice-President, by way of preamble, let me say that as a matter of general principle, I would always be supportive of moves by any government to improve infrastructure and to create jobs. I believe that the construction of the new infrastructure at Piarco will create jobs both in the short term and in the long term, and would also improve our infrastructure in what we might call one of the most important gateways to Trinidad and Tobago. Fundamentally, I would support any bill that achieves those two objectives. I would also like to say that I would not wish to cloud the issues which this Bill brings to our attention with much of the discussions that have gone on in this country about the rights and wrongs and about the way things have been done by the Airports Authority in the past.

It is very clear that this is a new day and we need to look at what the Airports Authority is doing today and in the future, and leave the unfortunate circumstances of the past to be determined by the historians.

I have to say that this Bill is an enigma. It is an enigma because of the contents of the first sentence in the explanatory note. That sentence says:

"The purpose of this Bill is to create a type of Statutory Authority which is able to execute its business as a public service venture, while having at the same time profitability as a primary objective."

Mr. Vice-President, I believe there is a degree of contradiction in those two aspirations in this Bill and I believe that therein lies the confusion with respect to what the provisions of the Bill really mean. I wish to say that if it is that profitability is a primary objective of the Airports Authority, if that is so, I believe that everything has been done, both in the parent Act and in the amendment to achieve just the opposite.

It is no secret that governments, not only in Trinidad and Tobago, but governments, it seems, everywhere are terribly incapable of carrying out any activity that makes a profit. I am particularly disturbed by the fact that we are saying that profitability is a primary objective. Clause 12A subsection (2), says:

"In the performance of its functions and in the exercise of its powers the authority shall be guided by any general policy directions set out by the Minister."

Mr. Vice-President, let us look at the performance of ministers making profits in this country. I am not aware of any venture that is based on services, labour, investments in major assets and infrastructure that are managed by ministers—

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because when we give the authority for strategic direction to the Minister, we are saying that this is a government department essentially.

6.55 p.m.

What is the performance record of Ministers of making profits? I have no quarrel with the present Minister. Maybe, he has made profits in previous ventures. But really, this Bill is a juxtaposition of contradictions. Can Ministers make profits? Have they done it at BWIA, WASA, T&TEC? Where have they made profits? Even banks, we are told, are not profitable, to say nothing more about that.

The first sentence of this Explanatory Note is loaded with contradictions. I go further. When I look at the composition of the board, I say to myself, let us assume, for example, that the Minister would be very detached in his strategic direction of this Authority. Will the board be a bunch of profiteers? Will they make profits? I see that the board is made up of a chairman and three persons appointed by the Minister. All the other appointees to the board are essentially civil servants or people who have grown up in what you might call the public sector, for want of a better word.

I ask myself the question: Would the Commissioner of Police assist in this profit-making adventure? Would the Director of Civil Aviation be able to spin profits? Would the medical officer be able to do that? Well, we know that the Comptroller of Customs and Excise is good at collecting money. Maybe, there is a possibility there. By and large, the way this Authority is organized, is not about profit, and to tell me in the Explanatory Note that profit is a primary objective seems to be confusing.

I have a further difficulty, not only with the Minister who may be a good businessman—I do not know—or the board. There is a possibility, with the exception of the persons I have mentioned, we are creating an authority that is still tied to the purse strings of the Government, because clause 15 (a) of the parent Act says very clearly that the Authority is entitled to appropriations from Parliament. What is the Government trying to tell us this evening?

We have a profit making Authority that is going to receive appropriations from Parliament and is also able to charge. We do not know what part of departure tax it would or would not receive, all under the strategic direction of a Minister of Government. I have some very fundamental concerns about what this Authority is really about. I suggest that the Government makes it clear. It is either

that we are going to have an authority that is about making money as this seems to suggest, or we are going to have a statutory authority.

To attempt to have a “callaloo”—if I may use that word—gives confusing signals. On one hand, you cannot have an authority that can charge whatever it wishes, and on the other hand, say that authority must be in receipt of Government funds. Why should an authority that is in the business of making profits get its motor vehicles free of tax? It does not make sense.

I suggest that what is wrong with this entire Bill is that there has not been a fundamental assessment of how we want to organize this venture. We have taken an existing Airports Authority Act; we have some new ideas of how to do things and we have attempted to put the two together, in what I consider to be a perfect Trinidad “callaloo”. It could be one of the best things, but the question is: Is it?

Now, I come to perhaps one of the fundamental purposes of this Bill which I believe is contained in the amendment. It says that notwithstanding section 13 the Authority may, with the approval of the Minister for the purpose of performing its functions enter into contracts with any person, hold shares in any company or form a joint venture company. It is not contained in the Bill. It appears that this joint venture company is the primary purpose of this Bill.

The Government wishes to give the Airports Authority the power to hold shares and/or form a joint venture company, which, we are told is going to be responsible for the infrastructure at Piarco. As I have said, that is a good thing. My concerns about this joint venture company that will build and perhaps own—I do not know—the infrastructure at the airport are rather wide-ranging.

The first concern I have is this. Are the people who are going to construct this infrastructure doing this as a public service, or as a profit-making activity? Who is going to own the infrastructure? Is it that the joint venture company will be putting up this infrastructure together for a client? Who is the client? Will the Government have real control of this joint venture? Not apparent control. Will the Authority have real control?

The Bill, as it now stands makes no provision for control of the joint venture. All it says is that it can hold shares. As far as the Bill is concerned, it could be 10 per cent, five per cent, one per cent or 51 per cent. We do not know. I suggest that if the primary purpose of the Bill, notwithstanding the Explanatory Note—

Mr. Imbert: Thank you for giving way, hon. Senator. I did say that the Airports Authority would have the majority share in the joint venture.

Sen. M. Mansoor: I am very grateful to the Minister for that, but I would like to see it in the Bill. I am really concerned about control for this joint venture, because I share the general concerns of other people, but I just want to get this thing straight. Is it that this is a stand-alone organization, or is it going to be a government organization?

Let me put it to you this way. I believe the Minister has said that the infrastructure will cost \$80 million. That may be so, but as we well know in large projects like this things can go wrong. What if the cost is \$90 million? Are the equity partners—the Government being a 51 per cent partner—going to be responsible for this? Is this going to be a fixed contract? Who is the client? We do not know. We have a disadvantage.

We are being asked to approve this Bill, and we wish to do that if it is going to be good for Trinidad and Tobago, but we really do not know what is happening. I want to know and I suggest that if it is his intention to have the majority interest in that joint venture company, the Bill should say so. We should not leave it to the whims and fancies of this Government or another government or minister. That is a very important fact.

Having regard to the fact that there would be only one major construction, Phase I or whatever the phases are, we should specifically say to form a joint venture to do Phase I and 51 per cent and set it out, so that people would know what is being talked about, rather than holding shares in any company or form a joint venture company that tells us nothing, as to whether or not the Government is going to be a controlling shareholder or otherwise.

Let me go further and say that the fact that you own 51 per cent in a venture like this does not necessarily give you real control. It may give you apparent control. One has to consider what are the terms and conditions of this joint venture arrangement, assuming we know who the client is and the role of the respective shareholders.

I go back to the very fundamental concern that I expressed earlier. This profit-making Authority has, as the majority of its board members, people who know nothing about business. That is not their professional calling. We are asking this board made up of six persons who know very little about business to enter into

these rather complex arrangements and all we are being told is that we need the Senate's approval. I am really concerned.

7.05 p.m.

Is this Board, controlled in the main by six of its members who are not really business types, really in a position under the strategic direction of a Minister of Government to do what the Bill says this Authority is going to do, which is to make profits and provide a public service at the same time?

That is my primary concern—the joint venture and who is the client. Is the joint venture going to make a profit? Is the Authority going to be in receipt of a profit on construction? What are the provisions if the joint venture company finds that the expected inflows do not add up, in the stipulated time period, to make a rate of return that will satisfy the joint venture partners and the authority in its infrastructure creation activities? That needs to be cleared up.

Where does the authority of the Airports Authority start and end? It seems to me that we are getting into a very wide type of area of activity. That may be good, provided that there is a good board which can do all these things to make profits.

Let me register my very firm request. I thought about this quite seriously this afternoon, and I ask the Minister to consider whether or not it would be to the advantage of all to spell out very clearly the purpose of this initial joint venture company, to say what it is all about and what kind of interest the Authority will have. Also, we need, by way of background information, to know whether this is just merely a paper company with equity partners who are really not in control; that there is real control; that there are provisions for the sharing of profits, if such there be, that there is provision with respect to the levying of charges, management fees, consultation fees and all the other kinds of things that are really germane to the issue of control. Mr. Vice-President, on the face of it, by just giving this kind of approval, willy-nilly, if you will, is really, in my view, quite cavalier and will be quite irresponsible.

My other concern—I do not want to go on for too long—is the question of profit-making and being a recipient of funds coming from the Consolidated Fund, interlaced with the fact that the Airports Authority can commandeer the departure tax or be commandeered to hand over the departure tax to Government. That needs to be sorted out. We cannot have these things in orbit. We need to decide if the departure tax to passengers is for the Authority or for Government. We have to

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decide if this is an Authority which will receive support from the Consolidated Fund or not. It cannot be both because it just dissipates the whole concept of accountability and performance.

I am very certain that the Airports Authority wants to be a beacon of profitability and good management and all those kinds of things, but when we wrap it up in this type of complex organization, where it is neither fish nor fowl, it is not going to do those things. When there is a board that is not into achieving the kinds of objectives we have set for the Authority, there will be problems. Those are some of my concerns and I trust that the Minister would accept those concerns in the spirit in which they were meant.

Sen. Prof. John Spence: Mr. Vice-President, I just have two small points to make on the Bill. In some sense they are related to the points made by Sen. Mansoor. I cannot reconcile the thrust of a business operation with the tax-free status. My own position would be that we have to decide what sort of animal we are creating. It would seem to me, for example, that if this Airports Authority has the right to run a bus service, why should it compete with a private person who wants to run a bus service from its tax free status? My position would be to suggest the deletion of clause 7 altogether. I have an amendment which is being typed which suggests the deletion of clause 7, which deals with relief from taxes.

The second point relates to the point that Sen. Mansoor made with regard to the departure tax and a possible charge to passengers as a service fee for use of the airport. My understanding all along, perhaps I did not read the documentation clearly enough—I confess to not having read carefully the recent advertisements in the newspapers—but certainly my understanding from the beginning was that this venture will be self-financing; that it would borrow \$80 million and the business activities it would generate would pay for that loan. To find now that passengers, in fact, will in part pay for it and still have to pay the departure tax, I find not in keeping with my own understanding of the original concept of Project Pride. As I said, perhaps, it is my fault in not having looked carefully enough at all the documentation. It certainly seems to me a bit unusual. I travel frequently. I know sometimes I pay an airport tax, but I do not think that I have ever paid both the departure tax and the tax to the airport. That certainly needs to be addressed.

I do not suppose that under this Bill one can get rid of the departure tax, because the hon Minister has pointed out that that is a Government tax to the Exchequer and that can come and go at any time. The only solution that I have to offer is to delete the provision for the Airports Authority to acquire such a tax.

I was present in this Parliament when we passed an amendment to, I think, the Finance Bill, which allowed the Government to retain a certain part of the departure tax to the Airports Authority. So there is already in law some provision for dividing the departure tax, and I would hate to see an additional one put on.

My amendment would be to add in an appropriate place under clause 6, "except to legitimate passengers", in other words, they can charge service fees for business operations and the like, but not to passengers. Those are my two points.

I thank you.

7.15 p.m

Sen. Wade Mark: Mr. Vice-President, the purpose of this amendment as outlined in the Explanatory Note is to accomplish as fact a number of objectives. Essentially, it is to create a type of statutory authority which would be able to achieve its business as a public service venture, while at the same time making profitability its primary objective.

When we examine clause 6, section 12(1), the functions of this new Airports Authority are very interesting and curious to us. Clause 6 states:

- "(1) The main function of the Authority is to develop and manage the business of the airports, including the development, maintenance or improvement of their facilities in a cost-effective manner, so as to ensure the availability of efficient, secure and safe aviation services to the public at all times as well as to ensure commercial viability.
- (2) In furtherance of subsection (1), the Authority may with the approval of the Minister, undertake investment by way of the formation of a joint venture company or the holding of shares in any company.
- (3) Notwithstanding subsections (1) and (2), the Authority may with the approval of the Minister—
 - (a) engage in any other business, or hold shares in any company undertaking any other business, where in either case the business is situated on land that is in the possession of the Authority;
 - (b) hold or dispose of land and other property of whatever kind;
 - (c) invest in marketable securities and such other investment as may be in the best interest of the Authority..."

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This is not a statutory authority agency, this is a private company and the trick in this Bill is really to use the Airports Authority as a cover. This is purely window-dressing, but the real substance of power and authority in the execution of business at the airport would be in the bosom and control of these so-called companies, joint venture included, which are going to be formed. What they are going to be doing is using this Parliament as a "pappy-show" to get coverage.

I want to serve notice that we on this side will not be party to any cover-up or any misuse of public funds in this situation. This regime—I call them a demolition squad, a search and destroy gang, loose cannons on that side—wants to destroy everything, Mr. Vice-President.

The Minister, who unfortunately had his own experiences prior to coming to this Parliament, sounds very timid this evening and I know that his conscience is heavy. What we are saying here is that he is not being honest with the Parliament. He must tell the Parliament exactly what is going on. Why is he seeking to rush this Bill through this hour of the evening in order to meet some deadline? They have some agenda to meet, but they are not telling us everything, Mr. Vice-President.

We are saying that this is a private company using state coverage to perform its commercial activities: that is essentially what this is. The Authority is going to engage in any other business. What does this mean? That is a blanket cheque? They are asking us to give them the authority to engage in any other business or hold shares in any other company—this is their demolition clause 6, section 12(2)(a)—not only this, Mr. Vice-President, the Authority is given the right and power to hold or dispose of land and other property of whatever kind and this is the business aspect of it as well. They can invest in marketable securities and such other investments as may be in the best interest of the Authority and may also sell any related professional services to any person in Trinidad and Tobago. They are to establish a modern maxi-taxi service, taking the form of a bus service, where feasible and they are going to grant a contract for the operation of this bus service.

This Government is in a cover-up just as they were involved in a cover-up in the Pegasus scandal, this is a national scandal that we are faced with. The Opposition will not be supporting this measure.

Hon. Senator: [*Inaudible*]

Sen. W. Mark: No, what is new, hon. Minister, is that at the appropriate time when we establish our crimes court, things will become new for you.

Mr. Vice-President, what we are saying on this side is that this is a multi-million dollar project, the so-called Pride, US \$80 million. The so-called Piarco Rainbow International Development Project which is scheduled to come on stream in January 1, 1994, hence the hustle here. No accountability, Mr. Vice-President, no documentation. The Minister comes again with a package of secret documents and gives us little snippets.

We want information, we want the documentation, that is what we want. We want to query things. Mr. Vice-President, as you are well aware, this is a design/finance/construct and operate project. We are being asked by this PNM Government to approve a Bill that would give our airports to foreigners to run with our locals essentially being agents of that arrangement.

7.25 p.m

We are not slaves, we have been emancipated; and we are not indentured either, we have been liberated.

Mr. Vice-President, we ask the question: Should we surrender our national airport to Hughes Airport Systems, of which this one-man company called Pegasus is going to be the main financier? The United National Congress will not be part of any surrender of our national airport to any foreigner. We have already laid the basis to surrender our national airline, BWIA—planes are gone, leased, now the airport is about to go. We cannot support this madness—*[Interruption]* You have been freed, but you have not been liberated at all. We are saying that this Government is not supposed to be financing or even guaranteeing this project; the developers are supposed to be financing, building and operating and they are supposed to transfer these facilities to our country 10 years from today.

If we are going to allow for the expansion of our airports—and the Minister rightly indicated to us that we have had a rich aviation history from 1913 to now—why do we want to give it up now? The Government is not supposed to guarantee or put out any finances insofar as this project is concerned, but that is “ole” talk. We feel that the way the Government is proceeding with this project is going to guarantee corruption, that is what it will do. Remember, the Pegasus scandal is still haunting us. My colleague spoke about the ethics and I think it is a very important point. Should there not be a code of ethics to govern the tendering for mega projects in Trinidad and Tobago? Why should we allow companies involved in and guilty of misconduct and misrepresentation, as was the case with Pegasus, to be involved in rebidding? This is corruption.

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Mr. Vice-President, the people of this country do not have sufficient information pertaining to the financial aspects of the Piarco expansion project. Hughes remains mum; the Airports Authority is mum; the Minister of Works is mum on the financial aspect, the administering aspect, the monitoring aspect. This is a national scandal.

The hon. Minister was prompted to tell this Senate what elements make up the consortium of Hughes Airport Systems. Mr. Vice-President, do you know that Pegasus, as a consulting firm, has as its major backer, the American Airlines? Does the Minister know this? Should we allow our airport terminal to be operated in any way by an airline?

Our information is that American Airlines is involved with Pegasus and if they are involved with Pegasus, we are saying that they are going to be in a position to determine a number of issues, including who gets what gate, at what time, by simply opting all the best gates at the best hour for American Airlines. American Airlines has a reputation for extreme aggressiveness in its relationships with governments, trade unions, non-union employees and other companies doing business in the same area. Considering the size of American Airlines and General Motors, the two principal partners, it would be likely that our country would experience some of the old arrogance received in previous times from oil companies.

We are asking the hon. Minister to level with us. Pegasus' backer is American Airlines and do we want American Airlines to come here, in their aggressive and anti-union style to run our airport?

My colleague also raised the issue about the auditor. I want to focus on that briefly, because this Government is guilty of sabotaging the Auditor General's Department. This Government is deliberately running down the Auditor General's Department. For the last ten years the Auditor General has been laying reports in this Parliament, talking about the under-staffing of that department. That is a constitutional instrument under our Constitution, yet this Government has refused, over the years, to supply additional staff to the Auditor General's Department. Instead, they have opted to give their friends and "the boys" work. We cannot be in support of this. The Auditor General's Department must be given proper manpower to carry out its responsibilities. The Government does not want the Auditor General in that place, Mr. Vice-President. They will hire an independent person—of course, with the permission of the Auditor General—to run the arrangement. They do not want the glare of publicity at all.

According to the Bill there is a board. We know the composition of this board. We would like to know—if we are going to have a majority on this board, as the Minister claims—which posts will go to Hughes. Which positions? Will Hughes Airport Systems take the CEO position? Would they take the general manager position and replace our current general manager? Will they vie for the financial comptroller? These are vital issues that the Minister must address. Who will watchdog the materials to ensure that we are not taken for a ride, in that after 10 years we will inherit a paper airport.

7.35 p.m.

There are criminals in high places in the world, Mr. Vice-President, and we must never forget this. These people are not coming here to do us a favour, they are going to ensure that whatever they do at the end of 10 years, they leave you like Texaco, with a run-down refinery—and we paid \$500 million for a run-down refinery. The Minister must tell us here what mechanisms the Airports Authority has in place to ensure that we are not given "a six for a nine". That is what we have to ensure. Because it is not only in Trinidad and Tobago this kind of thing is taking place, it has taken place in many other countries. We understand the results have not been altogether healthy. So we want to know who is going to monitor these people in a serious way. Particularly, when account is taken of the fact that these people are going to be given a free ride.

What about industrial relations? Mr. Vice-President, do we want a new airport in which we may find heightened industrial activity taking place? We understand that workers at the airport are still owed money—and that there is a union called ACAWU. Today, as we speak, the Airports Authority owes those workers a lot of money. We are saying that they cannot talk about airport development in an atmosphere of tense industrial relations. We would like to know what will happen to the jobs of workers, in spite of all that is written here. This is paper. We would like to know what is going to happen to the jobs of these workers. Is it that these people can be transferred voluntarily to a new company, a venture company, whatever? What if they refuse, hon. Minister? If a worker refuses to go with the joint venture company, what is going to happen? Are they going to ask the worker to resign voluntarily, or something like that? Because we are talking about American Airlines and they are not coming here to bluff, they are coming here to make money!

Sen. Saith: What is wrong with that?

Sen. W. Mark: Nothing is wrong with that, once it remains here. The hon. Senator knows what is wrong because he has lost his mall—\$12 million. He is owing the bank. He should resign. That is what is wrong with that.

Mr. Vice-President, what we are advancing here is that we have to deal with the security of our workers. What is going to happen to security personnel; are they going to be replaced? We want to know about the outstanding moneys owed to workers. We have not been receiving regular reports in this Parliament of the activities of the Airports Authority. So the whole question of accountability crops up again.

Maybe the Minister could advise me on this matter. Up to a year ago a pension plan for the Airports Authority's workers was still outstanding and that Authority was established since 1980 or thereabout—1979. I do not know, in the last year or two, whether the Authority was able to establish a pension plan for over 200 workers at the Authority. We would like to know because there are implications involved in this transfer from one area to another. Tell us the living truth. They want to privatize the airport—that is their aim.

So what we have here, Mr. Vice-President, is that the Government is proposing to construct a free trade zone, at Piarco. I do not know, for instance, if Piarco International Airport would now apply for status under the Free Zones Act? I ask this question in relation to clause 7. This Government is so short-sighted. It is so committed to the re-colonization of our country with a vengeance, that it does not even take time off to reflect as it speeds down that road to madness.

So they bring in a foreigner who is supposed to help us. But he will take out more than he will bring in. Is he really helping us or using us? How, as a citizen of Trinidad and Tobago, would I feel to be going through my airport knowing that it is under the control of some group of white Americans in a society that is dominated by black people? I am saying that is a backward kind of step! *[Interruption]* This is not race. The world is full of that. I am not a racist, I might be more, but I am not that. *[Interruption]* But that is the truth!

Sen. Capildeo: When talking race, talk to me. *[Interruption]*

Sen. W. Mark: Talk to "Cappy", talk to the Senator here. I am not a racist, Sir. Never was and never will be.

Mr. Imbert: Whom are you trying to fool?

Sen. W. Mark: Mr. Vice-President, the point I am on, to get back on track, I want to "cool all the herbs" here who feel that I am on a racist line. I am not on that. Clause 7, section 15A says:

"(1) Notwithstanding anything contained in any other Act—

- (a) all plant, machinery, appliances, apparatus, equipment and material of every kind whatsoever, imported into Trinidad and Tobago by the Authority for the purposes of carrying out its functions under this Act, shall be exempt from all taxes, duties, levies, imposts or surcharges;
- (b) the profits of the Authority shall be exempt from payment of corporation tax;..."

This is a sacred cow. Now what kind of madness is this? They are bringing foreigners here; they are saying that we are to be in charge, we have the majority in members, but these people must get all these exemptions? What is it going to cost the taxpayers?

Mr. Imbert: Would the hon. Senator give way? I was at pains to point out that that clause refers only to the Authority. It has no relationship to any company that we invest or hold shares in.

Sen. W. Mark: Mr. Vice-President, the Minister says one thing. This is saying something else. We are saying it is a trick. The Minister cannot "mamaguy" me. I am in this business a long time. He cannot come here and "mamaguy" this Parliament, especially Senators on this side. So all this business about the Authority—the Authority is an agent of Hughes! That is what it is. They are using the Authority as a cover to do their business! Is the Minister telling us that Hughes Airport Systems would not benefit from this arrangement? They must.

7.45 p.m.

Do not come to tell us about—it is the Authority. It is these people who are going to benefit from this more than us. How much money are we going to lose as a result of this? What are the anticipated losses that the taxpayers are going to experience as a result of this scandal that this Government is embarking on? The Minister must tell us. Madness!

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This is tantamount to indirect financing. Because when these people are supposed to be paying taxes on materials imported into this country, they are not paying taxes. When they are supposed to be paying corporation tax, when they make huge profits, they are being told not to pay corporation tax.

Does the Government want to give foreigners arbitrary powers to deal with the citizens of this country? Is that the intention? Where is the accountability? To whom is the Airports Authority accountable? Anybody? The Minister? Yes. They are not accountable to anybody. No. We get these reports from the Auditor General from time to time. The last one I saw was for the year 1985. *[Interruption]* No. I am saying that it does not come here often. The last one we saw was 1985. That is the point I am making.

This is why we have been calling for the establishment of parliamentary committees in this country in this Parliament, so that these people could be brought before these committees and be made accountable. We need accountability and transparency in our affairs. Things are operated under the darkness of night too often in this country.

This is a serious matter before us, Sir. We are giving up our birthright. That is what this Government is seeking to do—10 years of re-colonization of a critical area called Piarco Airport. Then they are going to sell out BWIA completely to give it to foreigners to run. So we are riding in foreign aircraft and the foreigners are in charge of our national airport.

Mr. Vice-President, we are concerned about the question of accountability. We are convinced that this Bill, if passed here tonight—it shall not receive our support—will lay the basis for the ultimate privatization of Piarco Airport. The name may even be changed to Pegasus. We may have a new airport called Pegasus Airport and people will be flying into Pegasus land. This is real estate now, you know. Trinidad and Tobago is being converted into real estate and the highest bidder can take it. There are agents, sell out artistes, who are seeking to get our support on this side for that kind of scandal. This is a serious matter.

What would happen to Tobago airport? Is Pegasus going to be in charge of Tobago airport? We want to know. They must tell us that, because they seem to have a monopoly on all our airports, not only Piarco. Let us know if they are going to be in charge of Tobago.

Mr. Vice-President, what we are saying is that not enough information is being given to the population in this matter. What is the haste in having this

Parliament meet to deal with this scandal that they are seeking to impose on the population? This Bill is linked to January 1, 1994—and they must tell us this—the deadline for the commencement of Project Pride, so-called rainbow project, and Parliament is being prostituted in the process. They want the Parliament to kneel down, give passage to a national scandal called Pegasus.

We shall not be part of any national scandal—never—now or in the future. This is a shameful episode that we are experiencing as a nation, but there comes a time when people are going to reach their threshold of tolerance in this country insofar as the sell-out of our national assets are concerned and that threshold level is rapidly approaching. The people's patience is running out.

The Government will take full responsibility for whatever consequences which may flow from that. We want no part of these secret deals. We are saying if they want our support, Mr. Vice-President, they should come openly, they should come in a transparent way, and present accountability to our Parliament in Trinidad and Tobago. We have made it very clear that, as an incoming Government, we cannot guarantee all these deals that they are engaged in. The masses will have to decide the fate of those things. We told them already.

I remember the Minister attempting to escape from the searchlights, coming here sometime ago indicating that this is well and this is great, and all who said this and all who said that. It could not save him from the scandal because he was deeply involved.

He came here tonight and read from the International Civil Aviation Authority letter. How much money did we pay these people? We must have paid them. They did not come here to do that for free. The evaluation which was done by International Civil Aviation Authority—did they come here and do it for free? So what do they expect them to say? They must praise Trinidad and Tobago. They were paid. They were your servants—Ernst & Young.

I understand in the United States there are big suits and writs against the fraud of these accounting firms. When they come to say that Ernst & Young told them that everything was okay and they give them a big tap on the back; that is nothing. That is nothing at all. They are in corruption in the United States of America, paying almost \$100 million in lawsuits for fraud. We have to expose these people in Trinidad, too.

When they come here to tell us, absolutely no interference and the thing was rigorous, and there was transparency and so forth. The hon. Minister told us that

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just now. We did not want to hear that. But the Minister said that before, when there was the scandal. We cannot trust him.

What we are saying is, this is a national scandal that we are being asked to take part in. We cannot surrender our national dignity. We prefer to walk on our feet than to crawl on our knees. We are not going to be part of this surrender and the Government of this country is actually on its knees and trying to get us to also kneel with them. When they talk about going down the road, going down the road kneeling and begging. Do they want us to be part of that? We are not going to be part of that. We are standing on our feet. We are liberated men and souls and we have a searchlight pointing us to the twenty-first century and we are going towards the rising sun. That is where we are heading, towards the rising sun, not any balisier. They say it does not need any fertilizer. Fertilizer is afraid of it! They do not have to feed that. That is a wicked kind of plant. Not even fertilizer would help that.

We warn this Government that there are certain areas that we are very concerned about. We want to know about these matters. Mr. Vice-President, we understand that there are seven airfields in Trinidad and Tobago.

7.55 p.m.

We want to know whether Pegasus and American Airlines would now be in charge of our seven airfields. We want to know who is going to be in charge of Wallerfield. Is it Pegasus and American Airlines? I want to let this Parliament know that this Government is not in charge. This Government is an agent of big business, abroad and here.

There are some critical elements that we need to know. We want to know about the administrative changes that are to take place. Where is our nationalism and pride? It is the same approach they want to take with T&TEC and WASA; sell everything. We want to ask the hon. Minister about the project management during the phase of construction. We repeat, we want watchdogs. They should have watchdogs if they are serious.

We must never forget our experience with the government-to-government contract. When the Mt. Hope Medical Complex was completed, we had to go back to the French men to get them to come down here to maintain our building. We cannot make that mistake. What we are saying to this Government is that the maintenance of the airport is important. Therefore, we would like to know from the Minister what steps are being taken to ensure that when we construct this

airport, given the fact that we are going to have agents from abroad coming here—we understand from our information, the local professional architects of this country were not involved in the designing of this new international airport. That is the information that we have.

We want the Minister to deal with these questions and not come here and smile and tell us that everything is nice. We are not on that. We know everything is not nice. Nothing could be nice under PNM. We know corruption is their name.

We serve notice, we are not pussyfooting or engaging in hansy-pansy with this Government on our national dignity. Our national airport must remain under national control. We do not want foreigners to come in here and take control of our national airport, and this is exactly what will take place under this particular arrangement that they are seeking to get us to engage in.

Sen. Spence made the point about taxes. This is a Government that seeks to punish people all around. You have a situation where you tell me I must pay departure tax, and then you tell me I must pay an airport service charge too. What other charges are they going to impose on me? So to leave my country and to return to my country, I have to pay more charges than I am paying. Like they want me to pay for waving in the gallery too!

We are not happy with this Bill. We are calling on the Government to withdraw it. It is a total insult to the national dignity of our country. Withdraw this Bill, bring the necessary documentation to this Parliament, explain to us all the details, make the necessary amendments to ensure that real control remains in the hands of the nationals of Trinidad and Tobago. Unless you do this, you are not serious. We are saying that we want to be in charge. No country can boast about going into the 21st Century if it is just kowtowing.

Mr. Vice-President: The speaking time of the hon. Senator has expired.

Motion made, That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. S. Capildeo*]

Question put and agreed to.

Sen. W. Mark: I have 15 minutes, but I will wind down now.

All we want to tell this Government, as we said, withdraw this Bill; it is inappropriate; it is not going to give us the kind of security that the Government is anticipating. Make the necessary amendments; get the various actors involved;

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bring the information to the Parliament; make things more transparent. We want greater accountability; we want to engage in greater scrutiny of these developments and we do not want from the Minister any assurances and any guarantees. We want the facts before us, and it is only when we have the facts, can we, on this side, make appropriate judgments and come to intelligent conclusions.

I thank you very much, Mr. Vice-President.

Sen. Martin Daly: Mr. Vice-President, it is the first time that I have the unfortunate experience of seeing a piece of legislation and the conduct surrounding it making me gravely suspicious. It must have been well-known to the Airports Authority before they went out to tender, or whatever it is they did, that they lacked the power under the Act as it is at present to begin the process which they did. I am certainly sure it was known to them long before tonight. So the first thing that causes me a great deal of alarm is the rush. I do not care if some public relations expert has made some announcement about January 1, 1994. We cannot run a country like that. We cannot pass bad legislation to satisfy public relations flow. So January 1, as the reason for keeping us here tonight on an important measure like this, is totally unacceptable and I dismiss it completely from my calculations. So there must be another reason for the rush which they have not told us. That is the first thing.

8.05 p.m.

The second thing, as the Minister himself has admitted, this is a substantial departure from the type of legislation that we normally associate with public authorities. That is a good reason for not rushing it and giving it mature consideration. The Minister has admitted that they are bringing a new type of animal to Parliament for our scrutiny, but they do not want it to have our mature scrutiny, and I ask, why not? What is this new intransigence on the part of the Government?

The other day we had a bill concerning loans to the University of the West Indies. Sen. Mansoor was able to point out that the Bill was too wide and we should tie it to the specified purpose for which the loan was required. No problem; we were able to reach some accommodation and tie the legislation to the express purpose for which it was required. Why can we not tie this Bill to the express purpose for which it is required, namely, the participation of the Airports Authority, as the majority shareholder, in a joint venture company? Why is the

Bill saying anything more or less than that? Why, I ask? That gets me very alarmed. The Minister has said what it is, so why can we not tie it to that?

We had a long debate on the Financial Institutions Bill, and we were all able to get the threat of the commissars to recede. But, the threat of the commissars here, apparently, is not going to recede. Government is behaving out of character by insisting on passing a bill that is writing a larger legislative cheque for the purpose than it is required, and that worries me deeply.

I would not be as charitable as Sen. Mansoor and say we cannot ignore the history. How can we? The antecedents of this airport project is a matter which caused either the resignation or dismissal of a board. How can we ignore that piece of history? We have to make sure that the proper powers, properly drafted, are put down for a project of this importance. I ask again: why the rush and why the reluctance to tie the legislation to the specific purpose for which it is required?

This Airports Authority had a very sorry history recently. We had a chairman called Kelshall, the minister changed, out went Kelshall and in came Dr. Suite; the Government changed, out went Dr. Suite, in came another chairman. There was then, apparently, some problem with the first attempt to get this project off the ground, out went Seeteram, in came someone else. How can we ignore these things?

All these things require that we make a collective effort to get it right this time, and we are going about it in the wrong way by rushing it and by writing legislation that gives the Airports Authority more power than is required for the stated purpose. That is the background of the objections which I am taking and which Senators before me have taken.

I put forward some amendments because, in my innocence, I thought we were dealing with a public authority and the draftsman had fallen asleep, that is why he had departed from the traditional type of language which is associated with a public authority. I tried, in the short time that was available, to pull more appropriate language out of the Port Authority Act and I also looked at the T&TEC and the WASA Acts, to see how best we can structure this Bill so it conforms with what we normally expect of a public authority.

Even if one says that all those traditional phrases and all that legislation is rubbish, it does not justify giving the Authority more powers that it requires for the specific purpose of this venture which has a chequered history and has revolving-door chairmen. It does not require that. If the primary purpose is the

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majority shareholding in a joint venture company, bring that and, I am sure, many persons would support it without question.

Those are my general concerns. I have a particular concern with the functions clause as it has been amended, where it not only gives the Authority power to hold shares in a company—no mention of the majority, which we now know is the stated purpose—or to form a joint venture, but even allows it to enter into a contract for the performance of its functions. That opens the way for the Authority to contract out 100 per cent of its main functions leading to some of the results that were described by Sen. Wade Mark, before he began to paint colour pictures.

Now, regardless of what the Minister tells us, a situation can arise in the negotiations, or later on down the road, where the Authority can contract out 100 per cent of its main function to manage and develop the airport. What is that for? If what is required, and there must have been some kind of request for proposals and answers, is the general shape of a transaction, why is the Authority being given all that power?

My innocence was tainted tonight when I listened to Sen. Mansoor—and I spoke with him before the debate—and I began to understand what the contradiction was and what was the reason for the rush and the intransigence. In fact, the Government is not asking us to pass this legislation to form a joint venture company with a government majority shareholding. They are leaving the way open to a wholesale divestment, privatization, leasing out—I do not mind what you call it. Let me use a more neutral term, the legislation is leaving the way open for a complete handover of the airport, lock, stock and barrel, to whoever the Authority enters into commercial arrangements with.

It is totally unacceptable, first, for the reason that I have already stated. It is giving more power than is required for the transaction, and the history of this Government, as I know it in the Senate, has been not to write these blank cheques when it has been suggested otherwise. We have the checkered history of the matter, and the other things to which I have referred.

If the Government requires some other general powers at this stage of the Authority's development, we can put those in by reference to the formulas that are contained in the other Acts that regulate public authorities. If the intransigence over this is going to leave it open to the Airports Authority to hand the airport over lock, stock and barrel to someone with whom the Authority enters into commercial arrangements, then I must ask myself: is there some other agenda? It

is the first time I have had to consider whether I cannot take legislation and the contribution of the Minister, in introducing the Bill, at face value. It is the first time I have had to ask myself: can I take it at face value? Because, at face value, the main thing that we are here to do is to give the Airports Authority the power to enter into a joint venture company with majority shareholding. But we want to give them all sorts of other powers, including the ability to contract out 100 per cent of their main function, which is the management and development of the airports.

Quite apart from the things to which I have already adverted, I know there are provisions in here about security and security committees, and the Minister might declare certain areas. We are now known as a trans-shipment port for items that we should not be exporting from here. I do not care what is written in this legislation, if you hand the airport lock, stock and barrel to someone else, possession, as we say, is nine-tenths of the law. The Government's security committee could do and say what it likes, but we know from the Point Lisas experience, what can happen at ports, in general terms.

Therefore, that is why we require the Government, either on its own, through the Minister or the Airports Authority, to retain control over the airports. We require it for a variety of reasons, not least of all, security reasons. Do we know—when we enter into commercial arrangements with a consortium with a list of names that it was almost impossible to count—the antecedents of all these members of the consortium? Do we know that they are so squeaky clean that they should have control of our airport?

8.15 p.m.

Do we know what other business these unidentified members of the consortium can use our airport for? It is the most ridiculous proposition to be insisting on giving the Airports Authority more power than is required, for this particular venture. I am not suggesting that my amendments be cast in concrete, but I have put them forward in order to place some restriction on the Airports Authority in what it can do in the development and management at the airport. It would be a very sad day for us if we depart from the normal salutary practice of amending legislation to suit the stated purpose of the legislation.

The Minister has stated a purpose and he has offered no justification—and if he is, as I am sure he is, being truthful to the Senate, can offer no justification for giving any power other than entering into a joint venture company in which the

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Government is a majority shareholder. He can offer none, if he is levelling with us as I am sure he is. He can offer no justification for anything else; shares in a company other than a joint venture company or entering into a contract to perform the Authority's main function, because he is circumscribed by what he has told us the Airports Authority needs in order to proceed with this important project. There is simply no reason for putting in all those other powers, unless of course, maybe someone who is not as candid as the Minister, is saddling him with a secret agenda, ultimately to privatize the airport or to put it in the hands of persons about whose antecedents we do not know sufficiently. With the greatest respect to Sen. Spence, this is not a road in the cane field that we are handing over to somebody to play on or to run go-carts on. This is our airport which has a history, in more recent times, of having very uncertain, unsavoury activities taking place there. Once we hand over the airport lock, stock and barrel, but we can put down anything we like about security committees, we would have conceded far too much.

I am appealing to the Government to stick to its normal prescription. Legislate for what is required. If you need some ancillary powers we can discuss those by way of the amendments that I and other persons have proposed.

Because it is late, I will not seek to dwell on the contributions of the speakers before me, but there are huge contradictions in the legislation that have been pointed out by other speakers. It cannot be that those contradictions are accidental or as a result of ill-thought legislation if this door for privatizing the airport is being left open. Maybe, it is a good thing that we should privatize the airport, but come and tell us that is the objective and let us discuss it. I am approaching this very simply. I do not think we should get hung up on labels. All I know—and it is crystal clear to me—the Airports Authority requires the power to enter into a joint venture company in which the Government or the Airports Authority will hold the majority shareholding. We do not, therefore, need to provide for it, to hold shares in any company or to enter into a contract for the purpose of the performance of its functions. All the performance in its functions requires—and what the Minister has told us—is entering into a joint venture company in which the Government holds the majority share.

Mr. Vice-President, I am unfamiliar with what the protocol is at this hour of the evening because we never had, in my experience, this rush or this intransigence. I assure you I would not be very much longer, if that is of any help.

Mr. Vice-President: You have your full 45 minutes.

Sen. M. Daly: It is very good to have the Leader of Government Business back because whenever he is not here we have other episodes of unrestrained behaviour that sometimes provoke certain consequences. In fact, it was also good for us, but not good for him to see earlier today when someone was climbing up the Berlin wall how his face became flushed in that inimitable way in which it becomes flushed when people try to climb the Berlin wall and speak of Mr. Gorbachev and matters of that sort. I would not trespass on his good nature in saying that his "dinner will wait for me." As he is here, we will no doubt, be giving some consideration to the matters that are being raised with respect to this Bill.

Some other matters have been raised about exemption from taxes, duties and levies. What troubles me is—despite having a security committee, despite having a board of which the Comptroller of Customs is a member—if this company that is to be formed is going to be exempt from all taxes, duties and levies on raw materials—

Sen. Saith: I thank the Senator for giving way and for his compliments. As I understand it, the duty-free arrangements are in respect of the Authority and they cannot be transferred to any company that the Authority may form. The company to be formed does not have duty-free concession. That is what I am advised.

Sen. M. Daly: There is room for debate about that, but of course, I will accept that from the hon. Leader of Government Business. There is always great danger in these exemptions because if they are going to be exempt from duties then presumably, there are going to be very few if any—I do not know how these things work—customs examinations of what is being brought through the airport by way of raw material.

Mr. Sobion: For specific purposes.

Sen. M. Daly: How many people leave Trinidad and Tobago for the specific purpose of going to visit their relatives in Brooklyn and the sniffer dogs find out that they are on a completely different mission? You cannot escape it, Mr. Attorney General. Let us face it. You are taking a tremendous risk with the country, if you give the Airports Authority these powers to do more than is specifically required. You are putting the whole country at risk and it cannot be escaped. You can dress it up however you like, you are putting the country at risk because you would be permitting the Airports Authority to be handed over—if it can enter into a contract for the purpose of the performance of its main function—

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lock, stock and barrel. Whatever you describe it as, the country is being put at risk.

I am concerned about that and I would like the Government to reconsider its position. I am not going to be mollified by any security committee or any board that comprises six *ex officio* persons who have a trillion other things to do and a chairman and other members appointed by a cabinet chairman particularly in the light of the recent history of these revolving doors. This airport has a very chequered history. We must take that into account.

Mr. Vice-President, I appeal to the Government to limit the change that is being made to the main function clause of the Airports Authority to what I have said; that is, the purpose stated by the Minister. The other amendments that are being made to broaden the clause, the original main function clause is completely inadequate. That part of the amendment that improves on the statement of the main function is a wonderful thing. The original main function clause, is inadequate. That part of the clause that states the lofty objective of making a profit, although it may be contradictory, it cannot do us any harm. What I am concerned about, is the rest of the amendment to which I have referred.

I have chosen to focus on what I consider is the main offence of this proposed legislation. It seems to me that if we have a set-up or an authority established in a way in which we feel comfortable, many of the other problems about the raising of dues and charges, in my humble opinion, become less important.

Once the Government has a serious input into the operations of the Authority, the normal political and other restraints on the levying of charges in an arbitrary fashion or the levying of high charges will operate.

All our Governments have, for example—I know people from Tobago might think differently and, certainly, there is room to argue differently that in relation to matters like airfares to Tobago and other matters of that nature—been responsive to stimuli other than simply using their powers under the legislation to the maximum effect.

If we get the right restrictions on what the Airports Authority can do, some of these other problems become less objectionable. For those reasons, I ask the Government to consider amending the legislation along the lines that have been discussed.

Thank you very much.

Mr. Vice-President: The sitting of the Senate is suspended until 9.05 p.m.

8.25 p.m.: *Sitting suspended.*

9.05 p.m.: *Sitting resumed.*

The Attorney General and Minister for Legal Affairs (Hon. Keith Sobion): Mr Vice-President, as usual, I must commend the Senators every time I come to this Senate. There have been observations on this Bill coming from the other side, which to my mind however, belie the fact that as Sen. Daly suggests, there is some intent on rushing this piece of legislation, because the observations go to some serious aspects of the Bill.

In fact, I had the opportunity earlier to see some amendments proposed by Sen. Daly. I want to assure him that those amendments find favour with us on this side, subject to certain slight amendments which I would indicate to him. As he said, those proposed amendments were not cast in concrete.

I think, perhaps, it may be useful to go back a bit and look at what is intended by this legislation. I know it has been suggested by Sen. Daly in particular, that the amendment proposed—and on that score he relied on the opening statement of the Minister—is a very restricted one. If one looks at the Bill which is actually before us and the Explanatory Note, one would see that the proposed amendment has a wider purpose.

That note reads:

"The purpose of this Bill is to create a type of Statutory Authority which is able to execute its business as a public service venture, while having at the same time profitability as a primary objective."

In that context, I think the starting point is: What are the functions of the Airports Authority? Under the existing legislation, the functions of the Authority are set out in section 12 which states:

"The principal function of the Authority is to manage the airports and in so doing maintain, improve and repair the facilities so as to ensure the provision of efficient, secure and safe aviation services."

That is an objective I am sure no one would quarrel with. It is a noble objective by any count.

We are seeking to find a mechanism whereby that objective, noble as it stands in section 12, can be effectively complied with by the Authority. We are proposing that there should be a new look at the role and function of the Authority to determine how best it can operate in order to achieve those objectives.

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I was a little taken aback that what has become a common attitude in the society has reached Members of this lofty House. The fact is that whilst there may be some who see a shadow behind every gun, I do not think that we, as legislators, ought to adopt that approach in assessing legislation. We have all taken oaths to uphold the constitution and the law and when we come here with legislation, I think one must approach it from that point of view.

What are we trying to achieve by this legislation keeping in mind at the forefront that we are about the legitimate business of the people of Trinidad and Tobago? I have stated the objectives of the the Airports Authority. It is a multifaceted operation.

I have a note of some of the matters which engage the attention of the Airports Authority from time to time. Among these are immigration processing; customs activity; national security operations; public health in relation to the importation of plants; airport estate development and management, and air traffic control among others.

It is for that reason—and I want specifically to address the point raised by Sen. Mansoor—the Airports Authority has a board constituted in the way that it is. There are about six persons on that board who are really *ex officio* persons. They are there because of the multifaceted functions which the Authority has to perform. That is the sole reason for those persons being on the board.

You would see the Commissioner of Police, an appointee of the Minister responsible for National Security; the Director of Civil Aviation. These are the *ex officio* members of the board. Therefore, if we are seeking to develop a new thrust, insofar as the operations of the Airports Authority are concerned, we have to find a mechanism which would ensure that the Authority performs the mandate which is being given to it by statute.

We have broadened the ability of the Authority to discharge those functions. That is all that this Bill really seeks to do. In so doing we have given it the flexibility to enter into joint venture arrangements with other persons; the flexibility to establish new companies to run different aspects of the operation, and the capability of acquiring shares in companies which may be formed. That is the kind of flexible mechanism which we see as providing the Authority with the ability to achieve its mandate. So, there is no shadow and, therefore, there is really no gun.

9.15 p.m.

I want, therefore, Mr. Vice-President, to look at some of the observations which have come from hon. Senators, in the context of that scenario—what the Authority is about and in what way they can achieve those objectives.

For the purpose of expediting this matter, I would try to look at the observations which were made, in the order in which they were made. Perhaps I would run into some duplication, but I would try my best not to do so.

Sen. Mansoor spoke about the paradoxes and the inconsistencies in the legislation: the fact that we have an Airports Authority comprised of persons who, in his view, have no head for business and, therefore, it was inconsistent to say that this Authority would become profitable and that it could not, having regard to the constraints. That is exactly the point. Even if one accepts that, by allowing the Airports Authority to enter into joint ventures, what they are going to be able to do is to enter into an arrangement whereby a separate legal entity will be created, that will be comprised of persons who, in the view of the Airports Authority Board and ultimately the Minister, can effectively carry out the mandate of the Authority through the new proposed mechanism of a joint venture. The board of that separate legal entity need not be comprised of persons who now sit on the Airports Authority's Board.

In fact, in the proposed Bill, I believe at clause 12, which establishes the mechanism, it says that, for the purposes of performing its function, it may enter into contracts with any person, hold shares in any company or form a joint venture company. It goes on at 12(4) to say:

"Where in pursuance of this section, the Authority is required to appoint directors in a company in which it holds shares, the Directors shall be appointed by the Authority with the approval of the Minister."

It gives the Authority greater flexibility because it can now move away from those *ex officio* positions, which are really there to establish certain policy positions in relation to what the Authority's function is, and it can then put into place directors of that joint venture company, after consultation with the Minister, who, ultimately, being a member of the Cabinet and the Government is the person responsible for the Airports Authority carrying out its mandate. That we see as providing greater flexibility for the Authority in performing its function. So there is nothing inconsistent in what we put forward now as the role of the Authority and how that role is to be executed.

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Some comment was made in the same context about appropriations from Parliament—that if this was to be a profitable thing, why appropriations from Parliament? The Authority has functioned, thus far, essentially with appropriations from Parliament. It has some mechanism for raising fees of its own: landing charges have been suggested; storage and rental charges, which it collects, and certainly the more it collects; the more it is directed towards becoming a commercial and viable enterprise, the less there will be the need for appropriations. So, it is not inconsistent to have within the legislation at this stage that part of their funding will come from appropriations. Part, certainly, will come from appropriations and what we envisage is that that will decline over the years as the Airports Authority puts itself in a position to take off. That is all we are saying, so there is nothing inconsistent about having appropriations as being one source of funding. The question of how much would be appropriated would depend on how efficiently the Airports Authority is able to manage itself.

I think much was said about exemptions from tax. The fact that exemptions were being given to the Authority for tax purposes and whether this was a means—I think this was the view expressed by Sen. Wade Mark in his coloured contribution, as described by Sen. Daly—of the Airports Authority serving as a blanket for some covert activity taking place by private enterprise. Perhaps, one should get rid of that thought straightaway.

If there was some nefarious plan to privatize the Airports Authority, then I can assure you that we would not be here at this hour. It would have been a simple matter of entering into an arrangement with the chosen person, giving that person the authority to run the airport, and we would have been here with a Bill to repeal the Airports Authority Act. That is all that would have been necessary. There would have been no need for us to come here with the kind of approach that we have taken, if it was the intention of this Government to privatize the airport.

So, we are pursuing a course which intends merely to ensure that the Authority in the pursuit of its affairs—and I want to say something because the Minister had in fact spoken about Project Pride and it seems as though we have adopted a very narrow focus in this debate insofar as that is concerned. It is public knowledge that there is a Project Pride which is designed to improve the facilities at the airport at Piarco. I must say, I have the recollection from the dim recesses of my past that as far back as the 1960s there has been talk about improvements to the airport which have not really materialized in any significant way. So, we are on the verge of entering an arrangement to deal with development of the airport. That

fact is not hidden from anyone, but I think if we focus on the Project Pride, Phase I—because there are several parts to the project—then, of course, our vision would be even more narrow in assessing the legislation before us.

There are several other phases.

Sen. Spence: The Minister referred to the duty-free concessions with respect to answering Sen. Mark. I wonder if he would address the points that I made, mainly that what he has is monopoly enterprise which could encoach on the private sector, for example, in running a bus service which would have tax-free concessions. It seems to me inconsistent.

Hon. K. Sobion: Mr. Vice-President, I do not want the hon. Senator to feel left out, but I had indicated that I would deal with the points raised in the way in which they were given rather than try to move from contributor to contributor. I will certainly seek to address the points raised by Sen. Spence.

The development of the airport through the Project Pride is not a one-off situation. There are a number of things planned and in the different phases there would be the bonded industrial park, a world trade centre, a business centre. There is the question of hotel development. A number of other facilities will come on stream in that area which would be under the control of the Airports Authority. It is not a question of putting in legislation to enter into a joint venture with majority participation on the part of the Authority because we are dealing with Pride, Phase I. Pride, Phase I is the building of the new terminal.

9.25 p.m

It may very well be, and in fact it is anticipated, that the Airports Authority will get involved in other areas of the proposed development either by way of joint venture with other parties, or in instances where it may not be desirable for the Authority to hold the majority shareholding. I can think of several examples. But, for example, if we are dealing with a hotel development within the area of the airport park, one can see the Airports Authority taking a minority shareholding in some hotel that is being established on that site.

It is not a necessary part of the functioning of the Airports Authority and it may not think it necessary, and indeed the Government may not think it necessary to hold a substantial or even majority shareholding in such an enterprise. It is not sufficient for us to look at it in that narrow way and accuse the Government of being intransigent and not seeking to narrow the purpose of the legislation. The

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purpose of the legislation is to improve the efficiency of the Airports Authority in a wider sphere and not necessarily limit it to Project Pride, in the first phase at any rate.

There are a number of things which we see that the Airports Authority can do and that is the reason why we have expanded the ability of the Authority to operate in a more commercial and businesslike fashion by entering into these types of arrangements. I do not think it is sufficient to feel that there is something sinister about all of this because—*[Interruption]* Is this the fourth contribution, Mr. Vice-President?

Mr. Vice-President, the fact of the matter is that those who have fears of privatization will continue to do so. It is a mind-set that they have and they said it for all the wrong reasons and they continue to say it for all the wrong reasons. I have no problem with that. But if we are at the point where we are seeking to improve the infrastructure of Trinidad and Tobago and it becomes necessary to engage in joint venture arrangements for an area as critical as the airport, then we on this side have no difficulty about entering into such arrangements which can redound to the economic benefit of the whole economy of Trinidad and Tobago. That is our position.

Sen. Spence did raise the question of the tax-free status. The tax-free status which is being accorded to the Authority, as opposed to any other legal entity with whom it may enter into an arrangement, is a concession which the Government thought necessary for the Authority at this stage of its inception, and unless we can be persuaded by cogent arguments otherwise, we feel that it is a necessary assistance to an authority which has not, hitherto, functioned as a commercial enterprise and we feel that some allowance could be given to it.

Sen. Rooks: When we were setting up the free zones we ran into similar problems and the more I hear about this situation it seems as though it has many things in common with the free zone system.

Our difficulties were solved for us by a manual put out by the UNDP. One of the chief things they said that were required to make an operation such as this a successful one, even if all the shares are owned by Government, was that it should not operate as a statutory board, it should operate like a private company. We had some difficulty with the drafting at times because the legal people could not see how we could have a statutory board within the bureaucracy of government. However, this is what was finally done, it was approved by Cabinet and it is in the

law on the “free zone”. The first board was appointed by the Minister but after the “free zone” was left to run its own business, make its own decisions with the exception of any borrowings that needed to be done which the Minister then had the authority to approve or not approve or give the “free zone” a blanket arrangement for making its own loan arrangements. I just thought that that might be of some help in the situation.

Hon. K. Sobion: Mr. Vice-President, I do thank Sen. Rooks for his intervention on that score. I think the real knob of the criticism was to the effect that some other entity would benefit from the exemption status which is given in clause 7.

Sen. Spence: That was really not my point at all. I was merely making the point that you have in the legislation, for example, that it could run a bus service. Your bus service may be competing with the private sector but you will be doing so from a duty-free position. If you want to help the Authority in its early stages you have the ability to do so by the subvention. It seems to me unnecessary to also give it duty-free status.

Hon. K. Sobion: Mr. Vice-President, I do accept that that point was also made by Sen. Spence, but the point had been made that somehow this would merely be a transfer to a foreign investor. There is, no doubt, some merit in that and the fact is that the Airports Authority, even now, has the power to operate a bus service and I can see that it could provide some degree of unfair competition to other persons and that is a matter which will certainly be taken into consideration when we look at the particular clauses in more detail.

I think also that Sen. Spence referred to the question of the passenger service charge and in fact had suggested an amendment which would effectively deal with that. As I understand the position, the passenger service charge is not really before us as such: the Authority does have power under the Bill to impose charges and fees for different things. It is intended that the passenger service charge which is being proposed at this time will actually be in replacement of the Airports Departure Tax, that is how I understand the arrangement to be now conceived. There will not be two similar type charges.

The only difficulty which remains to be resolved is that the airport tax is a tax under the exchequer and has to go to the Consolidated Fund and the passenger service fee that is being proposed, one would be able to pass that directly to the Airports Authority as part of its commercial activity.

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Mr. Vice-President, the notes I have from Sen. Mark talk about accountability and transparency and giving up birthright, but that is as far as they go. I sought to indicate, this is not intended, and if it was intended to completely privatize or otherwise the Airports Authority, then all this was really not necessary.

9.35 p.m.

Mr. Vice-President, what are we left with? Sen. Daly spoke about legislation leaving the way open for a wholesale sell-out, and put in the context of antecedents, that is all it could have pointed to. Again, I want to repeat, to assure this honourable Senate, that all the Government is seeking to do is to provide the means whereby the Authority can go about its statutory business in such a way as to—Mr. Vice-President, let us be realistic about this. We have an Authority whose functions, quite apart from maintenance and repair, include improving the facilities of the airport. What we had in terms of improvement over the last few years is just a drop in the bucket thus far. We have basically been doing rudimentary repairs, minor maintenance, where we are forced with an expansion in the airport traffic—there is some expansion and there is a hodgepodge, piecemeal approach. Now, for the first time, we are adopting a holistic approach to airport development, putting in the means whereby improvements can be achieved in a realistic fashion, in circumstances where the Government does not have the financial resources to deal with it, and because it is innovative, because it is out of the norm, we get the sense that there is a reluctance to move forward because it appears to be a novel idea.

Mr. Vice-President, all we on this side can say is that change really is not very easy for some people to accept. There have been all kinds of new approaches to financing developments in this country over the years, that the prophets of doom and gloom have said would not work. But there have been all kinds of new approaches to how we conduct business and the scepticism continues, once something appears to be new and different.

The approach is as it is stated simply in the Bill. As I said, the relevant portion of the Bill is clause 6, as it has been amended in the House. Where section 12 of the Act has been repealed, we have expanded the definition, the meaning of the functions of the Authority to cast in the legislation the fact that the Authority is charged, not only with maintaining and improving, but also doing it in an efficient and cost-effective manner. Having charged the Authority with that responsibility, it has been given the mechanism to do it.

Subsection (2) says that for the purpose of performing those functions they may enter into contracts with any person, and that seemed to raise some doubts in the mind of Sen. Daly. But, any authority with legal personality can enter into legal contractual arrangements with people. There is nothing dubious about. As an authority with legal personality it can hold shares in any other company and it can form joint venture companies. So what it has is a vehicle—not as restricted as in the present legislation—to achieve the objectives which it has been given by the Act. That is the simple purpose of this legislation.

I think that those were the major comments made in the contributions which I heard. As I have indicated, I have had an opportunity to look at the amendments proposed by Sen. Daly, and he has, in fact, proposed an amendment which deals with subsection (3). We have no problem with that amendment, except for the word "behalf" which appears in line 6, which talks about the acquisition or disposal of any real or personal property or rights, because the Interpretation Act provides those as necessary characteristics of any authority of this nature. So there is no need to include it in this legislation.

In the second proposed amendment to subsection 3(b), the only other area that we depart slightly from the proposal of Sen. Daly, is the inclusion of the words "in its opinion", which appear five lines from the bottom of that paragraph. The Minister is still responsible for giving general directions to the board and we feel it should not be linked merely to the opinion of the board, but it should be linked to the board, having regard to such general directions as it may receive.

So that even though Sen. Daly felt rushed, he has proposed an amendment to clause 6, section 12, with which, except for those minor changes, we on this side would have no difficulty.

We propose one further amendment, and that is to clause 10, merely to make it clear that declaring any part of the airport to be a restricted area should be by Order of the Minister, on the advice of the security committee. That proposed amendment will be circulated in due course.

So, Mr. Vice-President, I trust that my short intervention in this matter would clear the air somewhat on some of the concerns which have been expressed by Senators on the other side. I, therefore, have great pleasure in supporting the Minister in this Bill, which we see as being necessary and vital to the thrust we are making in the economic life of Trinidad and Tobago.

I thank you, Mr. Vice-President.

Sen. Carol Mahadeo: Mr. Vice-President, I know at this time of the evening, after a full stomach, most of us are hoping to get a lullaby, and perhaps I should be entertaining hon. Senators to that lullaby. But, like Alice in Wonderland, I have become "curiouser and curiouser", on at least four points that the hon. Attorney General raised. I do not want him to be fighting with his colleague, the hon. Minister of Works and Transport, but it would seem that point one was in direct contradiction to what the Minister of Works and Transport had alluded to in his opening remarks, in answering a question posed by Sen. Wade Mark about the departure tax and where it was going to be put. In addition to that, on the question of the passenger services fee, I think the Minister of Works and Transport made it quite clear, at least to my mind, that he had no control over the departure tax, which went into the Consolidated Fund, but that this passenger service fee was something entirely different, which the Authority would be controlling.

9.45 p.m.

Mr. Imbert: I thank the Senator for giving way. I merely indicated that a tax could not go to the Airports Authority unless there was parliamentary approval for that, and therefore the fee would be a fee imposed by the Authority. Departure tax at the present time, unless there is parliamentary approval, cannot go to the Authority.

Sen. Prof. Spence: Mr. Vice-President, but such approval was given during the last Parliament.

Sen. C. Mahadeo: Indeed, I was not here during the last Parliament, but my colleague, the senior Professor Spence, was; and I would take his word for granted. At this point in time, what worries me most is that the hon. Attorney General says that the passenger service fee would replace the Airport Departure Tax. So which are we to believe before we give our vote on passing this Bill? Which is it going to be, something separate and apart from each other; or replacing the other thing? I am very worried and becoming very curious about this situation.

He touched on a very—I want to use and repeat his words—crucial aspect of the Airports Authority. He said "this is a very crucial area of our country." I do agree with the hon. Attorney General heartily; and as to the security arrangements that we have to put in place, especially when I am made to understand, for the very first time this afternoon, by one of the Senators on the Opposition Benches, that Project Pride and Pegasus, which has reared its head again, is in league with

American Airlines, which is the silent partner sitting behind the little wings that may be flapping very soon around their ears, Sir.

Mr. Imbert: I thank the Senator for giving way. The member of the consortium is actually AMR Services, which is not American Airlines. AMR Services is an airport management company. It is a sister subsidiary of American Airlines, but American Airlines is not involved.

Sen. C. Mahadeo: But it is a subsidiary, Mr. Vice-President.

Sen. Hosein: Same difference.

Sen. C. Mahadeo: That is it. A subsidiary is what you call an ancillary, or tributary to the parent company [*Interruption*] and has to do the talking and take its lead from the parent company, American Airlines. If I am a subsidiary of X, Y, or Z, I must toe the line; unless I understand it differently. I do not know, but Senators, this is how I see it.

Being a very crucial area, I am wondering whether we ought, really, to have our asset going into foreign hands, where they are going to be playing the tune to which we will dance, especially in the light of what Sen. Martin Daly alluded to earlier, before the supper break, when he spoke of all the things that can and do happen and that continue to happen by way of the big drug and cocaine redistribution process, through our airports and national airline, and the other one down at Pt. Lisas, where our *Harold La Borde* boat was hauled in for questioning.

Perhaps I ought to remind hon. Senators that not very long ago an American was found naked inside one of the engines of our national airline, a BWIA plane, and he was minced in like minced beef inside that engine. Where is our security put in place for that? How was he able to by-pass all that and the sterile bay, getting down the steps that people have so much difficulty getting down—I, at least.

Sen. Kwabene: He went from the hotel.

Sen. Daly: He went from the hotel naked. [*Interruption*]

Sen. C. Mahadeo: Right. How was he able to do this? Mr. Vice-President, many things I say may be laughed at but they have very serious connotations. There was another case of two stowaways found hanging on the landing gear of one of our BWIA planes and stowed away all the way to—I cannot remember whether it was the United States or to England.

Sen. Kwabene: Canada.

Sen. C. Mahadeo: Oh, to Canada. Thank you very much. That goes against our national security arrangements. We may laugh at that here now, because it may be over two years ago, but these are things we have to face because they are recurring decimals. We have to face that, Mr. Vice-President. These things are happening and continue to happen. Every day one opens the newspapers or looks at the television and one sees the number of people coming or going through the airport with things strapped on to them or in their suitcases or other baggage.

Sen. Kwabene: Like the elderly lady.

Sen. C. Mahadeo: Yes, an elderly lady, 88 years old was one of the persons, among others, who were held for that sort of thing—not through the airport anyway. These are the things that should engage our security arrangements; and I am glad that the hon. Attorney General mentioned the crucial area of our airport, and we should take a very close look at this because of the security aspect of it. Are we going to allow that airport to get into foreign hands?

As I got to understand, again, with the contributions that have preceded mine, although we have the majority shareholding rights, it does not necessarily mean that we have the controlling factor in our hands. Because it may be just a "pen and paper story", having just so many shares; and the foreigners, Mr. Pride, who may, perhaps, not give us pride but may bring tears to our eyes, maybe from Phase 1 up to the later stages or whatever phase it is to conclude. Let us hope they do not bring tears to our eyes.

While I am at it, let me say that of these three bits of memoranda that have been circulated to us earlier by the Minister of Works and Transport, I see in the middle page here, one to our very genteel-looking Mr. Oswin Moore, who is sitting in the wings, from somebody called Mr. Ed Hamm of—I do not know, it sounds like either Greek or French—Greiner Inc. I am wondering whether that is not a foreign-based firm, maybe in Montreal or somewhere else. Are these all Canadian based firms? It is interesting to see that he says that he has—

"...had the good fortune of being a part of the selection process to select the developer for Phase I of Project PRIDE."

Here it is, a foreigner looking into our local situation and telling us that he is happy—and having the good fortune, mind you—to have been part of the selection process to select a developer for us in his "38 years of experience"—and

he did not tell us where he has had these 38 years of experience. But he can attest—

"...to this being the most effective process related to fairness to proponents as well as inability to manipulate the final rankings that I have observed or participated in."

Now this is where the sting is in the tail. I do not understand this part of the memorandum at all. The "inability to manipulate the final rankings that I have observed or participated in." This we need to get a little explanation on. He goes on to talk about "independent groups", "professionals in that discipline" and so on. We all have a copy of the memorandum.

But, Mr. Vice-President, in the last paragraph of his memorandum to Mr. Oswin Moore, he says:

"Further, in respect to the final rankings; by keeping each plan sterile and independent of each other until the final roll-up of scores and policing..."

This is the crucial part, I take it—

"the procedure with a process auditor, you have achieved what very few other organizations can attest to."

9.55 p.m.

I would like our hon. Minister to tell us more about this, what I would dub, concoction. Unless, I get a reasonable explanation, Mr. Vice-President, I would leave it at that.

His final sentence gives you the cue to the whole memorandum:

"You have fairly and unbiasedly selected the best developer capable of providing a world-class facility that we will all be proud of."

I have been looking at this Bill all evening since I got it and, again, like Alice in Wonderland, I am becoming "curiouser and curiouser and curiouser", because I am left with no answers.

I have been egged on by my colleague to ask what was the fee for this type of memorandum. I am very, very reluctant, and I know I am getting on the edgy side of the nerves of every Senator here, and I shall not say particularly which one, because I notice a particular one has been looking at me edgewise all afternoon. But I know he means well and I see how very affable my Friend on the other side is. I hope the airport's security will be in the hon. Senator's hands. Let us just—

Sen. Huggins: Read your Bill.

Sen. C. Mahadeo: Mr. Vice-President, I know that the Explanatory Note forms no part of the Bill, but again, as I said, like Alice, I see there that it gives us a cue as to the intentions of the Bill, which is a very good thing because most of us may be considered daft. What I am saying here is, the main purpose of the Bill is to create a type of statutory authority. Sen. Mansoor alluded to it, too, as to the callaloo and confusion it created, because its business was a public service venture and, at the same time, to give it profitability as a primary objective. Primary meaning its first and main objective, if I am to understand the word "primary".

A type of statutory authority. Is it fish, fowl or beast? Is it a statutory authority or if it is not a full-bodied statutory authority, what is it? There cannot be something that looks like a type of statutory authority, it must be a full-bodied authority or not at all. Again, I am unclear on that and I would like the hon. Minister to give me some clarification on that aspect.

Most of the clauses were dealt with in detail by all the other contributors, but I need to repeat, clause 6, which most of them alluded to and which I, too, made remarks about, concerning the expansion of the powers and functions for the purposes of the four subsections. Under clause 6 there are four subsections for the various purposes in the Explanatory Note. To me, subsection (1) of clause 6 which says:

"(1) undertake investment of a type that is not provided for under the existing legislation;"

seems very wide and unclear because it means then, the Authority, the board controlling or the Minister—they have not said whom—would undertake investment of a type that is not provided for under the existing legislation.

We want to know what types. It ought to be spelt out what types of investments are envisaged by this board, or the authority, or the Minister.

Secondly, subsection (2) which says:

"(2) market any professional services that may be at the disposal of the Authority;"

Now, I have no quarrel with that, because even Sen. Daly agreed, in one of his amendments, that he would keep that clause but I would also like to be clearer on

that aspect of it. What are the professional services that we want to market? What do we as an authority or a board, controlling that authority, have as professional services, that we would like to market?

Subsection (3) as I see it is all right. Subsection (4) also, where the Minister may:

"(4) impose certain charges for the use of airport facilities and to control traffic on the roads"

Again, as I see it, he has to get subsidiary legislation to vary the Road Traffic and Motor Vehicles Act to build more roads.

Then, I see that:

"Clause seven would exempt the Authority from the payment of different forms of tax."

Again, it was taken up by most of the contributors as to what types of taxes, as to motor vehicles and all other usages of the Authority.

What I am concerned with is another type of tax from which this Authority or board would be exempt and that has to do with if this is going to be a company—and I think the other side was at pains to tell us: "Oh, no, it is not a company. We are not forming a company. It is a board controlling an authority and so this will not obtain." But if we are forming a company and Project Pride is going to be whatever company it is going to be, then surely corporation tax ought to be levied upon the company.

Sen. Sobion: Mr. Vice-President, I wonder whether the hon. Senator was referring to anything I said. I said that the taxes, the exemptions, were with respect to the Authority and not with respect to any company or joint venture which the Authority may enter into. So it is quite clear that the exemptions from tax relate only to the Authority itself.

Sen. C. Mahadeo: Let me make myself clear. The hon. Attorney General can put his mind at ease. At no time was I alluding to his remarks on the tax. He did mention that, too, but I was speaking about hon. Minister Imbert when he spoke about these things, about the corporation tax and that it was not a company. In answer to a Senator when it was spoken of as being a company, he said that it was not really, it was a board controlling the statutory authority—the Airports Authority.

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From what I am seeing being set up here, to my mind, it is going to be a company and if American Airlines, which is the parent organization behind the subsidiary of X, Y, or Z, that is putting Pegasus in front of it with its wings again—that four-footed horse. We did talk about fish and fowl, but we never introduced the beast, but the beast is the flying horse in Greek Mythology and certainly, it is going to fly over the airports and into the international airspace.

10.05 p.m.

To my mind, this seems to be a company, and once it is a company, it ought to be paying corporation tax. It should not be exempt—

Mr. Imbert: With respect to the hon. Senator, clause 7 of the Bill exempts only the Airports Authority from taxes and duties. The Airports Authority is responsible for a number of things at the airport which the hon. Attorney General pointed out: immigration, customs, etc. As a matter of fact, clause 7, section 15A(i)(b) of the Bill says:

"the profits of the Authority shall be exempt from payment of corporation tax;"

The Authority is going to get into a joint venture with a company which would be formed under the Companies Ordinance, and will be subject to all the provisions of the law. So this has no relationship to any company which the Authority may invest in, or form, as a joint venture.

Sen. C. Mahadeo: Precisely my point, Mr. Vice-President. I do not want to belabour the point but I am still unclear on this. The hon. Minister of Works and Transport is saying this is the Airports Authority and not a private company, and from everything that is set out here and from all the contributions made by the Government Members, Opposition and Independent Senators, to my mind, it is unclear and I want it cleared up by the hon. Minister or anybody on the Government Benches, as to what precisely it is. Because I am not convinced that it is purely an Airports Authority. To my mind, it is a company that is being formed, and for this reason— *[Interruption]*

Who have ears, let them hear. I said, from what has been said by Government Members, Opposition and Independent Senators, I have formed my impression and I am unclear. This is where I need clarity. Daft as it may sound, I want clarity.

Under clause 5, section 9A (3), I think Sen. Wade Mark mentioned this:

"Where an officer or employee has transferred voluntarily or is deemed to have transferred voluntarily under subsection (2), service with the Authority shall so far as any agreement between it and the company allows..."

Do you see again, where the word, "company" comes in? Do you see, Sir, that invidious word, "company", that I am fearful about? Do you see how it comes in?

"be treated as service under the new company for the purposes of determining his right to, or eligibility for pension, gratuity, leave, severance or other benefits."

The word, "company", has been mentioned here twice.

Mr. Imbert: I thank the Senator for giving way. The Airports Authority will certainly invest in companies and form companies. Nobody is disputing that; that is a fact. The intention is to allow the Airports Authority to invest in companies or form companies. But those companies will not be exempt from tax. They are separate legal entities and they are subject to the Companies Ordinance.

Sen. C. Mahadeo: Mr. Vice-President, I thank the hon. Minister. I do not know how clearer it is in my mind, because "a man convinced against his will is of the same opinion still". I must still see whether Project Pride is not going to come forth at a later stage as a full-fledged foreign company, waving the wand over our heads.

Under clause 6, section 12(3)(b), the Authority may:

"hold or dispose of land and other property of whatever kind."

They did not say, subject to consultation with the Minister.

Mr. Imbert: Thank you for giving way. That was deleted in the other place. There is a list of amendments. You would see at the end there:

"Delete paragraph (b) of subsection (3) and re-letter paragraph (c) to read, paragraph (b)."

So that is out. It is circulated. *[Interruption]*

Sen. C. Mahadeo: I would ask not to be disrupted and people who are sitting and not contributing will not pinch my time, Sir. I know he would love to have me arrested outside the precincts of this House, but he will not pinch my time. I will say what I want to say to him outside, regardless of his bodyguard.

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My last point, subsection (d) of that very section—that the Authority may:

"sell any related professional services to any person in Trinidad and Tobago or elsewhere."

Is it that we are going to be selling the services of the air hostesses or captains of planes or navigators? I am so unclear. I would really like to know what are these professional services. Spell them out. Some of us are professionals and others laymen, all in different fields of labour, so we are not really schooled in what the Minister of Works and Transport is saying. This is the last point on which I am very unclear and I would like to know.

I thank you very much for this opportunity.

Sen. Surendranath Capildeo: Mr. Vice-President, permit me to express my thanks, through you, for the magnificent repast we had. I could make a suggestion though, that we have some good quality liquid refreshments along the way.

Mr. Vice-President, I have always had my suspicions about the individual and/or collective intellectual honesty of this Government. But this Bill exposes the sham, the hollowness and the farce of the so-called privatization and/or liberalization thrust of this administration. It lays bare to the bone the intellectual dishonesty of this administration. It has abandoned the concept of nation state and nationalism for a quick fix of economic liberalization and the illusion of the almighty dollar. I have no doubt that some Senators cannot understand the English.

Given this Government's statement in its *Medium Term Policy Framework 1994/1996*, that the success of the Medium Term Programme is predicated on the continued pursuit of a number of strategic policy actions, and these include fiscal consolidation and fiscal discipline, increased participation of the private sector as a primary source of incremental investment and growth, it is now blatantly apparent that there is no philosophical basis for this Bill. The Government has got to make up its mind.

Unlike the honest, yet tortured Hamlet, this confused Government must ask itself the question: To privatize, or not to privatize, the airport? That is the question before it. They do not have the decency and the honesty to answer it, so they come with this hodge-podge of a Bill which seeks to do the two things. They cannot.

10.15 p.m.

The Government is in a bind because a very serious problem arises, especially, when one looks at clause 6 of the Bill, to which all Senators have alluded, and then at the strategic importance of the airport in relation to the national security of the Republic of Trinidad and Tobago. Clause 6 states:

"The main function of the Authority is to develop and manage the business of the airports,..."

and it goes on in great detail. One would immediately have to link that with the regulations. This is what disturbs me and causes no end of fear in me. Because, if we hand this airport to foreigners—and because of the lateness, I will only refer to the Explanatory Note in the regulations; and they are going to be looking at, interfering in and dealing—because they will have the capacity so to do—with radio operations in aircraft, use of roads, paths and airport; direction of traffic by police or air traffic controllers; operation of vehicles for hire or rental; motor vehicle stops; operation of motorized equipment; operation of vehicle under the influence of alcohol; disorderly conduct and/or narcotic drugs.

The United States of America is the greatest consumer of narcotic drugs in the world, and for all the noise from people who come here and preach to us that we must control the drugs, they are the ones who consume the drugs and it is because of them we are a transshipment point. The Government is going to hand over the main transshipment point in the country to some foreign people to run. Are we fools in the Senate? We are not fools. At no time has anybody mentioned the regulations.

Gambling, sanitation, preservation of property—my Friend, Sen. Mahadeo so casually and flippantly dealt with that very important Minister down there—tampering with airport equipment, tampering with aircraft, cargo, baggage, firearms, ammunition and inflammable materials. Just imagine 1990 repeating itself if some people get hold of that airport. Who are we going to be dealing with, nationals of Trinidad and Tobago? Or, with foreigners who are going to jump on the nearest plane and leave the airport running like rats and leave us to handle our own problems, then come back in with their heavy equipment to blow us apart?

The more I think of this Bill—and I am not going to mince my words—we are not only selling out the birthright of the country, so to speak, we are inviting the very destruction of our nation. I cannot conceive of a government that will actually think in terms of selling out the country like that for money; all in the

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name of some economics theory said to be dominating the world; and that is a lie. It is not dominating the world. In fact, there is a book by a well-known economist, Dr. Ravi Batra, that is selling the thing off as a closed economy as far as the Americans are concerned. They are going back and saying no more liberalization, they are going to have protective tariffs if they are going to get America out of the bind it is in.

There is counter theory going on in the United States of America and people here are trumpeting that we are on a liberalization course which is the global thing taking place. But I am not on that point. I am on the point of the dangers of handing over our airport to people who have to deal with security; disposal of aircraft, parking and removal of aircraft—

Mr. Imbert: Mr. Vice-President, if the Senator would give way. The Government has not brought any amended regulations to this House. These regulations would remain.

Sen. S. Capildeo: Mr. Vice-President, do you see what I mean? The Minister comes to this Senate and says "Give me my airport" and then tells us he has not brought the amended regulations? Well, the whole debate is a farce.

Mr. Imbert: The Government does not intend to bring amended regulations at this time to this Senate.

Sen. S. Capildeo: That makes it even worse, Sir. "At this time"? The Minister comes here and says that they are going to repeal section 12 and give the new undertaking endless authority to do all sorts of things—which I would not repeat because the Senate has already heard it—and says that all these regulations are not going to be amended at this time? Is the Minister going to consider amending section 23 of that Act?

"The Authority may, with the approval of the Minister, write off bad debts..."

I know it is there, but if one is going to look at the Act, one should look at it. We have some banks in this country that would be writing off many bad debts pretty soon. The Government has a track record that it cannot run from. *[Interruption]* Yes, you inherited a party with a track record about which you should bend your head in shame.

Let me get back to the point I was making. The Government has proposed to give our airport, a most strategic area in the national security of this country, to a

foreign company to manage, and it has come with a half-baked piece of legislation to try to hoodwink this Senate into giving its approval.

Let us look at section 15 of the parent Act, to which Senators have alluded before, and then let us look at section 15A and we would understand what Sen. Carol Mahadeo was trying to say and what Sen. Spence was referring to. Section 15 of the parent Act is as follows:

"The funds and resources of the Authority are—

- (a) such sums of money as may from time to time be appropriated by Parliament for the use of the Authority..."

and it goes on to detail down to (f) which states:

"dues charges and fees collectable by the Authority and in accordance with this Act and Regulations and all other property to which the Authority may become entitled..."

Nowhere in the philosophy and understanding of that section 15 of the parent Act, is the thought that all plant machinery, appliances, apparatus, equipment and material of every kind whatsoever, imported into Trinidad and Tobago by the Authority for the purposes of carrying out its functions under this Act, shall be exempt from all taxes, duties, levies imposts or surcharges. That was very well thought out; every word covers everything. But nowhere in the philosophy of section 15 of the parent Act is this kind of thinking.

10.25 p.m.

This is why they are in a bind. On the one hand, they are saying they want entrepreneurship and private enterprise to be the vehicle. Private sector is the primary source of incremental investment on growth. They want the private sector to be the vehicle of growth in this country. Yet, they are going to give a semi-state—I do not know how to describe this. They are going to give them preferred treatment. How does the private enterprise compete? What are they doing with this country? What is their philosophy? The junior Minister of Finance said that the Government is the great facilitator. Does he think this is a great calypso show? The state is the great facilitator? The state cannot facilitate itself out of the social services. The airport is a social service. They cannot abandon that and say privatize that to make money. Making money is incidental to the airport. They are caught in a bind of their own making. They have a quick-fix solution and they want to make money and saying privatization and then they are giving a state

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company benefits that private companies could never get. They are telling the state, abandon its position, leave private enterprise to take up state problems. They are telling private industries, "look, get pension plans, create job opportunities, employment, see about the people of this country; we are merely going to facilitate you. They are abandoning their responsibility and in doing so, they have given up the idea of the nation state and nationalization.

Muriel must be right—Patrick's National Movement. I thought the lady was funny, but she is right. This Bill has brought home forcibly to me that this is a government that has lost control; this is a government that knows not what it is doing. The Government has abandoned a most sensitive area of our national life for profits 10 years down the road. What if the airport does not pay off? What if the projected traffic flow does not come about? What if all the projections are wrong? The hon. Sen. Barry Barnes would say, you could drill oil wells and get only hot air and gas coming out, like what happens here—hot air—because they know they could come and pass this Bill or they think they could come and pass this Bill; or, they could say they do not have to come if they were going to privatize it. They just make a deal and they do it. Repeal the Act. Parliament is a farce. We know that but it is our duty to point it out. They are in a terrible position. They have really lost their manhood. They have sold this country out and are waiting 10 years for the airport to pay.

Supposing the airport does not pay, what do we do? Can anybody on the other side explain? Assuming the airport goes bankrupt, are they going to bail out this semi-private company? Assuming that the people to whom they give the airport run out of money and look down the road and say, "look this thing cannot work, and they pack up and go, what are they going to do? They would keep the airport and then they do like the last Government, in which millions of dollars were paid to a Canadian company that did not lift a finger.

The last expansion of the airport was like King George V Park. Contractors were sued. In fact, in that contract the contractor assigned away the moneys from the Government before one tractor moved. The contractors assigned away the moneys it got from the Government to the National Bank of Canada or some such bank. When the local people did the work and they went to the contractor he was bankrupt and they could not collect. The only way they got was when a Mr. Prevatt did a deal and the banker had to pay the contractor—lawyers found out and they garnished some of the money and local people got some of it. Otherwise, millions went through.

I come back to the question: What is the security for the people? How do they secure their taxpayers if this airport runs bust? If, as they are saying, money is a problem now that is why they are going into this sort of venture, where are the safeguard clauses in this legislation? How do they safeguard the taxpayers money? And above all, what really is their philosophy for running this country? Are they going to privatize the country and sell out everything? And what are we going to be left with, the hon. Barry Barnes, the reserves of natural gas? Everything else would have gone. This is a painful, shameful and scandalous matter.

I am informed by Prof. John Spence, a QRC old boy, a man of knowledge now in the Senate, and in the country, that they could even sell the rights to the natural gas.

Thank you, Sir.

ADJOURNMENT

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. Vice-President, notwithstanding our previous decision, I now beg to move that the Senate be adjourned to Tuesday, November 30, 1993 at 1.30 p.m.

In moving the adjournment, I wish to inform Senators that on resumption tomorrow, we will complete the debate on this Bill and then move on to the Supplementary Appropriation Bill.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 10.32 p.m.