

*Leave of Absence*

*Tuesday, April 18, 1995*

**SENATE**

*Tuesday, April 18, 1995*

The Senate met at 1.30 p.m.

**PRAYERS**

[MR. PRESIDENT *in the Chair*]

**LEAVE OF ABSENCE**

**Mr. President:** Hon. Senators, I have granted leave of absence to Sen. Kamla Persad-Bissessar from today's sitting of the Senate.

**AGRICULTURAL DEVELOPMENT BANK (AMDT.) BILL**

Bill to amend the Agricultural Development Bank Act, Chap. 79:07, brought from the House of Representatives [*The Minister of Agriculture, Land and Marine Resources*]; read the first time.

*Motion made,* That the next stage of the Bill be taken at a later stage of the proceedings. [*Sen. Dr. L. Saith*]

*Question put and agreed to.*

**PAPERS LAID**

1. Report of the Auditor General on the accounts and financial statements of the Business Expansion and Industrial Restructuring Project Loan as required by Loan Contract No. 3432-TR between the Government of the Republic of Trinidad and Tobago and the International Bank for Reconstruction and Development for the period July 10, 1992 to December 31, 1992. [*The Minister of Planning and Development (Sen. The Hon. Dr. Lenny Saith)*]
2. Annual Report of the Integrity Commission for the year 1994. [*Sen. The Hon. Dr. L. Saith*]

**ORAL ANSWERS TO QUESTIONS**

*The following question stood on the Order Paper in the name of Sen. Wade Mark:*

**Retrenched Workers  
(Severance Payments)**

16. Could the Minister of Labour and Co-operatives state:
  - i) The outstanding sums of money still owed by employers to employees who were retrenched during the period 1981 to 1991?

- ii) The names of the companies and the number of workers involved?
- iii) What steps are being utilized by his Ministry to have these sums settled?

**The Minister of Planning and Development (Sen. The Hon. Dr. Lenny Saith):** Mr. President, I regret that the answer to this question is not ready, therefore, I seek leave of the Senate to have it deferred for two weeks.

*Question, by leave, deferred.*

**National Carnival Commission  
(Financial and Audit Statements)**

**21.** Sen. Wade Mark asked the Minister of Community Development, Culture and Women's Affairs:

- A. Is the Minister aware that for the years 1992, 1993 and 1994, the National Carnival Commission has failed to submit financial statements in accordance with section 24(2) of the National Carnival Commission of Trinidad and Tobago Act, 1991?
- B. Is the Minister also aware that the National Carnival Commission has failed to submit audited statements of accounts and accompanying reports of the Auditor General in accordance with section 24(5) of the National Carnival Commission of Trinidad and Tobago Act, 1991?
- C. If the answers to A and B are in the affirmative, could the Minister explain to the Senate the failure and/or negligence of the Commission to submit financial statements and audited statements of accounts and reports of the Auditor General referred to above?
- D. Could the Minister advise this Senate as to what steps are being taken to ensure that the National Carnival Commission complies with the provisions of section 24 of the Act?

**The Minister of Community Development, Culture and Women's Affairs (Sen. The Hon. Joan Yuille-Williams):** Mr. President, the National Carnival Commission succeeded the Carnival Development Committee which operated with a financial year ending on December 31. Whereas section 23 of the National Carnival Commission of Trinidad and Tobago Act, 1991 prescribes the financial year of the Commission as the 12-month period ending on July 31 in each year,

the Act was assented to on August 5, 1991 and the first Board of Commissioners under the Act was appointed on January 22, 1992 by the present administration.

Financial statements for the calendar years 1992 and 1993 were submitted to the Ministry of Community Development, Culture and Women's Affairs in April, 1993 and 1994, respectively. The National Carnival Commission is now preparing the financial statements for the periods August 1991 to July 1992; August 1992 to July 1993; and August 1993 to July 1994 as required by section 24(2) of the National Carnival Commission of Trinidad and Tobago Act, 1991 for submission to the Minister.

The National Carnival Commission is awaiting the audited statements of accounts and accompanying reports of the Auditor General for the calendar years 1992 and 1993. These will be laid in Parliament when received. The audited statements of accounts for the periods August 1991 to July 1992; August 1992 to July 1993; and August 1993 to July 1994, and accompanying reports of the Auditor General will also be laid in Parliament when received.

**National Carnival Commission  
(Estimates of Income and Expenditure)**

**22.** Sen. Wade Mark asked the Minister of Community Development, Culture and Women's Affairs:

Could the Minister please provide the Senate with the Estimates of Income and Expenditure of the National Carnival Commission for the financial years 1992, 1993 and 1994 and the final budgets approved by the Minister for the same period in accordance with the provisions of section 21(1) and (2) of the Act?

**The Minister of Community Development, Culture and Women's Affairs (Sen. The Hon. Joan Yuille-Williams):** Mr. President, Members of both Houses of Parliament were presented with copies of the approved budgets of the National Carnival Commission for the financial years 1992, 1993 and 1994 when the Appropriation Bill for each of these years was laid before both Houses. Copies of the Estimates of Income and Expenditure of the National Carnival Commission for the financial years 1992, 1993 and 1994 have been placed in the parliamentary library for the information of Members of this honourable Senate.

**Volvo Motor Vehicle No. PM 100**

**30.** Sen. Wade Mark asked the hon. Prime Minister:  
Could the hon. Prime Minister provide the Senate with the following information pertaining to Volvo Motor Vehicle, registration No. PM 100:-

*Oral Answers to Questions*  
[SEN. W. MARK]

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- A. Is vehicle No. PM 100 the official motor vehicle of the Prime Minister?
- B. Was this motor vehicle purchased by the State, or was it received as a gift?
- C. If it was purchased by the State, could the Prime Minister provide the Senate with the details of the cost of the motor vehicle?
- D. If it was received as a gift, could the Prime Minister state who provided the motor vehicle as a gift?
- E. What has happened to vehicle registration No. PM 1 since PM 100 was purchased or received as a gift?
- F. Could the Prime Minister state the precise reason(s) for the change in the Prime Minister's official vehicle from PM 1 to PM 100 at this time?

**The Minister in the Office of the Prime Minister responsible for Public Administration and Public Information (Sen. The Hon. Gordon Draper):** Mr. President, the motor vehicle with registration No. PM 100 is one of the official motor vehicles used by the Prime Minister. Vehicle PM 100 was purchased by the State.

The total cost of the vehicle PM 100 which was purchased through a process of competitive tendering was \$220,012.76 including the cost of all accessories. It should be noted that PM 100 which is a Volvo 960, was acquired at a cheaper cost than the equivalent replacement vehicle for PM 1 which is a Toyota Royal Saloon.

The motor vehicle with registration No. PM 1 which is seven years old, has been refurbished and is another of the official motor vehicles used by the Prime Minister.

A number of official vehicles are attached to the Office of the Prime Minister. Motor Vehicle PM 1 is seven years old, therefore, because of its age, the servicing and maintenance requirements are now significant. As a result of the extensive mileage covered by the Prime Minister in the course of his official duties, it was considered necessary to purchase a new vehicle to supplement the existing fleet. It should be noted that the official vehicles attached to the Office of the Prime Minister are also used to transport Heads of Government and other foreign dignitaries who visit Trinidad and Tobago. An alternative official motor vehicle is also required when any of the other official vehicles is undergoing repairs or maintenance.

**JOINT SELECT COMMITTEE  
(APPOINTMENT)**

**The Minister of Planning and Development (Sen. The Hon. Dr. Lenny Saith):** Mr. President, I beg to move the following resolution:

Be It Resolved That the Senate appoint and name a select committee of the following six Senators to join with the select committee of equal number appointed and named by the House of Representatives to consider and report on the Companies Bill 1995 and the Securities Industry Bill 1995:

Sen. C. Robinson-Regis

Sen. A. Mark

Sen J. Rahael

Sen. M. Mansoor

Sen. M. Daly

Sen. W. Mark

*Seconded by Sen. S. Capildeo.*

*Question put and agreed to.*

**1.40 p.m.**

**ARRANGEMENT OF BUSINESS**

**The Minister of Planning and Development and Local and Government (Sen. The Hon. Dr. Lenny Saith):** Mr. President, I beg to move that the Senate deal with Motion No. 5 under Private Business before proceeding with Government Business.

*Agreed to.*

**SAN FRANCIQUE SPORTS, EDUCATIONAL AND CULTURAL COUNCIL  
(INC'N) BILL**

**Sen. Deodath Ojah-Maharaj:** Mr. President, I beg to move the following Motion standing in my name.

*Whereas* the San Francique Sports, Educational and Cultural Council of Trinidad and Tobago Incorporation Bill was referred to a Special Select Committee during the last session; and

*San Francique Sports (Incn) Bill*  
[SEN. D. OJAH-MAHARAJ]

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*Whereas* the Special Select Committee did not report before Parliament was prorogued on September 12, 1994, as a result of which, the Bill lapsed; and

*Whereas* the Private Bill had already been published during the last session in the manner prescribed:

*Be It Resolved* that the promoters of this Private Bill, who petitioned the Senate again in the current session to have their Bill re-introduced, be exempted from having to publish the Bill once more, in the Trinidad and Tobago Gazette and a daily newspaper.

*Question proposed.*

*Question put and agreed to.*

*Resolved:*

That the promoters of this Private Bill, who petitioned the Senate again in the current session to have their Bill re-introduced, be exempted from having to publish the Bill once more, in the Trinidad and Tobago Gazette and a daily newspaper.

#### AGRICULTURAL DEVELOPMENT BANK (AMDT.) BILL

*Order for second reading read.*

**The Minister of Agriculture, Land and Marine Resources (Hon. Dr. Keith Rowley):** Mr. President, the matter before us has to do with making some changes and improvements to the statues which govern the Agricultural Development Bank.

Permit me to begin by giving an insight to what the Agricultural Development Bank is and from where it has come. For many years we have been served by this bank which has as its origin, the Agricultural Credit Bank which dates back to the 19th century. Interestingly enough, that Agricultural Credit Bank came into being at a time when the landowners of the day were having great difficulty in meeting the financial requirements to serve the needs of the estate holdings. There was a particular period of bad hurricanes which had virtually devastated the plantation then and there was the need for a facilitating finance arm for the coming into being of an agricultural credit bank. I am sure it served other farming communities for a while, but always, there were legislative and financial constraints about how much the bank could do.

The real coming into being of the present bank can be engaged to 1968 when this bank as we know, was formed after a committee was set up to look into this

whole matter of funding for the farming community. Legislation was brought to Parliament and the Agricultural Development Bank was created. At that time during its first year of operation after coming into being, the size of the portfolio of that bank was \$5 million or thereabout. Interestingly enough, this was slowed down largely as a result of the experiences of hurricane Flora.

If one reads the mandate of the bank at the time, one would see that it was not only to supply funds, but also to source funds for the farming community. The reason for that is that notwithstanding the fact that we have a very strong and vibrant banking system in Trinidad and Tobago, if one looks at the loan distribution portfolio of the various banks, one would see that notwithstanding all the talk about agriculture and the role that it can play in developing the country—in fact some persons go as far as to say that current economic policies are misguided and that the policy should be based on agriculture because it has the potential and the possibility of bringing about economic reform and changes—notwithstanding all those strategies one would see in the financial resource allocation of the country, that invariably, lending to the agricultural sector whether it is agri-business or for farming is usually in the order of 3.5 to 4.5 per cent per annum. Clearly, this is unsatisfactory.

Research has shown that it has been like this for quite some time. This then demonstrates quite clearly that availability of funding for the farming community is in itself a problem insofar as funds are made available through the ADB. I am not talking now about the trends under which those funds are made available. I am talking about the very fact that funds for agriculture are being made available through the ADB. That in itself is a positive development which we want to preserve.

With respect to the terms under which those funds are lent, the ADB provides a positive direction. The ADB lends funds at lower rates than current market rates. It might be higher than it used to be seven or 10 years ago, but the bottom line is that had there not been an agricultural development bank, any person, businessman or farmer who wanted to access funds for farming would have had to access those funds at significantly higher costs. I am advised that today's market rates, for lending to prime customers, that is, those who present the best risks to the farming community can access funds at about 15 per cent. That is the prime.

**1.50 p.m.**

Other borrowers, especially high risk borrowers, are accessing those funds, if and when they can access those funds, between 16, 18 or as high as 22 per cent.

*ADB (Amdt.) Bill*  
[HON. DR. K. ROWLEY]

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The fact of the matter is that agricultural enterprise is a high risk venture and the bankers know that. No amount of altruism or philanthropy changes the boardroom decisions of the banks. Nobody lends money purely for developing the economy. They lend money for making money and, more importantly, they would only lend if there is some measure of guarantee that the loans can be repaid.

Agriculture finds itself within an arrangement where, on the one hand, the work is very hard, the yields are relatively low, the risk is high and, therefore, when one approaches a bank to borrow for agricultural enterprises, if at all the banker would listen to one, one finds oneself facing loans with interest at the higher end, not at the end of Solomon and Noah. It is in that context that the Agricultural Development Bank, lending at a rate lower than the going commercial rate, and also charging that lower interest on a reducing balance, is making a very real contribution to the farming community.

Mr. President, today we are asking this honourable Senate to agree to make some adjustments to the Act to bring the Bank into a more autonomous arrangement where the board would have greater control over the operations of the bank. The board will account to the Minister; the Minister accounts to the Cabinet and the Parliament and that the board will conduct the bank's business in the concept of modern banking arrangements.

Also, one would see that the portfolio of the ADB today—I mentioned a moment ago that in its early years it started off with \$5 million. Today the ADB is managing a portfolio of \$250 million. It is not an insignificant institution. One of the measures requested in this amendment package is asking that the board be allowed to seek, manage, measure and train its management and place its management in position, and that the ministerial intervention or clearance is required for positions above \$120,000 which, in effect, is any officer earning more than \$10,000 a month—and that would be the very top management. Of course, it does not include loan managers whose present arrangements restrict the board's freedom in managing its middle and lower level staff. We think that these are reasonable positions where we place authority and responsibility in the same domain and there is accountability to follow there from.

Mr. President, I just want to give you an idea as to the distribution of the ADB's loan portfolio. It is usually said by a number of persons that there is no support for the farming community in this country and things are normally taken out of context and each issue is treated in isolation.

The existence of the ADB and the funding of the ADB is but only one aspect of the support for the farming community—in this case, that aspect is demonstrated



in availability of cash for borrowing for those farmers who see the need to access cash for investment under enterprise in the farm. There are many other aspects of support for the farming community. This loan portfolio of the ADB sees approximately \$60 million being made available every year for borrowing by those persons and enterprises in the market place for cheaper funds for farming. Over and above that, there is an additional \$55 million of subsidy arrangements which are paid to persons engaged in producing agricultural products, some of which come under the schedule of subsidies for farming.

When I say subsidies, I am talking here of dairy, rice and sugar. Some of these farmers receive direct cash support. In the case of cocoa and coffee, that support comes in the form of a guaranteed price arrangement, where, if the prices obtained externally are lower than a certain agreed figure, then the cash support from the Government system tops it up to a certain prearranged level. That is another aspect of the support that the farming community gets over and above the availability of cash from the ADB. I can go on to some other areas of support, not to mention the actual ministry itself which is there purely for the purpose of supporting farmers in a variety of ways at a cost of over \$200 million. Also there is the question of access roads which is something that is talked about *ad infinitum* by a number of persons. Again, the State has entered into money-market arrangements, borrowed a significant sum of money and is now spending \$240 million on a phase basis upgrading some of our major access roads.

It does not mean that every single access road in the country, from Charlotteville to Cedros will now be upgraded. The programme is limited to upgrade a selected number of roads; they have to meet certain criteria and of course, a significant number of roads are being upgraded across the country. We have just completed phase one and we are now into phase two, and we expect that at least two more phases will be embarked upon in the coming years.

As you know, there is support for training at the university and ECIAF and as far as the YTEP programme. I want to give this honourable Senate an idea as to what actually happens at the ADB, what the distribution portfolio looks like.

If one looks back at the last five years from 1990 to 1994, the most recent figures available will show that in 1994 the ADB made approximately 1,400 loans. One would see that for cereals—75 farmers accessed the programmes; those are rice farmers; farmers who produce root crops—47; vegetables—178; sugarcane farmers—I should mention that sugarcane is one of the most heavily subsidized crops in the country—there are 784 farmers accessing the ADB loans; two persons access the plant propagation; poultry—20 farmers; dairy—68; fishing—70; agro-

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industry—50; marketing—18; that would give us a rough idea of the major borrowers by groups of produce.

If I should demonstrate, in terms of actual cash disbursement to the various subsets in the agricultural sector, one would see that in 1994 those persons borrowed for live production, \$1.1 million; roots and starches—\$1.1 million; vegetables—\$3 million; cocoa and coffee—\$0.9 million; sugarcane—\$8.5 million; poultry—\$1.8 million; fish—\$1.7 million; agro-industry—interestingly enough, Mr. President, in agro-industry the lending was \$37.6 million up from \$7 million in 1990. What this indicates is the move that we made to encourage agro-industry since those enterprises are users of private produce insofar as we get more investment in agro-industry, it guarantees uptake from the farmers so we have been seeing significant growth in the borrowing and expenditure in the agro-industry and that reflects itself in increased marketing arrangement for those farmers who are producing private produce. We are very pleased with the trend which we are now seeing in the agro-industry.

**2.00 p.m.**

We have also seen in ornamental horticulture—\$700,000. Some persons are involved in the marketing arrangements. We have not seen sufficient activity in marketing arrangements from an entrepreneurial point of view and we would like to encourage more persons to get involved in marketing—modern, satisfactory and up-to-date marketing arrangements for agricultural produce. That is an area in which there is room for improvement. Of course, up until very recently we have not seen significant investment in the livestock section, but that has begun to change. In 1990, the bank loaned \$45 million; in 1991—\$49.6 million; in 1992—\$60.4; 1993—\$60.8; 1994—\$62.3 million. So, consistently, the bank has been making substantial sums of money available to those persons who would like to go into the farming business.

Having said that, we have to understand that when we speak of farming as a business, that also has the connotation that if one borrows money, those moneys have to be repaid and usually the lender, including the ADB, has to have some kind of collateral support for the moneys that are extended as loans.

Over the years, especially in the early years of the bank, all the sums that were made available for lending came from the Treasury. If one looks at the development programmes and the budgets, one will see substantial allocations to the Ministry of Agriculture, Land and Marine Resources, which was the reporting Ministry for the ADB, and those funds were made available to the ADB for lending

under the bank's arrangements. However, as the economy changed, not for the better, the availability of funds from the Treasury became a problem, and the State could not continue to provide, on an on-going and annual basis, the large sums of money which are required to sustain agricultural lending, and the State, in the mid- and late eighties, had to look elsewhere for a source of funds to ensure that the bank had a pool of funds for lending.

Insofar as there was a time when Treasury funds were available, when the country was a bit more liquid, those funds could have been made more available and lent at very, very low interest rates—I think the rate then was 3 per cent. For many, many years, the ADB lent at 3 per cent. Even at that rate the ratio of failure and successes was such that there was a significant number of losses and failed projects, again not altogether surprising because in the agricultural sector, both in animal husbandry and in crop production, the risks, as I mentioned earlier, are quite high and some measure of failure is to be expected. But we do think that the level is inordinately high and some rectification has taken place to bring that around.

However, as the bank, in keeping with its mandate, seeks to obtain some of these funds from elsewhere, we are now trying to obtain some funds—grant funds or low interest funds from our multilateral and bilateral arrangements, but a while back low interest funds were accessed from CDB. Even so, the 3 per cent interest rate could not service those low-interest funds and the bank moved to remove its interest rates up to where it is now at 12 per cent. Even though it felt that this interest rate was considerably higher than the earlier rate of 3 per cent, it is considerably lower than the existing 18 to 22 per cent that is available, when it is available, at the commercial banks, even those banks which have the foresight to create some small window for farmers. Even those rates are not very concessionary. Today the best deal for the borrower in the agri-business is the 12 per cent at a reducing balance at the ADB.

As we go on: as the sector expands, as borrowing increases, and we need to source funds elsewhere, we have to have an eye on the interest rates that those funds can be sourced at and therefore the lending rates at which those funds can be lent. One of the amendments seen here in Government's policy is that the bank would manage its business and set its rates accordingly, recognizing that it is a development bank. We cannot predict an interest rate or write into the law an interest rate or some other control where, maybe five or 10 years from today, we would not know what kinds of money the bank can access.

What we are putting in the statute is the freedom for the bank to manage its business, understanding that it is an agricultural development bank lending to

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those borrowers who are least able to borrow in the commercial sector and we expect that the spread between the ADB and the commercial bank would stay exactly where it is at the moment. In fact, insofar as we are successful in accessing any significant amount of grant funds or low-interest funds that would reflect itself as low interest in lending to farmers, there must be a business relationship between the borrowed moneys and the loaned moneys. It probably sounds very popular to tell farmers that they can get loan funds for free or at ridiculous interest rates, but I think that we have passed the 3 per cent stage because those funds are not now available especially if one puts it in the context of other priorities which are pressing on the Exchequer.

I must say, Mr. President, that ADB lending to the farming community has one support item to farmers amounting to \$62 million in one year and is averaging over the last three years upwards of \$60 million. I would like you, Mr. President, to put that in the context of an allocation for medicine and pharmaceuticals for all the health facilities across the country, and that figure is \$49 million in 1995.

That should give Senators an idea as we divide up the national cake, that we have need to put some for housing, some for schools and some for agriculture and so forth.

**Sen. W. Mark:** Could the hon. Minister indicate to this Parliament whether the Government of Trinidad and Tobago is actually supporting the ADB? When the Minister makes the comparison between medicine and the ADB, is the Government of Trinidad and Tobago pumping money into the ADB for on-lending purposes? Otherwise his argument is false.

**Hon. Dr. K. Rowley:** I thought I was quite clear in my presentation. It seems that the Senator has difficulty in understanding. I had made the point earlier that the ADB got all its funds from the Treasury and insofar as the availability of funds was a problem, the Government would have to go to other sources in order to ensure that the ADB has funds available. At the moment the Government does put money into the ADB and is in fact the sole shareholder in the ADB, so I do not understand the question. The moneys provided to the ADB are moneys of the Government of Trinidad and Tobago.

**Sen. W. Mark:** How much? Can you tell us?

**Hon. Dr. K. Rowley:** I thought that I was being quite lucid in my presentation. I said that the average amount of lending, if we go back to 1990, is \$45 million, which is money sourced and presented by the Government of Trinidad and Tobago. In 1991, the amount loaned was \$49.6 million; in 1992—

\$60 million; in 1993—\$60.8 million; in 1994—\$62.3 million, and we are on that track in 1995. I also mentioned that the ADB is managing a loan portfolio of \$.25 billion of which the vast majority of the money comes from the Treasury of Trinidad and Tobago. I do not understand how the Senator has difficulty in following what I am saying.

We are committed to providing that kind of support for the farming community. Insofar as we provide these quantities of funds for lending to farmers, I want Senators to put that in the context of where other funds are going because I know there are claims for more funds. I do not believe that the ADB has found itself in a position of approving loans which could not have been funded. The ADB in fact is marketing its loan arrangements at this point in time, seeking to encourage farmers and entrepreneurs to borrow. That should tell Senators that funds are available for lending.

**2.10 p.m.**

There is no issue about the quantity of funds available at this point in time; the issue could really be raised as to the cost of those available funds. I thought that I would try to make the point that even though the cost, in terms of the interest rates are a little higher than they used to be before, in the absence of an ADB, the cost would have been substantially higher, thus emphasizing the point that the ADB, by making funds available at all, is making a significant contribution to the farming community. *[Interruption]*

**Sen. Prof. Spence:** Mr. President, I am sorry to interrupt the hon Minister, but I, too, am a little confused about the Government's contribution and the rates of interest, because this is the point the Minister is making and I think it is important to have it clarified.

To this end, am I to understand that the Government has been putting on average about \$60 million per year and that the ADB is not paying the Government an interest on that sum of money? If the question the hon. Senator asked was precisely how much the Government was putting in of the total portfolio—perhaps I could ask it: how much is Government now putting in on an annual basis? What rate of interest does it charge? What proportion of the total available funds does that represent? How does the 12 per cent relate to that proportion which is interest-free to the bank?

**Hon. Dr. K. Rowley:** I do not have the exact figures in front of me, but let me give an idea. The CDB loans were met by moneys from the CDB and those loans were made available averaging approximately \$30 million in each year, so the rest

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of the funds were from the Treasury. But we see where for more and more of the funds available to the ADB, the ADB would have to source more funds to gross from zero non-Government funds to where it is at, it would be about one third of non-Government funds.

The point is that the ADB is not running two different interest rates so that if one is lucky one would get money from the Treasury and one would pay 3 per cent interest, or if one is not lucky, one would pay 12 per cent. The ADB has one pot of funds, some of which comes from the Government via the Treasury, and others come from the borrowed moneys. There is even a cost to operating the bank and that cost has to be recovered by the bank from its lending. At one time borrowers also had to pay a portion of their borrowings as compulsory shares which one had to buy, that has been changed by an Act of Parliament in 1989, because the borrowers were then complaining that they were being made to buy shares into an enterprise which did not have a hope of paying them a dividend. That argument was accepted and the Government bought back those shares and that is no longer a requirement, that farmers are being forced to buy a percentage of their borrowing in shares.

**Sen. Prof. Spence:** Mr. President, if I am to understand what the hon. Minister is saying, the ADB gets \$40 million from the Government without interest; \$20 million from the CDB at 8 per cent, yet it is lending the full package of \$60 million at 12 per cent, so that means the ADB's cost would be considerably high. It is important to get it absolutely clear so that we would not misunderstand what is being said.

**Hon. Dr. K. Rowley:** If I am to understand the Senator correctly, if what he is saying is that the funds that come from the Treasury should not be lent at 12 per cent—I do not think he said that, but I think that is where the argument is leading—

**Sen. Prof. Spence:** I am not saying that at all. As I understand it, the bank as an institution has two sources of funds, \$40 million free of interest from the Treasury, \$20 million at 8 per cent from the CDB and its total portfolio is \$60 million, it seems strange to me that if it is getting two-thirds of that free of interest that it then has to lend the total \$60 million at 12 per cent. That is what I think we should have an explanation of.

**Hon. Dr. K. Rowley:** The bank has to cover its costs—and even with the funds that are available from the Treasury—and would have an interest rate to meet those costs. That is where the interest rate is pitched. The point I tried to

make earlier, was that there was a time when that consideration was not taken into account and for many years the bank lent Treasury funds at 3 per cent and in so doing, probably with a certain group, got itself very popular but ran up substantial losses for the State. We are saying that is not the way to run a bank and that is why we are seeking to put the bank in a position to run banking business in a way that would ensure the bank's future indefinitely, where cost and availability of funds is one thing, and returns on its lending is another thing, not without cognizance of the fact that the bank is a development bank seeking to provide funds for the farming community. That is the context within which the Government's policy is placed.

From where I sit, I get all kinds of arguments as to why the bank is charging interest at all. Why funds are lent at that rate from the bank? Why those farmers who are having difficulty cannot have their loans written off? Why businesses that create employment do not get loans interest-free and so on? As one listens to those arguments at the end of the day, that cannot be the policy. That might suit a small minority of people who can get personal needs met in that way but that would not create an Agricultural Development Bank that is viable and secure to be there for all times; for all farmers who want to enter into farming in a serious way, have proposals, have projects they can work with and borrow and repay.

I myself, have concerns that what we have to be very careful with is that the returns that come to the farmer must be in some way related to the cost of the funds. If the returns are so low that they cannot pay the interest on the moneys borrowed, then that is a guaranteed collapse business. I do not think that is the case because the ADB does have a significant number of farmers and farming enterprises on its books which are doing quite well.

I must say this as the Minister responsible, unfortunately the tone and tenor of the subject is normally set by some of the biggest failures who seem to want to determine that policy should be set at the lowest common denominator. In many cases I have seen a number of files of people who have difficulties where some enterprise or farm wanted to have a review of the situation and their problems were on an individual basis. One cannot use those as the example of the future of the bank. In fact, the ADB has about 5,000 borrowers on its books and the majority of them are not basket cases.

As I said earlier, we do expect that there will be failure in the agricultural enterprises. There are failures and there are no guarantees against that. What we are seeking to do is to minimise those failures by providing as much support as possible, not only in the case of providing cash, but technical and backup services.

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In some cases even helping some potential borrower not to get into difficulty as his or her idea might suggest to the analysers of certain projects and proposals.

We are also cognizant of conditions in the market-place. The ADB is working very closely with the Ministry from the standpoint of the Ministry's extension services, its backup services, and its valuation services. The bank does a lot of work from the point of view of the valuation programmes and the Ministry's expert staff would assist in looking at these things to ensure that the persons who have embarked on these projects are given the best available advice. But therein also lies a problem, because insofar as the bank seeks to minimize the potential for failure by providing advice and back-up services, in the event that there is failure, it is not uncommon for someone to take the position that it is the bank that told him that he could go ahead with the project and therefore the bank should not look to him for any repayment now that he has got himself into difficulty.

**2.20 p.m.**

With respect to those businesses that have failed after a number of years, the banks had built up a large portfolio of bad debts which made it very difficult, from an accounting point of view, to put a revamped bank on a sound financial footing. But, in seeking to access those cheaper funds that I mentioned earlier, there is a prerequisite for the bank to clean up its act so as to be able to present a businesslike face to the potential lender to be able to access those cheap funds. We have done that and we have taken \$178 million of what has been deemed to be bad debts out of the ADB system and have transferred it over to another agency which will have the responsibility to try, as far as possible, to recover what is recoverable from that portfolio of bad debts, while the bank proceeds to conduct its business on other aspects of the portfolio; and in dealing with the bad debts portfolio, it is being treated with on a case by case basis.

There have been representations for across-the-board arrangements. We have been able to agree on case by case adjustments in the financing and it is only as a last resort that the bank seeks to call in its collateral to recover what can be recovered, at a later stage.

**Sen. W. Mark:** Could the hon. Minister indicate to us how many farmers are involved when he speaks about \$178 million in bad debts and what is the name of this collecting agency?

**Hon. Dr. K. Rowley:** There is nothing mysterious about it—the State had a bad loan portfolio—the DFC, I think—and in seeking to treat with the outstanding DFC bad debt portfolio, the State created a company called Taurus, which had the



specific assignment of working the bad debt portfolio. Subsequent to that, we had a problem with the Workers' Bank, and again, it was a question of working with the bad debt portfolio, so that was taken on board by Taurus. In this case, the ADB has a bad debt portfolio and, again, that portfolio was taken, and there is nothing mysterious about it at all. It is simply a way of seeking to bring to some kind of satisfactory conclusion a body of debt—a number of individual situations—but the bottom line is, the debt is there and this company now has the responsibility for treating with it, allowing the bank to now have clean, clear books and to proceed in a different manner, without being bogged down by a large bad debt portfolio. In fact, in 1989 if you may recall there were discussions as to whether the ADB. The bank was virtually in a state of insolvency.

In the light of what I was talking about just now concerning the interest rate and the need to service, and ensure that the bank remains viable even with 8 per cent—maybe before I move on I will tell you that there are 2,335 accounts in this category of the bad debts that were passed on to Taurus for which the bank paid up to \$178 million—2,335 failed arrangements, and that debt had been handed over to Taurus at a consideration of 25 cents on the dollar, so it gets the bank out of the business of managing that bad debt. It is now for Taurus to seek to recover that.

I was saying that in 1991 the losses suffered by the ADB amounted to approximately \$11 million; in 1992, it was just under \$6 million; in 1993, it was \$25 million; in 1994, \$61 million. Clearly, this institution could not go on like this unless it could find a figure that pours in an equivalent or greater amount into it on an annual basis. Since that is not available this is an extra arrangement, and I made the point about what is allocated for medicine in the hospitals—\$49 million. We cannot guarantee that we could put into the ADB \$60 or \$70 million on an annual basis, otherwise this kind of arrangement would eventually lead to a collapse of the bank and then there would be no bank to provide that opening for farmers, so we are back to square one where all that is available for the farming community is the 3 1/2 per cent in the commercial banking sphere. But even lending at 12 per cent the bank suffered those losses, so 12 per cent is not an exorbitant rate that is causing the bank to make unconscionable profits at the expense of farmers. The bank is still making losses and has to address that and the Government is still committed to providing the bank with a body of funds to ensure that the bank is there to be able to provide that support for farmers.

Mr. President, what we are also seeking to do for the bank is to access approximately \$36 million of very low interest funds which will be targeted

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largely—and this is over and above the ordinary portfolio of the bank—at young people who wish to enter the agricultural sector and make farming a way of life.

One of the problems that we are having now in the farming community is that we have not been seeing enough replacement farmers. Many older folks who have been on farms for many years are now advanced in age and some are still on the farms, working quite hard, but many have had to give up; some have died and we are not seeing a movement of young people into agriculture to replace those persons. In order to encourage them there are two things that we are seeking to do. One is that insofar as land is a constraint, we will seek to identify some land for such persons; and secondly, insofar as finance is a constraint, we are seeking to have a window of the ADB which will treat with this young farmers programme. Hopefully, if we access those funds, as we are trying to do now, we would make them available and continue to provide some measure of support and security to guarantee the longevity of the farming sector.

Having said that, Mr. President, the measures contained in the Bill are meant to provide the bank with more control over its operations and to allow it to do what its original mandate was, and that is to source funds for the farming community; to access collateral and seek a variety of situations in lending; to give the bank a wider scope in accepting securities for its lending programme and insofar as the bank will have that wider authority, it means that where there are difficulties such as problems with land titles or other strange collateral that farmers may want to use, the bank would make a decision as to what it will accept and not be hamstrung by the local arrangements in the existing Act. Also in terms of recovering moneys which were lent, the bank would then be free to recover those moneys as covered by the relevant clauses in the Bill.

Mr. President, having said this, I beg to move.

*Question proposed.*

**2.30 p.m.**

**Sen. Wade Mark:** Mr. President, let me thank the hon. Minister of Agriculture, Land and Marine Resources for providing us with some clarity, but there was much vagueness, as well, in his presentation.

Let me also recognize and welcome back to the Senate our good Friend who is now the acting Prime Minister of Trinidad and Tobago, Dr. The Hon. Lenny Saith. He was acting for quite a period of time so we welcome him back.

This matter which is before us today is a very important matter to the farming community and to the issue of agricultural development as a whole in Trinidad and Tobago. The first issue that we, on this side, would like to address is the restructuring of the Agricultural Development Bank. How would this restructuring process help the farming community and agriculture in Trinidad and Tobago? We would like to examine whether this restructuring process, with all its attendant implications, is a government initiative. The Minister was very silent. He took us on an excursion into history as to how the ADB came about.

I will demonstrate in my contribution the externally inspired imposition of this arrangement that this honourable Senate is now being asked to really rubber-stamp. As you know, the ADB has already gone on a campaign to commercialize its operations. If one looks in the newspapers one would see that up to today, in the *Trinidad Guardian*, the ADB is advising people that it is offering rates of 12 per cent on a declining balance; it is promoting. Let me make the point from the very outset that, as the Minister pointed out, this trend towards the full commercialization of the ADB did not start last week or this week.

The PNM has to take responsibility for the state of the ADB today. Apart from it being a party group at one time, the PNM government at that time wrecked that bank to the point that in 1987 it had to approach the CDB to obtain some US \$10 million to keep it afloat. Then, in December 1987 it had to approach the IADB, which is a more crucial international financial lending institution than the IMF and the World Bank, to access some US \$40 million. The ADB had virtually collapsed in 1987 and it was virtually scruntng for funds. The PNM government under Eric Williams and George Chambers, particularly under the old regime, has to take responsibility. Just as in many areas today we see mismanagement, waste and corruption being the order of the day, that was the name of the game at that time. There was the oil boom at that time and money was no problem.

According to the Explanatory Note, the purpose of this Bill is, and I quote:

“...to vest in the Agricultural Development Bank greater corporate and management independence particularly for the determination of interest rates and other fees in order to assure financial self-sustainability.”

This Bill that is before this Senate really has nothing to do with farmers and agriculture. This is about making and doing everything to make the Agricultural Development Bank into what has been described as a financial self-sustained institution. It is really about the commercialization of that institution. If one has any doubts about where the Government is coming from, one only has to look at

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the *Food and Agriculture Policy* which is a Draft White Paper which was tabled in the Senate a few weeks ago and one would see exactly from where it is coming. I shall quote what was said about the ADB in this report. Page 19, paragraph 67 states:

"Government provides credit to the sector through the ADB. The main issues at the present time are access to credit by those who lack adequate collateral eg. squatters and the fact that in the future interest rates are likely to increase much closer to commercial rates."

The Government of Trinidad and Tobago is well aware and conscious that what this amendment is about is to commercialize the ADB and make it into another commercial bank virtually in Trinidad and Tobago. We cannot escape the fact that we have a so-called floating dollar and a so-called liberalized economy and, at any time, with the collapse of oil—10 years supply remaining—no oil boom on the horizon, there can be a further currency devaluation. If this occurs, what would happen to the ADB? Would it be able to maintain lending at 12 per cent; or would it go to market rates of 16 or 17 per cent as the hon. Minister indicated? Then, what would happen to farmers in Trinidad and Tobago? These are very serious issues which we have to address in dealing with this matter.

The real objective of these amendments is to transform this institution into a full-fledged commercial bank in the final analysis. That is what will take place. This Agricultural Development Bank (Amdt.) Bill is not a creature of the PNM's thinking. This is not a PNM initiative. I think we must make that absolutely clear. Its genesis has to be properly analyzed and firmly anchored in the soil of reality. What is this reality? In an effort to facilitate the drawdown of an investment or investor reform loan arranged between the Inter-American Development Bank and the Government of Trinidad and Tobago, these amendments to the ADB Act have been brought to this Parliament. In fact, in November 1994, this Act was supposed to have been passed according to instructions coming from the IADB, so the Government is somewhat behind schedule. We have to recognize that this is not an innocent piece of legislation and the Government is guilty of misleading this Parliament. Not a whisper came from the hon. Minister as to the genesis of this particular piece of legislation that is before this Parliament.

**2.40 p.m.**

Mr. President, the genesis of this Bill lies in a letter of sectoral policy to the President of the IADB dated May 4, 1993 and signed by the hon. Acting Prime Minister, the chief architect, the debt forgiveness minister—he was the chief

architect in signing this document. We need to expose and unmask this animal called the PNM. They are misleading the country and they are not talking the truth. I make reference to page 6, paragraph 29 of this infamous "Letter of Sectoral Policy" under the heading:

Agricultural Development Bank.

I want to read for the parliamentary record what this paragraph says: It says:

"In order to improve the efficiency with which financial resources are allocated to the agricultural sector, the Agricultural Development Bank (ADB) will be appropriately strengthened and restructured, and the ADB Act amended accordingly."

This was in May 1993. The Government, this spineless and weak administration giving in to the restructuring of the bank. It goes on:

"These reforms seek to transform the ADB into a financially viable and self-sustaining intermediary free to select its borrowers according to prudential lending criteria and to charge fees and final retail rates of interest which cover full costs. The reforms will entail organizational and financial restructuring and the transference of non-performing assets out of the ADB under an appropriate mechanism."

I suspect Mr. President, that Taurus is that appropriate mechanism. It goes on to say:

"To encourage the ADB's financial self-sustainability, the Government is also committed to refrain from making loans to the ADB below its cost of funds."

When the hon. Minister comes to this Parliament and in a very sheepish and innocent fashion, tries to mislead us insofar as these amendments are concerned, without making reference to this Letter of Sectoral Policy of May 4, 1993, I am saying that the Government is playing games. The Government ought to have told this Parliament that it took a decision in 1993 to commercialize fully the bank called the ADB. That is what they should have told us this afternoon. But the Minister avoided that.

Mr. President, this question that I have raised is further supported by a loan contract dated August 5, 1993 between the Republic of Trinidad and Tobago and the Inter-American Development Bank entitled Investment Sector Reform Programme. I want to go to pages 3 and 4 of this document. Under page 3, I quote:

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"The following measures have been taken in respect of the Agricultural Development Bank, hereinafter referred to as the "the ADB":

- (i) Reforms to the Act establishing the ADB and the regulations and rules issued pursuant thereto, which, inter alia, increase the autonomy of the ADB and grant the directors and management authority to determine lending interest rates and fees, have entered into effect."

This was necessary in order to drawdown the second tranche of a US \$18 million loan with the IADB.

It went on to speak about the ADB's capital adequacy ratio; it went on to talk about:

- "(iii) The fees and lending interest rates charged by the ADB are at levels which reflect Full Cost Pricing.
- (iv) The second phase of the institutional strengthening action plan described in an attachment to the letter from the Borrower to the Bank dated May 7, 1993, has been implemented."

That is all part of the drawdown. It goes on to say:

- "(v) The ADB's interest in the Non-performing Assets previously held in its portfolio, has been transferred in accordance with the procedural mechanism and corresponding institutional framework described in an attachment to the letter from the Borrower to the Bank dated May 7, 1993 and the Borrower has presented to the Bank a plan for the disposition of said Non-performing Assets."

The Government of this country in August, 1993—and we are debating this Bill in April 1995—had already signed the death warrant; it had already committed the ADB to suicide. That is what the Government had done. What we are doing here is having a service for the 'death' of the ADB as we knew it in Trinidad and Tobago. Since 1993 it accepted and signed the death warrant.

Mr. President, to tell you how this bank does not joke. This is a very serious institution. When one is dealing with the ADB one must have competence and technical efficiency in dealing with this institution. I will make reference to the Barbados Prime Minister, a man with testicular fortitude who can stand up to the IADB, the IMF and the World Bank and tell them, "I do not want your advice". That is a patriot, not these unpatriotic elements that we have on the other side.

On page 3, annex A, of this same document, the IADB told this Government and the whole country what it meant by certain things under the arrangement;

what it meant by capital adequacy, what it meant by full cost pricing; what it meant by non-performing assets. This is why I challenge the Minister that this 12 per cent that he is talking about will only be for a time. That 12 per cent will go to 15 per cent. At one time, there was a bank in Jamaica similar to this one and it has gone through.

**Dr. Rowley:** I wonder why.

**Sen. W. Mark:** The rate of interest was so expensive that the small farmer could not access it any longer so it went through. Therefore, the ADB in Jamaica is using the commercial banks to on-lend loans. How it is being done and which farmers are benefiting, maybe, it is the bourgeoisie farmers, the big farmers and not the small farmers who are the real backbone of our country today. We do not know but that is a matter we are prepared to investigate even further. This is why I am saying that this issue is a very serious one. It might appear to be innocent but it has serious implications for agriculture and for the farming community in our country.

We have referred to these documents to fully unmask the fraudulence that is now before this honourable Senate and to demonstrate the utterly weak character of this hopelessly bankrupt and totally dishonest PNM administration. That is what we have done here. It is just a matter of time before it is brought before the bar of justice in this country.

The UNC would like the PNM to extract a page out of the book of the Barbados Prime Minister or the Barbados Government. It was March 23, 1995 in the *Trinidad Guardian*, the headline reads:

"Barbados blanks IMF advice"

It went on to state that Mr. Owen Arthur indicated to the House of Assembly on Monday:

"...the IMF had wanted to assume a role in the preparation of the estimates. 'In preparing the estimates. I've had to say No to the IMF,'..

It went on further to say:

"Arthur maintained that his administration has decided not to undergo an enhanced surveillance programme (ESP) with the IMF and he decried the previous Democratic Labour Party...

'The IMF has embarked on policy-based lending in the form of investment sector loans,...'

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We made it clear to the IDB... that we were not prepared to accept an investment sector loan where it would mean acceptance of an enhanced surveillance programme with the IMF,"

**2.50 p.m.**

They even sent the IMF representative packing out of Barbados. I am talking about the seriousness in terms of when one is negotiating with people who are trying to put a rope around your neck to hang you and your country, you have to send them marching. This is what the Prime Minister of Barbados, Hon. Owen Arthur did. This is why we on this side could not understand why the PNM Government would have allowed the IADB to dictate to it in the way they have done to the point that it has signed a loan contract to give up virtually many parts of our country. I will not go into the details at this time.

As far as we are concerned, this Bill which seeks to amend the ADB Act ought to be promoting agriculture, but from what we sense, agriculture is going to experience further set backs. Even the PNM Election Manifesto, "We Care about You" sought to address the difficulties of the agricultural sector. It is indeed contradictory. When we look at the PNM manifesto, it is a betrayal of their social contract with the people of this country. Under the question of land reform, I want to read what the PNM said about agriculture, and the ADB in particular. At that time, the PNM on the hustings for power, attempted to mamaguy the population. It did so in its manifesto. It said everything that was sounding nice. Page 16 of the manifesto states:

"The PNM is committed to the development of our agricultural sector as a major generator of employment, economic production and foreign exchange, and as a primary instrument in the economic diversification process."

It went on to talk about the vision of the PNM for agriculture. It talked about those developments which we need to pay attention to. Page 16 states:

- "- economic globalization
- trade liberalization
- earning of foreign exchange
- the unification of Europe due to begin in 1992."

It went on visionary. It had plans for the agricultural sector. It went further to speak about the role of the State. Page 17 states:



"The State has to assume the responsibility for creating an environment in which agriculture can succeed. This will require an appropriate combination of incentives, protection and infrastructure in support of agriculture."

We ask the question: Where are the incentives, protection and infrastructure today?

What is even more amazing and startling is on page 19 under finance. This is what the PNM said to the country and to the world in 1991. I quote:

"The PNM is aware that the Agricultural Development Bank (ADB) is not fulfilling its intended role of a development agency, and instead is now providing strictly commercial lending."

This is the PNM in 1991 when it told the nation that it was aware that the Agricultural Development Bank was not fulfilling its intended role of development agency and instead was now providing strictly commercial lending. It goes on.

"Consequently, under the PNM the ADB will provide loans at concessionary rates to farmers, with specific reference to efficiency and accountability."

How can it provide concessionary loans for farmers when it is moving from 3 per cent and 6 per cent to 12 per cent? The PNM recognized that the ADB had an important role to play and identified it. Clearly, this is a Government that is standing on its head. It says one thing while it is in opposition and it comes into office and does the complete reverse of what it said and what it stood for.

In this manifesto it also went on to talk about infrastructure, marketing, agro-processing, minimum prices and a host of other matters affecting the agricultural sector of our country. We, in the UNC ask: What has gone wrong? Why is there back pedalling and somersaulting? Earlier the PNM manifesto referred to the issue of land reform and later on to the issue of infrastructure, as I said, marketing, agro-processing, minimum prices, and nothing has been done to address the crisis of the farmers in any significant way.

In our country, land distribution remains highly skewed, according to a study conducted by the ILO entitled: *The Challenge Of Employment Promotion: Trinidad and Tobago In The 1990's* which was published and made available to the then government in April 1991. In this document the ILO pointed out the following to the Government. Pages 34 and 35 state:

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"4.8 The data in Table 4.4 point out that the distribution of land is very skewed in Trinidad and Tobago. Thirty-five per cent of all farms cultivate only 3 per cent of the arable land.

On the other hand, less than 0.5 per cent of the number of farms control more than one-third of the land. There are five farms which have a combined total of 28,722 hectares, i.e. their average size is more than 5,700 hectares. Given these data it is not surprising to find that most farmers cannot find full-time employment on their farms and combine farm work with other income-earning activities...Another important feature of the land tenure system in Trinidad and Tobago is that a not insignificant proportion of land is owned and cultivated by Government and state enterprises. A total of 28,584 hectares, or 22 per cent falls in this category...

4.9 Data on land use show that a fairly significant proportion of the arable land has been abandoned. Data for 1982 show that a total of 12,500 hectares of cropland was not in use. This equals nearly 10 per cent of the available cropland."

The Government is aware of this report. How can it come here and talk about the ADB, agriculture and farmers without putting agriculture in a holistic, comprehensive and integrated perspective, so that we in Trinidad and Tobago can better appreciate whether it has an agricultural policy? We contend that the PNM does not have an agricultural policy for Trinidad and Tobago. It operates in a hodge-podge manner and the land distribution question is only one aspect of this.

### **3.00 p.m.**

It goes on to say on page 36:

"This shows that, on the smallest farms, only roughly one-third of the land is owned by the person cultivating the land. Forty-four per cent is leased, while some 14 per cent of the land is occupied illegally. Most of the squatted land is owned by the State. The fact that so few small-scale farmers own the land they cultivate helps to explain why they encounter difficulties in receiving credit."

In other words, they do not own the land.

"Most banking institutions demand collateral in the form of a land ownership title."

On page 37, it goes on to say:

"However, certain indicators point out that the small-scale farmer is at a disadvantage in obtaining credit ...

4.12 The small-scale farm sector also faces problems related to marketing. Access to markets is often limited because farmers do not have the means to take their produce to the market and there is a lack of market outlets. According to the 1982 Agricultural Census, more than one-third of the farmers reported having marketing problems. The most frequently cited ones were the lack of transportation, (50%), and the absence of market facilities, (22%). Another 20 per cent referred to the lack of suitable access roads."

We are saying that the Government has all this information at its disposal, whether it deals with access roads, bad marketing arrangements or poor credit facilities.

On page 95 of this very important report and study, it deals with agricultural access roads. It says that:

"6.25 The 1982 Agricultural Census has shown that about 41% of [private] holdings were served by access roads which were surfaced, 16% by partly surfaced and 9% by graveled. Thus, 34% of the holdings may be deemed inaccessible during the rainy season. The condition of access roads varied within the country."

It explains why the ADB has such a bad loan portfolio. The Government and the ADB cannot talk about lending and not deal with access roads—working together to produce access roads to our farmers, proper marketing arrangements and minimum prices for their produce.

Praedial larceny which I will come to, and crop insurance, are lacking. If someone plants a whole estate of oranges, borrows money from the ADB and someone steals all those oranges, how does one expect the farmer to repay? Those areas need to be policed. The ADB is setting up people to get into farming and it is not providing the backup services.

What is absolutely clear is that the PNM Government does not have an agricultural policy. That is the living truth. The UNC government would seek actively to promote agriculture, including fishery and forestry and focus on promoting it for domestic consumption and export, simultaneously generating meaningful jobs for our people, particularly the young people of our country. In fact, as far as we are concerned, that is what this Bill ought to be presenting. The

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function of the ADB is to promote agriculture and not to convert it to another commercial bank.

A UNC agricultural policy would have as its basis the provision of a fair measure of food security for the people of this country, which is absolutely lacking at this time in our country. Even the White Paper on agriculture referred to the bankruptcy in that department. Where there is so much under-nourishment and malnutrition; and where the minimum wages are below productivity or where productivity has gone beyond the minimum wages. So people are in the doldrums in this country.

A UNC government would determine, in consultation with the farming community, what it wants to produce for domestic consumption. This would in turn influence the true role of the ADB. Further, for Sen. Ainsley Mark's own education and edification, a UNC government—he will live to see and hear that—would concentrate on the production of non-traditional agriculture for export and focus production where our country has a comparative advantage. It is clear to us that we cannot as a country hope to compete with the industrial giants of the north whether it is in the export of computers, motorcars, hi-tech equipment or sophisticated machinery. We will not be able to compete and, therefore, the needs of the farmers become paramount since the mere lending of money, based on the dismal record of the ADB, would not solve the problems faced by farmers.

The ADB has not been a successful institution in the agricultural community. The mere fact that this bank, according to the hon. Minister has suffered so many losses, suggests that something is not working well with that institution. Conscious of that reality, the Government now seeks to convert it to a commercial bank so that it can work in its own interest. Farmers need land tenure, credit and land reform and these issues have to be addressed simultaneously. They cannot just seek to commercialize the ADB without addressing the question of land reform, infrastructural development or marketing. All these issues have to be addressed simultaneously. In this context, a UNC government will embark on a comprehensive programme of land reform.

### **3.10 p.m.**

I want to refer to the UNC Manifesto of 1991 which dealt extensively with the question of land reform and exactly what it would do in the area of land reform. It is all outlined here, Sir. I do not want to detail all this but I could always pass copies to my colleagues who have not read the manifesto so that they would be able to appreciate what we have been talking about. I quote from page 22 of the UNC Manifesto, under Land Reform. It says:

"A policy of land reform is essential to the promotion of agriculture. The problem of security of tenure continues to plague farmers and operates as a constraint to long term investment in farming. The failure to formulate and execute a consistent policy with respect to the leasing of State Lands for agriculture has led to widespread squatting, favouritism and patronage.

The UNC will establish a register of applicants for state lands for agricultural purposes, and set in motion a programme of leasing of state lands on the basis of merit.

In order to ensure a consistency of quality, quantity and price, necessary to sustain an export and a food processing industry, these leases will contain conditions with respect to production of certain crops."

And it goes on to talk about agro-industries.

We are very clear, as the alternative Government of Trinidad and Tobago, about what our agricultural policy would be. We say "marry idle hands to idle lands" and let us create production and create employment, particularly for the youths of our country. This is why the issue of the ADB cannot be analyzed in isolation, which is what these amendments seek to do today. The ADB is supposed to assist farmers to be successful in food production for both domestic consumption, as well as export, and as such, the bank has to address all the problems of the farming community.

Land security is inextricably linked to the provision of secured market, proper access roads, proper irrigation and water management systems, the issue of praedial larceny and crop insurance. For so long we have been talking about crop insurance and no effort has been made by this Government to really encourage the private sector, or the Government itself, to get into the question of crop insurance for our farmers who lose, on an annual basis, hundreds of millions of dollars as a result of floods. We have asked the question about damage to farmers' crops by oil companies. These are the matters that the Government would need to address if it is serious. The UNC proposes a revolutionary approach to the perennial problem of flooding. On page 21 of this manifesto we went on to outline what would be done. We said, and I quote:

"Implement, initially on a selective basis, starting with Aranguez, Penal, Oropouche and Fishing Pond, an imaginative and forward looking water management policy which will ensure that farmers in these areas do not suffer from both droughts and floods.

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Construct retention reservoirs in the catchment areas of the Northern and Central ranges to hold the rain waters at source, to be released as and when required by the farmers."

Mr. President, these are innovative ideas and with a bankrupt government, a government that does not have a vision or a philosophy, they would never be able to relate to these ideas. The masters would have to determine their future very shortly. It is our considered view that instead of the PNM Government seeking to restructure the ADB, it should instead be aiming to restructure the farming community and to ensure the farmers' viability. In order for farmers to succeed they would need access to modern, appropriate and relevant technology. A programme of training and retraining of our farmers must also be implemented. Bio-technology and genetic engineering threatens to demolish Third World farmers in the next two decades. As such, our farmers need to be exposed to new farmers and new technologies in a very organized and systematic way.

Mr. President, do you know that massive technological developments are leading to an unprecedented global economic crisis and within the next few decades we are going to find ourselves moving into a world where there would be factories without workers and agricultural production without farms and farmers? This is where the bio-technology and genetic engineering revolutions are leading Third World farmers and agriculturalists, whether it is in the manufacturing services or agriculture.

Indeed, the livelihoods of millions of farmers in the Third World will be threatened by what is called tissue-culture and genetic engineering that can produce foods and fibres in laboratories. Therefore, it is being predicted that outdoor agriculture would be phased out leading to adverse consequences for billions of farmers throughout the Third World.

In respect of this amendment to the ADB Bill there are a number of issues we would wish to address in the context of the farming community. This Government has an 18th century laissez-faire approach to the question of agriculture and economic development. It is a hopelessly unimaginative regime. Successive governments had neglected the rural communities. Life has been a virtual nightmare for rural farmers. There is need for an acceptable quality of life for these farmers through proper roads, water supply, schools, shopping centres and transportation. We need to pay attention to our rural farmers and rural communities.

The UNC has been told, according to the Minister, that there are over 2,000 farm accounts that are not being serviced by farmers. The ADB has been

advertising farmers' properties for sale in the daily newspapers. The bank has already begun to advertise like any commercial bank, as I pointed out earlier. One just has to look at the daily newspapers and one would see the ADB on the move. Even before the passage of this Bill the bank seemed to be heading towards a full-blown commercial operation.

**Mr. President:** Sen. Wade Mark, do you have long again?

**Sen. W. Mark:** I have a couple things again, Sir.

**Mr. President:** Could you let someone ask for an extension of your speaking time?

*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:** The ADB has transferred its debt portfolio amounting to some \$173 million to a company called Taurus and the delinquent farmers' properties—as he told us a short while ago—are being transferred at 35 cents on the dollar. *[Interruption]* The hon. Minister said 35 cents. We ask the question: Why has the ADB not offered this same arrangement to these delinquent farmers? We on this side would like to know why these delinquent farmers cannot have access to their properties and farms at 35 cents on the dollar?

Mr. President, instead of depriving these farmers of their properties and threatening even further our fragile agricultural sector, the Government should be thinking positively. As far as this Government is concerned there must be no concession to the poor, the weak and the financially strapped in our country. The same Taurus company is a company that signed a debt forgiveness note to the owner of the Rema Property Development Limited granting that company and its owner a write-off of 22.5 cents on each dollar. I have the letter here and if I get permission from the President, I would read it into the record.

**3.20 p.m.**

Mr. President, this owner had owed the bank \$30 million but he was given debt forgiveness by this same Taurus. I do not want to get too much into that because we have a "beh-beh" administration in power, a dotish Government as far as I am concerned.

**Mr. President:** The word "dotish" is unparliamentary.

**Sen. W. Mark:** Okay, Sir, a very weak Government in power—*cote ci cote la*.

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[SEN. W. MARK]

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Mr. President, I want to read for you a letter signed by Mr. Lennox Koylass of the First Citizens Bank, it is a memorandum and the subject is Rema Property Development Limited dated June 21, 1994. It says:

"Further to my memo to you dated 10th June 1994, I am to advise based on my discussions with Mr. Leslie Mohammed, Snr. Corporate Manager — First Citizens Bank Mortgage & Trust Co. Limited, we have agreed to accept 22.5 cents on the dollar towards satisfaction of the subject's indebtedness."

In the case of Rema Property Development Limited, they have agreed to accept 22.5 cents on the dollar towards satisfaction of the debt of that particular customer, but for the poor farmers, the struggling farmers of this country they say 35 cents and the howl across there is, "Do you think it is making sense to sell back the property to the farmers, boy?" What stupid logic is that? There must be equality of treatment under the Constitution of our country, Chapter I Part I—equality of treatment before the law. Why must one person get away and thousands of farmers are going to face the full brunt?

Mr. President, this Government as you know has granted concessions to Amoco of 1 1/2 cents for each thousand cubic feet of gas that is sold to T&TEC and Amoco is selling that gas at US \$1.10 cents per thousand cubic feet, and we are getting TT 1 1/2 cents with a floating dollar. They get concessions for 20 years, they leave here in 20 years' time with \$10,000 million and we in Trinidad and Tobago get TT \$40 million as royalties. They cannot grant concessions to the poor farmers of this country—the Minister said that the Government is strapped for cash, it can no longer subsidize the ADB, but Nucor—*[Interruption]*

**Sen. Dr. Saith:** Mr. President, I thank the Senator for giving way. I just want to advise the honourable Senate that in the matter of Rema Property Development the shares of this company were placed in a blind trust in January, 1994 and, therefore, I am not aware and have no knowledge of the information that Sen. W. Mark has read or any agreement with Taurus.

**Sen. W. Mark:** I was not referring to the hon. Senator. I was referring to the owner and the general manager of the company called Rema Property Development Limited; if it happens to fit him, Sir, so be it. I never referred to him, Sir. If he needs a copy of it I will make it available for his enlightenment and edification.

**Sen. Dr. Saith:** Thank you, Mr. President. I think everybody knows that I made a statement in this Senate that Rema Property Development Limited was owned by my wife and myself. I also made a statement in this Senate that the



matter was placed in a blind trust. I want to reiterate that I know nothing, I have had no contact on this matter: I do not wish to have the information, the matter is in the blind trust and it is being dealt with by the trustees. Thank you.

**Sen. W. Mark:** Mr. President, I did not say that I am dealing with a specific property, if you can give 22.5 cents off [*Inaudible*] [*Interruption*] Mr. President, is it on a point of order? I only have a few minutes more. [*Interruption*]

**Dr. Rowley:** I just seek some information. Mr. President. The Member was making the comparison of the behaviour of Taurus, I just want to ask the Senator for my own benefit—and I wish he would not be so hostile—just to assist me in following his contribution, whether in fact that was a Taurus document that he had read. He read a letter, Mr. President, could he identify the source of the document, please. That is all I am asking.

**Sen. W. Mark:** It is a letter from the First Citizens Bank—the Taurus organization as well. Do not play games with us here, do you know that Taurus is associated with this— [*Interruption*]

**Dr. Rowley:** Mr. President, the Senator was talking about Taurus' behaviour and I told this Senate that the portfolio was transferred to a state-owned entity called Taurus, the Member prefaced his statement by saying the matters by Taurus behaviour. All I am asking him is whether what he had read was, in fact, a communication from Taurus. That is all I am asking.

**Sen. W. Mark:** Mr. President, all I can do is to ask the hon. Minister to ask Taurus—

**Sen. A. Mark:** That is a mischief!

**Sen. W. Mark:** This is not any mischief.

**Mr. President:** Order! Order! Are you in a position to answer the Minister?

**Sen. W. Mark:** Mr. President, this letter is from the First Citizens Bank Recovery Company—I have read it for the record—the subject is Rema Property Development Limited. Mr. President, if I may proceed to just tie up my contribution because this hon. Minister is trying to eat into my time.

The Government cannot grant concessions to farmers but it can grant concessions to Nucor—20-year natural gas contract at 60 cents for the first five years and 70 cents for the next 15 years; EPZ status; no corporation tax; no income tax; no value added tax; no customs duties, but our farmers are the backbone of our economy—because oil only has ten more years to go if we do not get a boom and after that we are in trouble.

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We could grant concessions to Ferrostaal, and to Enron and to Conoco, but we cannot grant concessions to our farmers in Trinidad and Tobago. We cannot lend them moneys at concessionary rates to ensure food security in our country. So whilst the Government seeks to remove concessionary lending to our farming community through a programme of cheap lending, concessions and subsidies are provided to foreign conglomerates and corporations. Oh, what a country!

The amendment seeks to establish greater independence and autonomy for the bank and it does that by removing the involvement of the President of the Republic in the affairs of the bank and by changing the composition of the board of directors. This is clearly misleading because the Minister knows that the President in this instance is the Cabinet of the country and what is being advanced here is that the power of appointment will be moved from the Cabinet of Trinidad and Tobago and be placed in the hands of the Minister which would leave room for mischief, corruption, patronage and nepotism. That is uncontrollable power. It is authority without responsibility and authority without accountability to this country. Mr. President, you would know that if Ministers are given unlimited power the tendency is for them to engage in all kinds of activities that are not in the best interest of the country. That is why we have some difficulty with that suggestion.

**3.30 p.m.**

Mr. President, it is our view that the Government does not care about our farmers and the farming community. This Bill is a charade in its present form. There is need for an entirely new approach to agricultural credit in Trinidad and Tobago. We on this side believe that what is needed is not another commercial bank but an institution that would lend farmers money at very minimal rates. We on this side have in mind an approach which, upon assuming government, we shall experiment with.

If a farmer has a viable and feasible project and he approaches the ADB for a loan and the bank accepts that project, then it should advance the necessary cash in return for the purchase of shares or equity in the business. The bank must become a partner with the farmer. The bank will provide the farmer with the necessary technical assistance, marketing skills to ensure the success of the particular project and once the project becomes financially viable the bank, in this instance, would be able to recover its initial investment plus whatever profits that would accrue during that period. We believe that such a system can work and can be put into effect but it will take a creative, imaginative and strategically forward-looking government to do so, which is the incoming UNC government in 1996.

We do not want to support an ADB that is only selling farmers' property and also retrenching workers. We understand that the ADB intends to retrench between 40 and 50 per cent of its present staff. I want the hon. Minister to investigate a particular matter which is affecting the workers at the moment. When Cost of Living Allowance and merit increases were suspended in 1987, the ADB apparently decided not to pursue the loss of the merit increases.

**Dr. Rowley:** This is not Union Hall.

**Sen. W. Mark:** It deals with workers' interest and I am a worker representative in this Parliament. I think it is important that the hon. Minister investigate this matter because, right now, the ADB is providing workers with a VSEP package. The workers fall under the Pensions Extension Ordinance. There is a discrepancy where if, for instance, somebody is working for \$3,000 per month at the ADB and that person is resigning—the Pension Division has indicated to these workers that they can only resign at a particular rate which is below \$3,000 because they never accepted the merit increases that were suspended by the Government during the period 1987 to 1989. This is a matter we would like the hon. Minister to investigate and try to settle in the interest of workers.

Mr. President, we, on this side, believe that the Government needs to rethink its development strategy in respect of agriculture. What is needed is greater innovation and creativity. This Bill is difficult to support in its present form. The Agricultural Development Bank (Amdt.) Bill will not help farmers but will only further destroy them. The UNC cannot be part of any programme to further destabilize our farming community, already reeling under the blows of globalization, liberalization, privatization—for example, the sell-out of National Fisheries. These amendments are not of the country's doing and the PNM needs to return to its social contract with the nation as manifested in its manifesto of 1991. There is a short distance between injustice and despair and rebellion and revolution. Time is ticking away fast. The nation is in a state of deep frustration, increasing alienation—I did not say so; Ralph Maraj said that—and growing restlessness under this two-faced Government.

Mr. President, the UNC is committed to the promotion of agriculture, not its destruction and abandonment. We remain open to be convinced by the Government on this particular matter. The Bill cannot get our support in its present form and we look forward to some clarification and convincing from the other side on this matter.

Thank you very much, Mr. President.

**Sen. Prof. John Spence:** Mr. President, it seems to me that we need to look at the Bill itself. I was tempted to do as the hon. Senator who spoke before me has done and that is use it as an opportunity to talk about agricultural policy, but I decided not to do that although I want to make one or two general points. I think we ought to have an opportunity to discuss agricultural policy separately. I appeal to the hon. Minister, now that the Draft White Paper has been tabled, to give us that opportunity by presenting it by way of a motion in the Senate. In order for us to discuss it by a Private Member's Motion, that means it would not be discussed because there are already a number of Private Member's motions on the Order Paper and it certainly would not get there before the end of Parliament. I appeal to the hon. Minister to have the policy discussed.

With respect to the Agricultural Development Bank, it seems to me that what this Bill is attempting to do is to give the bank more flexibility in the way it operates. That in itself I do not think is adverse to the agricultural sector. Really, the important thing is what the bank then does with this greater flexibility. Indeed, the Government policy is relevant to the future of the bank but not necessarily at this moment relevant to the Bill. The only issue we need to look at with respect to the Bill is whether the changes in its method of operation will bring it into the sort of commercial activity that will then fit under the Financial Institutions Act, in which case it would mean that it would have to have a licence and certain constraints which do not now exist. At the moment, I understand, it is exempted.

The Act in itself may not bring about that change but certainly the way it operates after the Act has been changed may engender that effect and then there will be certain requirements by way of reserves and so forth which may not be in the best interest to the way the bank can act as a development bank. I think we need to be aware of this. It comes back to the policy which is adopted by the bank.

I do not have any difficulty with the change to bring the bank more directly under the Minister because I believe that the bank should be an arm of the Ministry with respect to agricultural development—which I do not think it yet is—and I shall give one or two examples of the way I think this could happen. Of course, it means that the Minister will then be directly responsible and there can be no hiding behind the way legislation is proposed. It means that if the policy of the bank is misused or not effective then the Minister must accept full responsibility. I hope that he will be aware of that and accept it. In the same way, the Minister of Health has repeatedly said that he accepts the changes made to the

Health Act, make him more responsible and if things go wrong he would resign. I respect that and I think this is the way we should be moving.

I do not have the same fear with respect to the fact that there may be direct interference in the operation of the bank by the change in legislation. I see it as a way of marrying the general agricultural policy with the activities of the bank.

With respect to the current operations of the bank, I think there needs to be some response by the Minister, in his winding up, in respect of the interest rates. It seems to me that out of the discussion that took place during his presentation, there came the fact that two-thirds of three-quarters of the bank's funds are presented to it interest free. This means that its total interest payments are about 2.5 per cent whereas it is on-lending at 12 per cent; so the spread is 9.5 per cent. That may be the spread of commercial banks. But one would expect that it may not be quite that much in a bank of this sort. I think we need some clarification on that point.

The other point that arose was not from the Minister's presentation but from Sen. W. Mark's contribution with respect to the conditionalities of the international lending agencies. I think this is important and the Minister might comment on it. He spoke of the several funds which the Government makes available to the bank free of interest and this is what allows that spread from 2.5 per cent to 12 per cent. The impression I got from Sen. W. Mark's reading of the conditionalities was that the Government would no longer be able to present money to the ADB for on-lending as it would present, or, indeed, at any per cent below which it can borrow on the world market. That is a different kettle of fish completely, and we need to have that point clarified.

At the moment, the Government can take money out of the fiscal budget and give it to the ADB and say, "On-lend this at some percentage that is appropriate in your cost of operations." That will not be possible in the future. If this is the case, then indeed we would be looking to higher interest rates in the future. If the bank needs 9.5 per cent spread to operate and it can no longer borrow as the Government would present, clearly it would have to increase its lending rate. There is much discussion as to whether agriculture should be subsidized by low interest rates or whether the enterprise should be so viable that one can pay whatever commercial rates there are on the market at the time. This comes through the general agricultural policy. One way of doing this is by structuring the enterprise in such a way that one can pay the full commercial interest rate and subsidize the price of the end product.

**3.40 p.m.**

If one is not going to subsidize the price of the end product and one is going to a market system in which one is competing against subsidized products from other countries, that is a different kettle of fish altogether. One must be looking for other ways to subsidize one's enterprise including lower interest rates. Again we come to the area of general agricultural policy and not strictly the provisions of the Bill which I do not think in themselves prevent great difficulties at the moment.

Just one further point with respect to the present operations of the ADB. The Minister quoted quite a large figure for on-lending to the agro-industry—\$35 or \$36 million. The question I would like to ask is: How much of this is based on agro-industry that is using locally produced food for our products, whatever they happen to be and how much of it is for enterprises that we are using imported raw materials? If it is for the enterprises that are using imported raw materials, I do not see why this should be considered as an agricultural industry, they are straight manufacturing and the raw materials happen to be a biological material rather than a physical material. I certainly would not consider that is a funding to the agricultural sector. That part of it which is lent for purchasing local material is fair enough. I would go so far as to say what the ADB should be doing is only to on-lend into agro-industries if you use local raw materials. I would certainly like some comment from the hon. Minister on that.

One also has to be careful about the services which the ADB are going to offer. Here again, we come to the closer marriage with the Ministry. I suspect that part of the costs of the ADB which the Government is about to arrest by changes in the way it operates and making it more competitive may arise from the fact that it is having to provide services which should really be provided by the extension services of the Ministry of Agriculture, Land and Marine Resources. The closer marriage one would hope, would help in this regard. We ought to ensure that the Ministry of Agriculture, Land and Marine Resources extension services are available to those persons who are borrowing money from the bank as a matter of priority. In other words, the development thrust should be to use the bank, to use the Ministry and also to use Caroni (1975) Limited in that regard and I will come back to that.

Perhaps, charges on the ADB might be reduced if the extension services were operating as they should, if they were concentrating on agricultural development in the same way that the ADB would be doing. If the ADB is given priority to the development of the cocoa industry and therefore it is going to give priority in its on-lending to the farmers for development of that industry, then the Minister of

Agriculture, Land and Marine Resources must have in place an effective extension service in cocoa or whatever it happens to be, and the bank itself should not be doing this. I know the bank has had to attempt this in the past by training its staff in technical matters when that input should be coming from the Ministry of Agriculture, Land and Marine Resources.

With respect to the way that I would see the development of the agricultural industry as it involves the bank as well as other agencies—this is an example that I had given before so I apologize to those who will recall, but I think it is important to give it again. If we do it frequently enough perhaps eventually somebody may listen. I will give two examples.

One pertains to citrus and Caroni (1975) Limited. I have repeatedly said that I cannot understand why one should run 3,000 acres of citrus as a state farm. There are special requirements in sugar—the sugar cane production at Caroni (1975) Limited, yes, that is a definite issue which we might discuss separately. With respect to the citrus it need not be run as a state farm with the difficulties of praedial larceny—because there is no one living on the 3,000 acres—cost of labour and conditions of work, which puts the costs up. The input which the farmer himself would be making is absent. The incentive which the farmer would have is absent. Why do we not take the 3,000 acres, divide it into 50-acre blocks and lease these blocks out to our potential farmers, including young people, university graduates and ECI AF graduates? This involves Caroni (1975) Limited as well, another government agricultural agency. This was part of the programme that was suggested in 1979 in the rationalization of the sugar industry.

I am not suggesting that you give these leases away but you sell them to prospective farmers and the financing for that sale comes from the Agricultural Development Bank. I believe that the hon. Minister recently at a tour of CARIRI—it is reported in the newspaper that there are plans to develop the cocoa industry.

Two or three years ago I sat on a task force which was put in place by the hon. Minister. I cannot of course, divulge the conclusions of that task force because they are representing the Minister and they are not public. I can, however, give my own input to the task force because those are my views. With the development of the cocoa industry the point that I made to the task force was that at the present stage of the industry, attempts to rehabilitate the existing acreage will fail as they have failed in the past. The hon. Minister sometimes refers to experts who give advice. This is one bit of advice, not an expert but one, that I am going on record that if it goes in that direction, it will fail.

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What we need to do I believe, is to plant new acreage. Government owns the Non-Pareil Estate, they are trying to sell it—1,000 acres. When the Government took over that estate some years ago it was a high yielding cocoa estate, now it is down to practical zero, perhaps 1,000 acres. Be that as it may, how do we rejuvenate it? I believe we should re-plant it in 50-acre blocks. That is not a magic figure. Whatever acreage, given the yield of cocoa, the market prices and the cost of production would give a reasonable farmer good returns on investment and hard work. Fifty acres is a reasonable size that would allow such a person to earn a good living.

I use these two examples because we have got to the stage where it is important to demonstrate that there is the potential for earning a decent living in the agricultural sector. I think it has to be done by positive governmental action. The problem is that we have now adopted the ideology and the philosophy that we do not need government action in the economy in a positive way, but we sit back and do certain things to the financial institutions and deregulate in various ways and then it will happen. It did not happen in the energy sector.

The big thrust in the energy sector occurred because when the Government had the spare cash, they put it into investments which would not have come to Trinidad and Tobago had it been left to the local private sector, and investments which would probably not have come in anyhow. I refer to the Iron and Steel Company, Fertilisers Limited, methanol and so forth. Now, of course, they have been demonstrated to be very attractive so other investors are coming in and we have persuaded the private sector to invest, because one of our local private sector companies has a large share in the methanol plant. So it is now with the agricultural sector, it needs positive Government action.

It was interesting that Sen. Mahabir-Wyatt gave me this afternoon an extract from a recent issue of the overseas *Observer*. I will just read the headline: World Bank to ease laissez faire policy. Again, we would be 25 years behind of course when the multinational lending agencies have reversed their policies and realized that laissez faire does not pay, we would just be completing our process in getting it in. I should not say that, because we certainly, in many instances, are ahead of the game, so we would be in full swing and reluctant to change.

I believe that we have to take that positive action. Again, with Non-Pareil Estate the bank has its role to play. What one can do is to plant the trees, bring them into bearing and that means a loan for a period of time with a moratorium on interest payments, indeed, on capital and interest. Even now the bank has this



possibility of giving a moratorium, both on interest and capital. What one has to do is to structure such loans to take account of the fact that tree crops take three or four years to come into bearing.

**3.50 p.m.**

Again, I believe the concession given by the Government is the permission to lease that cocoa which is now three or four years old. Here are two examples in which I believe the Agricultural Development Bank can play a critical role in which Government-owned land would be important and which Government policy has to play a role.

The third area which I have mentioned frequently in this Senate is the School Feeding Programme. Again, I would suggest the marriage between a captured market in a greatly extended school feeding programme and a social service. We listened to Archbishop Pantin talking this last weekend about the rich getting richer and the poor getting poorer. My wife and I were driving near the schools and we were amazed to see the school children taking home their lunch boxes. It was clear that these kids were sharing the lunches that they get at school with their brothers and sisters at home. Maybe, we could expand the school feeding programme based on local food production where the ADB would lend to those farmers who are going to feed into that programme. There would be an assured market at reasonable prices and the production system would be encouraged.

The last occasion when I made this comment was during the budget debate. The hon. Minister of Education responded to a question I raised. His response was that this was all very well and good but imported mutton is cheaper than local mutton, so I cannot be expected to buy local mutton. The point is that if one is looking upon it as a development thrust married to a social service, it does not matter if one pays more for the local mutton, because one will have another effect on the economy by way of giving employment, cutting down on the food import bill and the like. If there is an agricultural policy which is positive, these are the areas which seem to me that are probably going to involve government action with the ADB and which are now more closely linked to the Minister and can play a very critical role.

When we come to debate this paper which I hope we will, we may find that, indeed, is not the policy at all. There are two paragraphs which talk about past policy. Section (a) said that generally, the stated policy objectives among others in the past focused on increasing the production in order to achieve the greatest possible measure of food security, foreign exchange earnings, savings and a

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constant reduction in food imports. Listen to the parallel section in the new policy document. Page 25, 83(b) states:

"Promote and enhance domestic food and nutrition security by facilitating both increased production and by increasing productivity levels where feasible and sustainable as well as by encouraging consumption of locally produced foods supported by improved eating habits through linkages with the health sector."

We see a subtle change. Before we were going for food security and we were going to put the emphasis on local food production. It is not quite the same now. We are going to promote and enhance domestic food production by a nutrition security by facilitating increased production and quality levels where feasible and sustainable as well as by encouraging—that is Sen. Robinson-Regis' portfolio. The way we are going to address the issue of food security now is by encouraging the consumer to eat local. We should do that. I have no problem with that. That is not going to be enough. We have to do a bit more than that. This is why I go back to the point that we need to come back to the policy that where necessary, there is going to be positive government action. The Government is not going to sit back and say that the private sector will do it, because in some cases it would not and to our eventual detriment. In the case of agriculture, this is certainly the situation.

With respect to subsidies nothing has been said on this, but the Minister had said a lot about subsidies in the past. I think when one is talking about subsidies and farmers' repayments to ADB, one has to emphasize that subsidies are only of significance if they are paid on time. The ADB cannot be expected to wait for its payments if it is going to be viable. Therefore, the farmers must get the subsidies on time.

There are two points that I would make in closing. From listening to Sen. W. Mark's contribution and thinking about the changes that one might be going through in the policy—in fact I had written down a question which he tells me has already happened in Jamaica, that is, if we are really going in the direction that he suggests we may be going into, why have an ADB? I think we have to ask that question seriously if we are thinking about changing its character to a commercial enterprise, and perhaps in some sense meeting other commercial entities. Unless we can define a role for the ADB in agricultural development—which is what I suggest we should do—I would be very happy to listen to the hon. Minister in his closing, or any other person on the government side, in their contribution, show how they would use the ADB in agricultural development.

I have said how I think it could be used and I could give other examples. Really that is what it is all about. I do not think making money available for farmers under our present circumstances is going to fit the Bill. I do not think it would happen. What will happen is that they would be more and more constrained to where they can lend and perhaps correctly so—I am not saying that should not be the case—because of the need to be sure of their viability. They have had their past indebtedness removed for the good, but surely they have to be careful not to get into that situation again. What must they lend to?

The hon. Minister has said in past presentations that he had engendered certain studies on different commodities in the agricultural sector. That is to the good because that is something that I have been urging for a very long time. Those have not been made public and surely those must guide the ADB and persons who want to borrow from it. I think that is critical.

Just as a matter of coincidence, recently I was speaking to one of our senior economists who I understand was involved in some studies. I am not absolutely certain. His own view was that given the changes in the liberalization of trade, the only enterprise he thought would be economically viable is cocoa. I asked him what about vegetables? We are very efficient in producing vegetables. His response was that we could import them more cheaply after three years. We have a surcharge for three years and then they can come in freely. They may come from California—certain times of the year they may not be available to do that because of the winter. I do not know if that is so.

I would like the hon. Minister to publish those studies and guide farmers and the ADB because that is what we have to do now. If the ADB is to be viable it must only lend to farmers to produce commodities which, under the circumstances which we have created, will be viable. We must give guidance to both the bank and the general public as well. It must not be a secret document to the bank. We must all know in what we should invest based on the analysis that has been done. I think that is critical, and not for this year where the surcharge is 20 per cent, or next year 15 per cent or the year after 5 per cent, but in four years time where it is zero. That is what we need to be told.

Of course, the Government is saying that we are moving in that way because the other countries are as well. They are removing their subsidies and therefore say it will change, and so the prices will increase, then we will become competitive.

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**4.00 p.m.**

Twenty per cent reduction in subsidies over six years is the developing countries' requirements under GATT. Where we had a subsidy of \$50 or \$100, we now have a subsidy of \$80. Will that really change all those things so greatly? I think it is an issue that we still have to address, but we must address it positively as a government, and not laissez faire. We will put the structure in place; we will provide the money through the ADB and, therefore, the agricultural sector will develop. I do not believe that it will. Of course, when one says this, one is accused of being pessimistic. It is not that I do not believe it could develop; it is not that I am pessimistic. I think there is great potential, but I am pessimistic about how doing the things that we need to do will realize that potential. That is what I am pessimistic about. I do not see the signs.

I do not have any great difficulty with this Bill. I think it will give the Minister greater responsibility for which he must be accountable. I think that it will open opportunities for him to tie the activities of his Ministry with those of the bank, and use the Ministry, the bank and Caroni (1975) Limited as agencies of development. Caroni (1975) Limited has a major potential for agricultural development which we have now decided not to use. It is now a sugar company, pure and simple. Everything else is out of the window. It is now producing sugar and, honestly, we actually seem to believe that when changes occur in Cuba, which will allow the export of Cuban sugar on a free market—I know it is exempted for now, but clearly if the world is moving towards trade liberalization, sugar will eventually come in. If we do not agree with it, then that is different. We actually believe that we can compete with Cuba, so we are putting all our eggs in this sugar basket and not using Caroni (1975) Limited as the agricultural development thrust for which it could have been used.

I think it is important that we use the opportunity provided by this Bill to have the ADB and the Government really performing a role in agricultural development. If not, quite frankly, the question that I wrote down while listening to the presentations is valid. Why do we not just negotiate with EDC to give money to the commercial banks to on-lend and save all this additional structure that we have to set up? Of course, Sen. Wade Mark would say that I am asking for people to be laid off, but we have to be realistic.

Indeed, I would go on and ask the question: Why spend \$200 million a year on the Ministry of Agriculture, Land and Marine Resources unless we are getting that development thrust? Perhaps we would do a lot better by giving that money

by way of properly organized subsidies, not just throw in money as we did in the past. Subsidy is not a bad name because the policy was just to throw them around. It is not that there was bad technical advice; the technical advice was always good, but there were certain policies.

We have lambasted the Central Marketing Agency for not making money, but I remember the time when sweet potatoes would come in from St. Vincent with half the shipment rotten because they were badly packed and badly graded at the other end, and the CMA would only want to pay for 50 per cent. A telephone call would come from the Prime Minister's Permanent Secretary: "You will pay for the full shipment", and they paid. So that was the policy? I have no problem with that policy, if it was the policy that they had money and wanted to help St. Vincent, but do not lambaste the CMA for that policy and say it is no good.

And so it was throughout. That was our policy: to have subsidies for clearing land, carrying water and putting up fencing. Obviously that is not the way to give subsidies, but price support is important. In every part of the world there is price support. In some countries some of the inputs are subsidized, like water. In many countries, the United States for example, irrigation water is heavily subsidized. One can make an argument for interest rates as well, but not in a way that is clearly open to corruption and will be inefficient, and then turn around and say subsidies are no good because we had subsidized agriculture and it did not increase. There are bad subsidies, but many countries have good subsidies and agriculture increases no end. What is wrong with us? Are we so different?

Mr. President, those are my comments. I think the Bill should be passed. I think it gives an opportunity. I hope the Government will pass it.

Thank you very much.

**Sen. Rev. Daniel Teelucksingh:** Mr. President, I rise to support the Agricultural Development Bank (Amdt.) Bill, 1995, particularly since its intention is to enhance the governance and operations of the bank and, hopefully, to set the stage for the bank's viability and successful recovery operation.

Furthermore, I believe, and we all know that in this country the ADB has been and continues to be an asset in the promotion of both domestic and export agriculture.

In the annual report of the bank, for 1993, there is reflected a disappointing financial picture which makes us wonder what saved the ADB from collapse, for to survive under such financial disadvantages must be a sort of miracle. The financial misery of the ADB is clearly noticeable as a burden it has carried for several years.

I would like to share with you, Mr. President, some figures and also some of my observations on this five-year performance review in the 1993 Annual Report of the bank, which prompt me to suggest that there is need for a thorough investigation into the operations of the bank by the Government, being its principal shareholder.

Mr. President, look at these figures for the five-year synopsis in the report—1989 to 1993. In 1989 the net assets were \$177.8 million. This has decreased with each succeeding year from \$177.8 million in 1989 to \$170 million in 1990, right down to \$127.5 million in 1993. I wonder about that.

Also, look at this figure: in 1989, net loans outstanding—\$196 million. The next year, 1990, there is an increase in the net loans outstanding. It increases for the five years. In 1989, it was \$196 million and in 1993, it was \$232.9 million. Assets have decreased and loans outstanding have increased. In 1989, accumulated losses were \$67.7 million. This increased in 1990 to \$75 million, and in 1991 to \$86 million. This increased in 1992 to \$92.7 million and in 1993 to \$117.9 million. The losses for 1993 were \$25.2 million, and I think that the hon. Minister said in his presentation that the losses for 1994 were \$61 million.

Something has to be wrong with that kind of performance as reflected in this five-year synopsis. This kind of performance by the ADB will certainly lead one to enquire whether the provisions of the Bill and other aspects of the bank's operations are adequate to justify Government guarantee of the bank's financial programme.

**4.10 p.m.**

I consider this to be very important. We have been making many guarantees, and from the Caribbean Development Bank loan there is a guarantee to the tune of US \$10 million, and the IDB amounting to another guarantee of US \$40 million, roughly an approximate amount of about TT \$250 million; it could be more than that.

I think we need to ask ourselves; the Government needs to ask; people should be asking: What is the nature of this guarantee by the Government? Is there something called blind commitment and unconditional commitment and unconditional guarantee? I would be very interested in a reply to this question. I ask this question with this as the back drop, the last five years of continuing financial losses to the tune of millions and millions and at the same time you are telling us today that Government is guaranteeing so many millions more to this institution. Is this a kind of unconditional commitment to an institution that had

been losing by the millions over the years? It is a question that we have to address. What mechanisms are there in addition to changing some clauses in the constitution of the ADB? Is this Bill before us sufficient? Are there other mechanisms that might be necessary to monitor this kind of indirect investment by Government which certainly carries tremendous responsibility?

Another matter I want to bring to your notice, Sir. I am very disturbed of certain signals from the agricultural sector which Government must address. A very unhealthy situation reflected in the list of properties I see advertised for sale or lease from time to time by the Agricultural Development Bank. I just want to read some of the descriptions of these properties which lead me to bring this to your notice.

Properties advertised—look at the language used; "inactive pig project in Wallerfield; neglected pig project; neglected mango planting vegetable estate; neglected cocoa, coffee, banana estate; neglected citrus, banana, dasheen estate; abandoned land, neglected vegetable farm; neglected cocoa, coffee, banana, estate". Again, that comes up very regularly—Sen. Prof. Spence must be worried about this one—"abandoned land"; all of these in agricultural districts as Wallerfield, Longdenville, Paramin, Poole, Flanagin Town. This is a reflection of something that we must be concerned about in our agricultural sector, and this is being reflected in advertisements by our bank, the ADB. People are neglecting these projects and are actually abandoning the projects. Does this tell us something about agriculture in Trinidad and Tobago? I think we need the Government to demonstrate a more deliberate and purposeful commitment to the agriculture sector. I wonder why people are abandoning these lands after they have received financial support from the bank. Why are they giving up the pig farms, why are they giving up the coffee, cocoa and banana estates? Why are they giving up the vegetable farms? Something is happening. Something is wrong and we need from Government that kind of commitment which will attract and encourage citizens to invest their money.

The hon. Minister spoke about the replacement farmers. I would like to know how many young people will want to go to the University of the West Indies to spend their life in agriculture; doing a B.Sc. in agriculture and so forth. How many parents will encourage their children in the junior secondary and the senior comprehensive schools to access tuition and whatever facilities might be available in agricultural science? We are talking about replacement farmers, do we have the incentives in order that people will give not only land, but also give their sons and daughters to it? That is something we need to ask ourselves, this is a picture of abandonment and neglect. It is not a good one for the country.

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Mr. President, I close by saying that if the Bill is the first step in rescue operations of this very unfortunate institution then, by all means, it deserves our support.

I thank you.

**Sen. Michael Mansoor:** Mr. President, just a few very short words on this Bill. My attention was drawn to clause 16 of the Bill which in changing section 34 of the parent Act. The new clause 34A will read:

"The Minister may give the Board directions of a special or general nature and the policy to be followed in the exercise of the powers conferred and duties imposed by this Act."

Mr. President, I believe it is true to say that it is a trend in current day legislation that Ministers of Government should be given more real power in order to carry out the responsibilities of the office. Let me say by way of introduction that as far as I am concerned it is proven that if we are going to make a Minister or a Government responsible for the outcome of events in any sphere of activity, one must also, either by legislation or by other means, give to that Minister or to that Government the power to change circumstances so that the desired outcome is achieved. So that in principle if it is that we are going to hold the Minister responsible for the operations of the Agricultural Development Bank, it will be correct for us in this clause to give the Minister the power to tell the Board what to do.

So far so good, the logic is clear, the Minister is responsible for the operations of the ADB, and therefore the Minister should be able to tell the board and the managing director precisely what to do, as the clause says: "directions of a special or general nature".

However, in designing legislation of this kind one always has to be extremely careful because in another time and place I remember—let me phrase it differently—a clause like this if it becomes law is open to abuse. Let us, for example, think of a situation where in an election year there are floods and flood loans need to be given, does this clause give the Minister the power to direct that a special loan be given to farmer A or farmer B? Would this clause give the Minister the power to tell the board of the ADB that it should not advertise the property of X or Y if the loan which has been borrowed has gone into default? I would think that if this clause becomes law the Minister would have the power to give directions of a special and general nature in that regard. Two very simple examples: Give a loan to citizen A or citizen B, or advertise or do not advertise a property for sale if the loan has gone to default.



**4.20 p.m.**

Mr. President, if I am going to be faithful to the logic which I attempted to describe at the start of my short contribution, one would have to say that the Minister should have that power and that the Bill is alright; that he should have the power to tell the managing director, the chairman or the deputy Chairman, indeed to tell the entire board, that a loan should be given, a property should or should not be advertised for sale. I am not referring to this Minister because I am sure he would always use his powers in ways that are totally transparent. But if a minister were to act in that way, are we providing legislation that would enable mischief? This is a very difficult issue for someone who gets involved in the legislative process to decide. Do we give the Minister that power or do we not? Having regard to the difficulty which this bank has had—and it is a recurring decimal in terms of bad debts and loans at different times and different places.

My view is that on balance, the Minister should have that power. However, an addition needs to be added to this clause. We should, as legislators, say that the Minister may in fact give such directions of a special or general nature to the board but at all times those directions of a special or general nature, should be in writing. So that the Chairman of the ADB, the Deputy Chairman or Managing Director would always have some sort of documentation to say that I did not do that or I did that because I received instructions from the Minister and this is my authority, this is the documentation under which I have acted. In the absence of that addition to this clause, I would have great difficulty in giving, not this Minister, but any Minister, the right or ability to give directions of a special or general nature to the bank *carte blanche*.

Mr. President, I would like to submit an amendment to clause 16 so that it would read:

"34A The Minister may give the Board directions of a special or general nature on the policy to be followed in the exercise of the powers conferred and duties imposed by this Act provided always that these directions are in writing."

I am not going to be caught up with the word "policy". It is quite possible that the Minister may say policy does not relate to a specific loan. That is really a semantic difference. I have no problem with the clause provided that the Minister has to, by law, put those instructions in writing so that an auditor, an Inspector of Banks or, indeed, a Minister who has now come into office, or anyone else would be able to say, yes, these were the instructions given and the board of the ADB will

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always have, in writing, documentation and authorization for policy direction or indeed operational decisions which that board may in fact take.

My other difficulty with this Bill is that I believe the ADB is now contemplating in a much more realistic way the possibility of having deposit accounts where effectively it will operate like a bank and take deposits from the public. This is an old theme in ADB history; whether or not the ADB should be able to operate like a real bank. As a matter of fundamental principle, there is no difficulty with that provided that the persons who put money on deposit with the ADB have the assurances of a deposit insurance fund or have assurances that this bank is being run in accordance with Central Bank's criteria. I think it is a good thing for the ADB not only to take money on deposit but to take money by way of tax free bonds or special instruments. All these possibilities are opened up. The investing public need to have the assurance that the bank is being run commercially and properly.

If we are going to give the bank all of these powers set out in clause 15 of the Bill under the new section 34 of the Act, I suggest that either the ADB comes directly under the purview of the Central Bank or, alternatively, the loan portfolio of the ADB should be subjected to some sort of review by the Inspector of Banks. I have given the clerk an amendment which suggests that first of all the Inspector of Banks should have the right to examine and report on the loan portfolio of the ADB at least once triannually and that report be made available to the Minister and to the auditor. So that we would be introducing the ADB to the strictures of a financial institution if we are not going to make it a financial institution licensed properly under the appropriate legislation. I suggest that the Inspector of Banks have a role to play with respect to the loan portfolio of this bank.

Also having regard to the fact that the bank will now be effectively under the control of the Minister, there is need to put in place legislation that would ensure that the audited accounts get to the Parliament and interested parties on a timely basis. I think section 8 of the parent Act stipulates that the auditor of the bank should be the Auditor General. I suggest that the legislation be changed to say that the auditor of the bank should be either the Auditor General or a firm appointed or approved by the Auditor General and put into the new section 8 legislation that would say that the accounts of the bank must be audited within six months of the financial year end date and that those accounts must be submitted to Parliament within eight months of the financial year end date. There is no reason in the world why the accounts of the ADB cannot be audited within six months of the date of the accounts.

In my view, that, together with a role for the Inspector of Banks, would in some way seek to put some sort of control over the operations of this bank which will now be under the total control of the Minister. If we are going to give the Minister that power, we should enable the Minister to demonstrate to this Parliament and to others that he would in fact be doing a top notch job for agriculture, the bank and the country.

Mr. President, I thank you.

**Mr. President:** Is there anybody else to speak on this Bill?

**Sen. Capildeo:** There are a few Senators on this side.

**Mr President:** I see that everybody is longing for the interval. The sitting is suspended for half of an hour. The Senate will resume at 5.00 p.m.

**4.30 p.m.:** *Sitting suspended.*

**5.00 p.m.:** *Sitting resumed.*

**Sen. Junior Barrack:** Mr. President, I only have a few comments to make on this particular Bill which is before the Senate today.

One of the things I would like to make mention of as we review and consider this Bill is its impact on the agricultural sector and to make the observation that with the power given to the Board under clause 18 of the Bill, which reads:

"18. Section 42(2) of the Act is repealed and replaced as follows:

- (2) Every loan shall bear interest at a rate to be determined in accordance with policy guidelines established by the Board."

I have been hearing a figure of 12 per cent as the standard rate which the Bank will be asking its borrowers to pay in terms of interest for loans made available to them. It appears as though from 3 per cent to 12 per cent means that about a 400 per cent increase would have been effected by this particular move.

Mr. President, I believe that will have a tremendous impact upon the potential of the agricultural sector to create employment. If we look at the state of unemployment in our country, and we take a look at the potential of the agricultural sector to absorb the unemployed and to create avenues for employment, this particular proposal can in no way impact positively on that particular sector as far as job creation is concerned.

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If a government is shortsighted; if it is unable to see the need to create effective avenues for employment for its people, and if it is unable to associate involvement in the agricultural sector with a reduction in the unemployment situation, I feel that government should seek some advice—and if it cannot get it anywhere else, it can come to the UNC and I am sure we will be able to make that advice available. Not only is it important for us to look at the agricultural sector in terms of the primary production that it will provide for products that can be used in manufacturing; we also have the system of distribution which can generate further employment and I believe that the Government should look very carefully at this particular sector in dealing with the way in which it allocates interest rates.

I heard the Minister make mention of some people wanting to have the lowest common denominator as the standard rate by which loans should be allocated and so forth. The fact that he has made mention of that suggests to me that he could do with some advice from this side.

Mr. President, if there is an agricultural sector and you want to stimulate investment in that particular sector and extend it to the greatest number of persons who can participate in that sector, obviously you would go for the lowest common denominator. That is why you go there. You would try to recover cost on lending to deal with administrative and other costs that you might incur; you will try to make a certain projection for inflation and you will keep your interest rate at that level so that the bank would not go under but will be able to sustain itself including the various injections that will come from the Government which I believe is imperative; you will be able to reach the greatest number of individuals at a rate of lending that will facilitate and stimulate growth in that particular sector.

I could not understand why the Minister of Agriculture, Land and Marine Resources would think that it is wrong or even ill-advised to go for the lowest common denominator. The Minister also made mention of the number of failed accounts in the Agricultural Development Bank in terms of its loan portfolio. He mentioned that 2,335 individuals, companies or parties, were involved in this bad debt of \$178 million.

What we should try to find out is: What were the reasons why these individuals or investors in the agricultural sector failed?

Mr. President, Sen. Rev. Teelucksingh in his contribution quoted from a list that he got from the newspapers, showing the kind of farms that were up for sale, pig farm or words to that effect.

**5.10 p.m.**

Recently, I visited some people in Wallerfield where I spoke to a former pig farmer who is also owing the bank some money. Obviously, his farm might have been recorded among the number that were up for sale. Some time during the early 1980s, that particular pig farmer had built up a stock in excess of 300 pigs. Just around the time he was about to start selling, the Government removed a certain restriction on the importation of pork in the country. Those were his words. I did no research. I am taking it directly from the gentleman's mouth. I have no reason to disbelieve him.

The gentleman said that he could not get his pigs sold at the rate at which it would have been profitable for him in order to recover his costs. He borrowed money to buy food for them so they could stay alive. When that was exhausted, he fed them on grass and coconuts. When that was no longer a feasible operation, and they were dying on his hands, he started to cut up the dead pigs, boil them and feed them back to the others in order to keep them alive. He said that he became so frustrated that he decided to go to the abattoir to get somebody to come and take any number at \$10 per head because they were dying on his hands and he could not even get that. He said that was not effective.

If this particular account is true, these are some of the stories one hears from farmers, particularly in the area of pig farming which has caused so many of the farms to be put up for sale at this point in time. We must take these factors into consideration and ask the question: What were the reasons why these farms failed?

As we talk about the impact of this particular Bill on the agricultural sector, we must look at that portion of the agricultural sector that occupies lands that are state lands or sometimes private lands. We call them squatters. Farmers who squat do not have the immediate overhead cost of the land itself. They would not have had the need to purchase land in order to start their farming. Conversely, they do not have access to loans because of the necessity to have collateral or some measure of stability which the bank would like to have before disbursing funds.

However, what we must recognize is that this sector, though it may be acting illegally in certain respects, provides a measure of employment for a significant number of people. I will give the story of one of the most outrageous and heartrending events which took place recently in Diego Martin, as it relates to farmers on state land. This one is researched, I was there. I examined the crops before and after the massive destruction. Over 25,000 heads of cabbage were destroyed. Over 5 acres of land were under cultivation.

**Hon. Senator:** Did you count them?

**Sen. J. Barrack:** I am telling you that they are not counted one by one. You count a small portion, get the area of the land and then multiply. *[Laughter]* That is the reason why we have many problems. These are the men who are running the country.

The Government promised to relocate the farmers because of the need to remove them from that River Estate area which is one of the most fertile places in Trinidad where they are now building houses. Some of the most fertile land in the country can be found there. There is a situation where this particular farmer said that he was promised an alternative site to plant his crops before he was moved. He was accompanied to look for a particular site. What happened? The Government decided that it was no longer going to obtain a site for him before his crops were destroyed or he was removed, therefore, it gave him an undervalued estimate for his crops.

**Sen. Huggins:** Mr. President, on a point of order. I seem to recall that this was the subject matter of a motion discussed at the last sitting of the Senate to which the Minister of Housing replied adequately. Unfortunately, I do not have my blue book. I really do not know whether he should be allowed to restate the case.

**Mr. President:** I was just about to remind the Senator that he raised this as a specific matter on the Motion for the Adjournment quite recently. I think in replying, the Minister told him that the matter had been settled long ago. I think that he is out of order to continue on the same subject. Point of order sustained.

**Sen. J. Barrack:** Thank you, Mr. President. I just want to tell you that I did not agree with the Minister that the matter was settled, but I did not have time to reply.

**Mr. President:** You need not reply.

**Sen. J. Barrack:** I am merely informing the Minister of Agriculture, Land and Marine Resources that this matter is—*[Interruption]* Stay out of Diego Martin. I will have to step up my activities in Diego Martin. He is getting rude. I will step up activities in Diego Martin. I had left him alone. I started with him and I left him alone. He is rude. I will be down there again. Look out for me. I will make life miserable for him.

**5.20 p.m.**

Mr. President, I believe that the Minister will be informed and I will refer him to the particular date so that he will know that particular event actually occurred.

The gist of the matter is that there are people squatting on state lands and the state, not taking into consideration the fact that employment is being generated as a result of the activities of these squatters, has displaced them although they are actually creating avenues for us to have some level of food security. That particular farmer had at least six persons employed. I just wanted to make sure that that particular area was dealt with. *[Interruption]* The Senator is worried. It hurts his heart when the truth is being bandied about. The matter has not been settled. I will prove it to him. He will get it in a newspaper report. I think he is too rude.

Mr. President, there is obvious need for greater collaboration between the— *[Interruption]* Mr. President, please protect me from the babblings on the other side.

**Mr. President:** You are able to handle it.

**Sen. J. Barrack:** I will handle it, Sir. I only wanted the directive from you.

**Mr. President:** Please give the Senator a chance. He apparently can no longer take care of himself.

**Sen. J. Barrack:** Thank you, Sir. I feel secure. There is obvious need for greater collaboration between the Agricultural Development Bank and the Ministry of Agriculture, Land and Marine Resources. In some ways, I share the opinion of my leader and Sen. Prof. Spence when they lamented the significant cost the Ministry incurs in terms of dispensing a service to the agricultural community. We can look at this relationship very closely.

**Dr. Rowley:** Mr. President, for my own edification, I would like to understand exactly what the Member is saying. Is the Senator saying that the alternative government policy is to abolish the Ministry of Agriculture, Land and Marine Resources? He is saying that he is supporting something and I presume he is saying that he supports some comment that is made about paying the money to farmers as against the Ministry. I would like to know exactly what he is supporting.

**Sen. J. Barrack:** What the Minister would like to know is the extent to which I support these views, because I said "to some extent". I do not believe I must repeat every word I said before. There is a Standing Order on that. I will merely continue. *[Laughter]*

That need to create that greater collaboration between the Agricultural Development Bank and the Ministry, in my opinion, is justified. I believe that

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there could be some kind of relationship. I do not know how it might work out. I am thinking it through as I stand, but one can have a situation where officers of the Ministry of Agriculture, Land and Marine Resources collaborate with the technical officers in the bank in order to ensure, especially where that relationship between the farmer and the bank can be reached, that the farmers get the best possible technical advice, and timely advice as well, in dealing with its business.

I believe that there is need for that. I do not know in what way we can perfect that particular arrangement, but I believe that might be a desirable way to go.

Mr. President, with that, I say thank you.

**Sen. Surendranath Capildeo:** Mr. President, I have been provoked. *[Interruption]* Nobody instructs me. There is not a man alive who instructs me. *[Interruption]* He is hearing it. I do not have to tell him that. Sen. Huggins knows that.

Mr. President, I really was not going to speak. *[Interruption]* I launched the constitution of the United National Congress, and the discipline is strong. The Senator was there to hear the speech. *[Interruption]* Of course, Kelvin was there. Do you want to come and join? Come along!

This Bill is anchored in hypocrisy, and it begins with a total contradiction in terms. The Bill refers to the Agricultural Development Bank Act, Chap. 79:07. In the explanatory note it says:

"(These notes form no part of the Bill but are intended only to indicate its general purport)"

The very first explanatory note says:

"This Bill seeks to vest in the Agricultural Development Bank greater corporate and management independence particularly for the determination of interest rates and other fees in order to assure financial self-sustainability."

So the very first explanatory note says that it seeks to vest in the ADB greater corporate and management independence: not to help the farmer, not to help agriculture, not to help the poor people who till the land and who suffer like the pig farmer that my learned Senator Friend referred to, but the very first explanation is to seek to help the ADB to determine interest rates and other fees to assure financial sustainability.

Immediately the question arises, hon. Minister: What is the policy of your Government with respect to agriculture? To make money? If that is its policy, it will fail because this Bill cannot make money off agriculture. This Bill goes



completely against the grain of the parent Act. Part I of the parent Act, section 6, states:

"The object of the bank shall be to encourage and foster the development of agriculture and commercial fishing and industries connected therewith and to mobilise funds for the purpose of the development."

### **5.30 p.m.**

There is a Bill conceived in 1979 by the original People's National Movement which says, that the bank which it formed, must "encourage and foster the development of agriculture and commercial fishing and the industries connected therewith and to mobilize funds for the purpose of the development." We know as a fact that as far as commercial fishing goes we have sold National Fisheries.

The Bill which is before the Senate today says nothing to enlarge the objects as stated in section 6. Instead what the Bill does is to say, look this Bill wants to increase interest rates and other fees to assure financial self-sustainability which is a—and it is not unparliamentary—lie in its own self. Because out of the words of the Minister, and all the previous Ministers of Agriculture in this Senate, agriculture is a money-losing proposition, and has been so for as long as we could remember. By coincidence, the parent Act is 1968. In 1991, a document by the ILO was issued—The Challenge, Employment Promotion in Trinidad and Tobago in the 1990s. It refers to the position of agriculture in 1982—page 31 says:

"This shows that, on the smallest farms, only roughly one-third of the land is owned by the person cultivating the land. Forty-four per cent is leased while some 14 per cent of the land is occupied illegally. Most of the squatted land is owned by the State. The fact that so few small-scale farmers own the land they cultivate helps to explain why they encounter difficulties in receiving credit. . . ."

In 1968, a Bill was brought to Parliament which says that we must foster and encourage development of agriculture. In 1991, out comes a report that refers to the year 1982 and in the year 1982 the report says:

"The fact that so few small-scale farmers own the land they cultivate helps to explain why they encounter difficulties in receiving credit. Most banking institutions demand collateral in the form of a land ownership title. Representatives from various small-farm organizations indicated that, because of this, their members were often unable to obtain credit."

It goes on at pages 32 and 33:

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"However, certain indicators point out that the small-scale farmer is at a disadvantage in obtaining credit . . .

The small-scale farm sector also faces problems related to marketing. Access to markets is often limited because farmers do not have the means to take their produce to the market and there is a lack of market outlets. According to the 1982 Agricultural Census, more than one-third of the farmers reported having marketing problems. The most frequently cited ones were the lack of transportation, (50%), and the absence of market facilities, (22%). Another 20 per cent referred to the lack of suitable access roads.

Another important characteristic of the small-scale farm sector, and of agriculture in general, is that many of the farmers are quite old. The 1982 census shows that 38 per cent are older than 55 years. The fact that many young people left the rural areas during the boom years to seek jobs with higher wages in other sectors has largely contributed to this trend."

Mr. President, from 1982 to 1995 we have seen the death of agriculture. Absolutely nothing of consequence has been done in this country to give us food self-sufficiency; minimal things that could have been done with the kinds of money that we have seen wasted in this country. For example, we drive on the highways, we see children selling agricultural produce, we see farmers in Aranguez, as we drive around in the heat of the day, watering their plants. Not a single lay-by of consequence has been built since this Government has come into power to assist the small farmer and his family. Instead, the Government brings a Bill which seeks to give the ADB the right to increase interest rates and other fees to assure financial sustainability.

Mr. President, I have sat here and listened to the hon. Minister, and I want to know what is it in this Bill which will feed the nation? Where in this Bill is anything contained that will feed the people? When one looks at this Bill, the Government really thinks that the people of this country are stupid. Clause 17, blanket:

"The Act is amended by repealing sections 36, 37, 38, 39, 40 and 41."

Do you know what are those sections, Sir? Do you know what the rubric on the side of it says? "Short term loans"—this is the parent Act. Section 36(1) states:

"Subject to this Act and to the Regulations made thereunder, any loan made by the Bank for a period not exceeding eighteen months shall be a short term loan the security for which shall be the borrower's crop and may also include agricultural stock."

So that the framers of this Bill had a heart, they understood agriculture. They knew what *gobar* was. Mr. President, do you know what *gobar* is? Cow dung. *Gobar* is a parliamentary term. They had a heart because the farmers could have used their crop and they could have used the agricultural stock as security. That Sir, has been repealed, amended and thrown out by this present Bill. It went on:

"The bank may where it grants a short term loan impose all or any of the following as conditions of the grant of the loan—

- (a) that the borrower sign an irrevocable note undertaking to deposit to the Bank the proceeds of the sale taken as security for the loan;"

This presumed that the Government of the day via the ADB or via whatever mechanism it was going to use would have provided the farmers with the wherewithal to sell the pigs so that the farmer when he reared his livestock or grew his crop would have had a ready market and therefore he could have qualified under section 36 to borrow money and the bank would have had its adequate security.

#### 5.40 p.m.

The poor man cannot use this any more. Then it went on—Sen. Dean. Section 36(2)(b) states:

"where the borrower is a member of an agricultural co-operative society, that the borrower shall deposit with the agricultural co-operative society of which he is a member the proceeds of the sale of the crop."

Amended, repealed, thrown out! The farmer can no longer use the agricultural co-operative society for his assistance. Section 37, Medium term loans, states:

- "(5) Subject to this Act and the Regulations made thereunder, a medium term loan shall be a loan for a period exceeding eighteen months but not exceeding ten years, ..."

The reason for 10 years is obvious. Some crops take five to ten years to mature. The learned Sen. Prof. Spence spoke about cocoa, once king in this land but now beggar. Cocoa of Trinidad and Tobago which the world used to come for to flavour the rest of the cocoa; cocoa in Trinidad and Tobago abandoned because the Government does not even have the intellect, the vision, the genius, the wherewithal, the interest to maintain that peculiar breed of cocoa which had made

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us famous throughout the years. This Government, in the boom years killed agriculture and since then has buried it, burnt it, cremated it, sunk it.

Mr. President, section 39 was amended. It states:

- "(1) An agricultural charge shall have effect notwithstanding anything in the Bills of Sale Act, and shall not be considered to be a bill of sale within the meaning of that Act.
- (2) Agricultural charges shall in relation to one another have priority in accordance with the times at which they are respectively registered under this Part."

In other words, the Act conceives of the agriculturist as a special creature. He was given preferential treatment. This Bill abandoned that; it threw it out. Section 40 states:

- "(1) Subject to this Act and the Regulations made thereunder, a loan for a period exceeding ten years but not exceeding thirty years shall be a long term loan and shall be secured by a first mortgage of the lands in respect of which it is made, by a deed registered..."

The framers of the Act, not only did they give them the right to access loans but in section 39(7), they gave them the same right they gave BWIA and all the other multi-millionaire corporations that came in this land. Section 39(7) states:

"An instrument creating an agricultural charge shall be exempt from stamp duty."

This has been deleted. Where is it? When the farmer borrows the money, would he pay stamp duty? Is he going to be treated different to the multinational corporations who escape the stamp duty? We could go on. Section 41 was repealed, amended, thrown out. It states:

- "(1) For the purpose of the grant of loans in pursuance of section 40, the expression 'agricultural purposes' means the purchase, development, maintenance and improvement of agricultural lands, the discharge of liabilities in respect of the development, maintenance and improvement of agricultural lands,..."

In other words, the parent Act conceived of a situation where the farmer would have been given not only the right to access financial loans but that the physical infrastructure would have been provided by the state to enable him when he grew his crops or raised his livestock to repay his loan. As of today, we still sit

in this honourable Chamber and hear of this Government accessing loans for the development of rural roads, the building of bridges, and the development of access roads. Every year we sit here and listen to the Government come forward to say it has got to build access roads for the farmers; it has got to build bridges for the farmers.

Mr. President, how long must the farming community wait until it gets justice? Above all, how long must the farming community wait until the children of the farmers are encouraged to get into farming because it is a profitable industry? How long will the nation wait until it can provide a cadre of farmers who would provide food so that this nation would become self-sufficient in food? Are we going to sit back; bury the hatchet into the back of agriculture; join with the giant multinational corporations to import tomato, cabbage, lettuce; flood the market and kill all the farmers?

I ask the question again: Just what is in this Bill which will tell this nation that there is something contained here that will assist agriculture in this country? I am yet to hear one single word of what is being done to encourage agriculture to achieve its national status in this country; a status which would put it on par and also in respectability with other professions.

Mind you, no farmer worth his salt, no Aranguéz farmer who is being burnt black in the sun—and I do not mean anything derogatory by the word 'black'—no cane farmer who is cutting cane, no cocoa farmer who prunes the trees, no citrus farmer who has to fertilize that citrus tree for four years, nobody who grows cabbages or lettuces, none of them, would want to see their children suffer as they are suffering now under this present Government. After they have grown their cabbages, lettuces, oranges, grapefruits and chives, they are seen at the side of the road in rain, sun, dust, dirt and filth risking their lives attempting to gain a penny or a cent selling to people in motor vehicles as they pass up and down the highway.

This Government, up to today, has not solved the problem, has not given the incentive that one can put one's hand on to say, yes, something is being done for the poor farmer; something is being done to get the children of the farmers off the streets; something is being done to encourage the children of the farmers to go back to the land. Quite frankly, no child of any farmer that I know will go back to the land under conditions that exist today. Unless the idea is—I mean, one has to come to the conclusion—in this craziness of privatization without cost, that he or she has considered via the international agencies that agriculture cannot survive,

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agriculture is not a financially viable proposition, agriculture should be allowed to die a natural death because it is cheaper to import from outside.

I shall tell this Senate a story. In 1979, in the Taj Mahal Hotel, Bombay, a Permanent Secretary in the Ministry of Agriculture told me that it was cheaper to import lunch boxes from Holland to feed the school children than to buy the food here in Trinidad and Tobago. That attitude still exists in the PNM today.

**5.50 p.m.**

I looked at the man and said what kind of madness. In those days I had not got the slightest intention of entering this august Chamber and sometimes as I sit here, I wonder why. I say to you, Sir, that that attitude still exists and it seems to me that it is the only conclusion that we can come to, because from December 1991 to April 1995, nothing has been done to the Central Market in Port of Spain to ease the burden of the farmers.

When you drive pass there at three and four o'clock in the morning you would see the total chaos that takes place, absolute chaos. Nothing has been done in Penal where they built a white elephant; nothing has been done in Tunapuna where the market is still in the street although they put up—

**Dr. Rowley:** Who built the elephant?

**Sen. S. Capildeo:** I am not concerned with who built it. What are you doing now about it? Do not ask who built it? What are you doing now about agriculture? Absolutely nothing. Nothing has been done at all to help the farmer who produces the food; nothing has been done to help the farmer who sells the food.

Mr. President, the worst and the most unkindest cut of all—what is this Bill going to do—and Sen. Prof. Spence, you would back me up in your next debate—to the cost of pesticides, herbicides, fertilizers, weedicide?—apart from using it to eliminate the PNM—what is this Bill going to do about that cost? What are they doing about encouraging food production? They are killing agriculture and again, one has to come to the conclusion that agriculture is being killed on the altar of privatization and on the altar of the dependency syndrome.

There are farmers who cultivate land and who, through the cultivation of the land 24-hours a day—because it is a family affair—they own a royal saloon and their child goes to the University College of London and he comes back with a degree, that child is not going into farming at all. If the idea is that that section of the population which is attached to the land is weeded out from the land, then

there would be URP and there would be the dependency syndrome spread throughout the entire nation and the PNM would remain in power for ever and ever, amen. That is the only conclusion one can come to when one sees a Bill like this, a Bill which should have contained measures to help the small farmer to survive. We are not like Idaho or the middle of America. The most we can aim to do is to feed our school children by local farming projects. What is this Bill doing about that? Where is the input of the local farmer into the school feeding programme? Why are we not feeding our own school children without any imported products at all? It seems to us on this side of the Senate that everything is geared to selling out assets of the nation, and this brings me to water.

The farmers in Aranguéz/Barataria, the farmers in Penal, Debe, the farmers in Central. [*Interruption*] I do not have to fight a seat. I got it as of right. I am entitled to it as of right.

Mr. President, the farmers undergo the utmost hell to obtain water, to merely water their plants. I am not talking about fertilizers; I am not talking about weedicide and pesticides; I am talking about water for plants. We have reached the stage in this country where human beings cannot get water and plants cannot get water. It seems that the Naipaulian prophecy that Haiti is the future is coming home. Very simply put. Every single bit of legislation brought by this Government, we have to go through with a microscope to find something to help the small man; one has to go through it with a microscope to see if there is anything at all in the bills, to see if they have helped the Trinidad and Tobago citizen. Every bill that has come here is to help the giant multinational corporations.

Mr. President with a Bill like this, farming will die, and if farming dies, it will be replaced by the big agro-businesses from abroad which will merely ship down by the container loads, foods which will be cheaper than what we can produce and the argument would be it is cheaper to buy it than to plant it, and so our children would be thrown onto the streets and when they are thrown onto the streets, do you know how many 'lizards' we are going to produce?

If it takes 400 bullets to kill one lizard, you could imagine if we had to fight a war what would have happened. If it took 400 bullets to kill one lizard, and we had to go to war, do you know how many bullets we would have to expend?

The point is this: Nowhere in any Bill brought by this Government has there been any suggestion of an improvement in the employment situation and it is trite knowledge that the one industry in this country that could employ people is the

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agricultural industry. Where is the input? Where is the help? Where is the generosity of the Government in providing land, infrastructure, advice? Where is it coming from? How are we going to encourage our people to go back to the land? Are we going to wait for the Third World War and then appoint a committee and say go and plant eddoes and yam again? This country was once self-sufficient in food. This country now imports food to the point where it cannot pay for it. This country—and I make the proud boast to say that this country, under a proper administration could feed itself within a very, very short space of time. All that is needed in this country is some encouragement to the poor farmer who has been the orphan of the state for as long as one can remember.

I do not know whether there is a psychological defect, whether it flows from the days of slavery and indentureship, that agriculture has that stigma to it, that people are not encouraged to go into agriculture, that from 1921 we had the foremost agricultural institution in this land and people from abroad came here to study and yet we cannot feed ourselves. We have all the brains we need in agriculture, we have all the land that is needed in agriculture, and if Sen. The Hon. Barry Barnes would tell me, we have all the water flowing underground in leaking pipes to water all the gardens. He cannot deny it.

We have everything to make this country a paradise on earth. Instead, with this Government, we have everything to make it hell on earth, and it is hell, and until the United National Congress comes in as the Government with people who grew up in agriculture, know agriculture, understand agriculture, nothing will be done in agriculture in this country.

**6.00 p.m.**

The unkindest cut of all—If one has cable TV, over the Easter weekend, every time one flicked on, you saw Judas Iscariot and the 30 pieces of silver and the betrayal of Christ. Do you know that clause 34A is like that? Listen to this piece of madness here. Section 34 of the original Act, Part III states:

"For the purpose of giving effect to its objects the Bank may, subject to this Act—

- (a) open accounts for and accept savings or time deposits from the public;
- (b) make or underwrite loans for the development of agriculture and commercial fishing...
- (c) act as agent for Government or any department or Ministry thereof...



- (d) raise money for the financing of its operations by issuing securities;
- (e) assist generally in the development of the agricultural co-operative movement;
- (f) do such other things as are incidental to the attainment of its objects as specified in section 6."

Remember, section 6 is the section which sets out the policy statement of this Act and to that they want to add 34A which states:

"The Minister may give the Board directions of a special or general nature on the policy to be followed in the exercise of the powers conferred and duties imposed by this Act."

They want to form a raw dictatorship of the ADB. They want to give the Minister blanket power so that every single clause in this Bill and section in this Act could be overridden by clause 34A which says that:

"The Minister may give the board directions of a special or general nature on the policy to be followed..."

The policy to be followed is peculiarly within the knowledge of the Minister which is transmitted to the government and the people via, usually a press conference, or one addressing the party faithful. That naked kind of power ought not to have found itself in this Bill particularly after looking at the wording of Section 34 of the original Act. Let me read 34(f) again:

- "(f) do such other things as are incidental to the attainment of its objects as specified in section 6."

What do they want more than that? They want to give the Minister blanket power so he could:

"...give the board directions of a special or general nature of the policy to be followed in the exercise of the powers conferred and the duties imposed by this Act."

The Minister could be Hitlerian in his attitude to this Bill and could hire, fire, appoint, borrow or squash. He could do everything and anything he wants. If the Minister of National Security said so, I might think and say, maybe, because of the security of the state. I might have given him the benefit of the doubt. What does the Minister of Agriculture, Land and Marine Resources want with such dictatorial powers when he knows that the ADB is going to die because the farmers cannot repay the loans? The statistics show it.

**Dr. Rowley:** You should not be worried.

**Sen. S. Capildeo:** Of course I have to be worried because I have to live here and the Minister has to protect me. I am asking, why does the Minister want all this power? The bank will disappear eventually at the present rate at which he is going because the farmers are a dying breed. More and more farmers are becoming bankrupt every day.

I will close with this. We come here for every single debate and the UNC has to make this point that we debate in the dark without statistics. We have no background information, no statistical information nor data. We have absolutely nothing. We do not know how many farmers there are in this country; how many farmers are progressive and how many are solvent or insolvent.

**Dr. Rowley:** Whose fault is that?

**Sen. S. Capildeo:** It is your fault. Provide the Parliament with the information.

**Dr. Rowley:** Give out private information.

**Sen. S. Capildeo:** Of course! That is why you are the Minister. You have to tell the nation.

**Dr. Rowley:** It is published.

**Sen. S. Capildeo:** It lies in the library of the Parliament and any Member can go and see it. It is a weak excuse.

To justify the Bill, they should have come forward with the information, so that when they come with this kind of debate, it would not even take place. In fact I do not even think they know what they are about. That is why they have no information.

What I would advise, since I am hearing now that the Minister of National Security has found his voice, perhaps they could exchange ministries. If they would make the Minister of Agriculture, Land and Marine Resources the Minister of National Security; and the Minister of National Security the Minister of Agriculture, Land and Marine Resources; let me see him shoot a farmer to plant land.

Finally, I close again with the suggestion to this Government to at least show some form of compassion to the farmers. We have just been through Easter. Resurrect! Rise again! Make the farmers believe that they are human beings so that their children will go back to the land and not abandon it. This is what is

taking place throughout the countryside. Above all build lay-bys before people die on the highways. Do not allow the Minister of National Security to row with the Minister of Works and Transport so that no lay-bys will be built—and the people's stalls being broken down. Build lay-bys for the poor people!

Thank you.

**Sen. Muntaz Hosein:** Mr. President, in preparing for today's debate, I spent a little time thinking about this Bill. I thought that I would engage the hon. Minister in some intellectual discussion on agriculture, but on second thought I decided against that because upon looking at one particular biblical show on television, I was moved by a statement made which seems relevant. The statement was, 'do not cast pearls before swine'. With the greatest respect to all concerned, that biblical saying seems to fit very adequately.

#### **6.10 p.m.**

Agriculture in Trinidad and Tobago is the biggest football used by this and successive governments. Since 1956, the PNM and successive governments, including this one, used agriculture as a football. "Agriculture" is the word most misused by previous administrations, and this one. The biggest problem that the Government of the day must face, because of its track record, is the question of being able to convince a single Trinidadian or Tobagonian of its honesty and sincerity. It will have problems convincing anyone beyond the rhetoric that it produces nightly on the television and daily in the newspapers and radio.

Mr. President, you have much experience; many administrations have passed through your hands, and you will know the difference between rhetoric and action. Whether the Government faces reality or not, it will pay the price of its inability to face reality. Whether they like it or not that is the reality. If they will only go to the people, they will find out that nobody believes what they say.

Only recently, I believe it was Sunday, the Archbishop of Trinidad and Tobago made a significant point which is similar to the point I am making today. They must stop fooling the people of Trinidad and Tobago. It is important that we face up to that reality. But my colleagues opposite will continue to fool themselves and by continuing to do so will go the way of all previous administrations.

It is instructive—and I want to quote from the *Medium-Term Policy Framework 1995—1997*. In part this is what they say:

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"Government is mindful of the likely negative impact trade liberalization could exert on the sector, and consequently, will establish appropriate support mechanisms to cushion these effects during the adjustment process."

They are aware of the negative impacts. The question is: Is it evident to you, Mr. President, and to anyone that any action is being taken? It goes on.

Let me now quote from the IADB mission assessment. It speaks about the likely impact of the Agricultural Sector Reform Programme. It talks about the most deprived rural population in Trinidad and Tobago. This is what it says in part:

"Although the displacement of small producers and farm laborers depend on the content and timing of specific policy changes, it is clear that, in the absence of related compensatory or 'safety net' measures, a number of farm families may be forced into poverty because of the proposed policy reforms."

Mr. President, the PNM *Medium-Term Policy Framework* acknowledges the difficulty. The IADB goes a bit further to tell them what problems are likely. It goes on:

"Many of the displaced smallholders and laborers both male and female have coping strategies that can cushion the negative impact of the proposed loan. For example, many will shift to less profitable cash crops or will spend more time on cultivation of food crops for family consumption. Others may become squatters, and survive by subsistence cultivation and intermittent day labor."

The two documents are relating very nicely to each other. What is missing at this point in time is action. If we go on we will read and I would like to quote again:

"There remain (of the 60,000 persons employed in agriculture) at most 20,000 smallholders and workers vulnerable to poverty because of the Loan. This number includes some already below any poverty standard used, ..."

That is very wide, Mr. President. This is not the UNC talking here, the IADB is indicating this.

"...whose poverty will increase and others who will be thrust into poverty by loss of profits or employment...Nevertheless, this cannot hide the fact that the ASL will demoralize a significant number of small farmers..."

Mr. President, information is available to the Government. What the Government brings before us here today is not a mechanism to deal with the problem. As a matter of fact, I submit that it may very well aggravate the problem. As we go along, we will see.

Let us move to the Bill itself.

**PROCEDURAL MOTION**

**The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith):** Mr. President, I beg to move that the sitting continue until the third and final reading of the Bill.

*Question put and agreed to.*

**6.20 p.m.**

**AGRICULTURAL DEVELOPMENT BANK (AMDT.) BILL**

**Sen. M. Hosein:** Mr. President, if one looks now at the Bill at clause 4 dealing with section 9(1) under the Board of Directors. This Bill is proposing that:

"The Bank shall be managed by a Board comprising seven directors who shall be appointed by the Minister."

Mr. President, the pros of moving in that direction and giving powers—as a matter of fact, one previous speaker talked about too much power—to the Minister, you know there is a danger here and I want to place this squarely in the lap of those who have the power to deal with it. It is the question of jobs for the boys. We must deal with the question of jobs for the boys, because in it lies a great danger. When one starts going in that direction of jobs for the boys the likelihood that what will be sacrificed on that altar will be ability and efficiency. If one sacrifices the efficiency of the ADB, one is starting on the wrong foot at the beginning.

Mr. President, you will know that Trinidad and Tobago has been riddled with that kind of behaviour; we have been saddled with it. So much so that this present administration came to this Senate to argue that, "Look here, we must do away with this and that state enterprise because they are losing "X" money and so forth, and they are badly managed," but they did not tell us that they were responsible for the bad management, because they are the ones who put them there in the first place, and I am warning against that behaviour.

Insofar as it has been done to the country, insofar as we have made that error for over 36 or 37 years, whatever the number of years, maybe it is time to stop it; let us stop it now and let us put the best men or women for the job, as the case may be. Let us not hire people because they have a party card, or they are friendly with this Minister or that Prime Minister; let us avoid that. If we do that we can start a revolution in Trinidad and Tobago that can give us the efficiency and the honesty that is required to take this country forward. This is the point that I want to make with regard to the power of the Minister to appoint the board.

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Our system of Government suggests to us that the civil service and the people on state boards and so forth are neutral people and must remain neutral, that is the system of Government we have, as opposed to the United States of America which does not leave it to chance—a President comes in and he brings in his own team and puts out the other team. We have this system in place; our problem is that the system is not a bad system. What we have done is that we have fouled up the system. The only way to change it is to stop it, and if we could stop that, I suggest to you, Sir, and to the Senate that we will be on the road to a new dawn. I know many of my Friends opposite agree with me silently. They are not at liberty to say yes, because they would be in trouble. The point is significant enough, Mr. President, that the hon. Minister is here and with your leave, Sir, I just want to make that point in his presence.

Hon. Minister, I want to draw the Minister's attention, but it does not seem that I could get it— *[Laughter]* *[Interruption]* It seems to me that I would not get his attention, but do you know the Members on the opposite side would get the attention of the electorate soon. They will not be able to ignore that. I will tell them, I may be generous, but when the people deal with them they deal with them very brutally.

If one looks at the history of agriculture and if one looks at what is happening throughout the world, Mr. President, agriculture in every single country of the world is heavily subsidized. The only question is which country subsidizes heavier than the other? I submit to you that you will never see the end of subsidy in agriculture, every nation will get around GATT and whatever have you and they will continue subsidization in some way or the other. Mr. President, as we speak now there is GATT and all kinds of free trade but the United States of America and Japan right now cannot agree to the opening up of the Japanese market to American automobile spare parts. *[Interruption]*

**Sen. A. Mark:** Mr. President, can I rise on a point of order. Standing Order 43(1) speaks about the Senator persisting in tedious repetition.

At 6.30 p.m., Mr. President, I seek your ruling.

**Mr. President:** Sen. A. Mark has a point in what he is saying, try to—

**Sen. M. Hosein:** Mr. President, what am I repeating? Japanese spare parts?

**Mr. President:** Arguments that may have gone before.

**Sen. M. Hosein:** Then the Senator got up too late. If you are saying that it may have gone before, he has passed the bus.

**6.30 p.m.**

**Mr. President:** No, no. I am not talking about the Japanese spare parts. I am talking about arguments about trade liberalization which the Senators heard on repeated occasions in the not too distant past.

**Sen. M. Hosein:** Mr. President, the ADB has to do with free trade and subsidy.

**Sen. A. Mark:** We heard about that already.

**Sen. M. Hosein:** Mr. President, what is wrong with the Senator?

**Mr. President:** Senator, try to move on.

**Sen. Draper:** And be relevant!

**Sen. M. Hosein:** Mr. President, I would reserve that for the Lower House because what I have to say may not be parliamentary and I do not want to do that.

**Mr. President:** With your good training in this Senate are you going to perpetuate bad behaviour somewhere else?

**Sen. M. Hosein:** No, Sir. Bad behaviour will never come from me!

This Government needs to re-examine the tax exemptions given for agriculture. Many persons in the society took advantage of the tax exemptions. They bought estates and they did not work them but they used them as tax write-offs. If the Government wants to help agriculture and it wants to give tax exemptions, it should tie that in with job creation. The Minister ought to look at that. If that is done, then it would be likely that bigger people may come into agriculture.

Recently, the Minister made a statement about agriculture as a business. I am in agreement with that. I think it is a very good idea. Caroni (1975) Limited is doing it, and other people can do it. But in order to do that, there is need to attract people by giving the right incentive. I suggest that the incentive should be based on the number of people one employs. The more people one hires on one's farm, the bigger one's tax incentive. That is the way it ought to go. If we are able to do that, then we would get somewhere.

The Minister spoke about a \$36 million window. He did not develop sufficiently on this; I was hoping that he would have. What the Minister said in another forum and what I read in the newspaper on the same subject leads me to believe that what he is trying to do is to encourage young people into agriculture. I think he made the point that there are many old people and he is not seeing sufficient young people coming in, and there is need to do that for the industry to be viable. I have no problem at all with that.

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He talked about providing capital for these people. An election is not very far off. When we start to hear about \$36 million and new people coming into agriculture, it reminds me of the first set of incentives given to agriculture in the early days of 1961. Mr. President, you would recall that Minister's families were given land up in Wallerfield. There were many people given farms and money to do farming. They were farming cattle and they left the cattle on the concrete; they had no information or expertise about what they had to do. There are a number of people who bought taxis with the ADB money.

**Sen. W. Mark:** True! That is a fact.

**Sen. M. Hosein:** If the Minister does not know about that, something is wrong. It may well be that he is in the wrong Ministry. That has been happening. I get worried when I hear about this \$36 million on the eve of an election to bring in young blood. I hope that this will not be another giveaway to look for votes. I hope that is not what the Government will be doing. The Minister did not say what rate of interest this \$36 million will attract. I question the sincerity of this \$36 million to bring in these farmers to give them land and capital. The reason for that is that the nation's top farmers in this country in Aranguez and surrounding areas have a running battle with trying to acquire lands on which they are farming, and this Minister refuses to negotiate on their behalf.

**Dr. Rowley:** Mr. President, I just wish that the Senator would not seek to mislead the Senate. I would not rise on a point of order to have you rule on that. The Senator is misleading the Senate and unless he desists, I shall have to rise on a point of order. And he knows it!

**Sen. M. Hosein:** Mr. President, what I am saying is a fact. The Minister did a little work in the early days—I shall give him that—but then he left it high and dry. Right now, the farmers are fighting tooth and nail to buy the land at a reasonable price and this Minister has refused to go with them to negotiate on their behalf. When the Government tells me that it will give new farmers land and money, I challenge the sincerity of that. These are people who work from sun-up to sundown. Aranguez is the food basket of Trinidad and Tobago. This Minister is aware of that. Why has he not done something about it? Why has he not been able to get those lands for those farmers at the correct price?

**Dr. Rowley:** What is the correct price?

**Sen. M. Hosein:** Mr. President, the Government did a study on those lands and up to now it has not released the results of that study. We have called for the result high and low and we have not received it up to today.



**Dr. Rowley:** Who are we?

**Sen. M. Hosein:** I represent the farmers of Aranguez and you will find out when you come to fight the seat who they will be voting for. *[Interruption]* You could talk to him about that but do not come in that area and talk, you know.

**Sen. Barrack:** He is an outcast; Diego Martin rejected him.

**Sen. M. Hosein:** Mr. President, when I speak, I speak *ex cathedra*.

**6.40 p.m.**

Mr. President, this kind of mamaguy is not going to be accepted by this side. We know these guys. We know them well. The \$36 million for land and loans is just a disguise. That is election money. That \$36 million is to give away taxpayers' money to buy votes for the next election. That is what they are going to do and they know it and I know it. They are not understanding the intelligence of the electorate. The intelligence of the electorate has left them behind. They are still in the stone age.

In 1961, I told them that they could not educate and fool at the same time but they did not listen. It has caught up with them now. If they are going to keep people foolish, they have to stop educating them.

Let met now deal with the Minister and his funding for the ADB. Earlier on he admitted that two-thirds of the funding for the ADB comes from Government at no interest and that one-third comes from outside sources at 8 per cent. *[Interruption]*

Is the Minister purposely misleading the House? You could get away with that downstairs, not here. We have good ears. Do not correct me, look at *Hansard*. Mr. President, do you know what that amounts to? It amounts to the total funding at 2.66 per cent interest and they are lending farmers at 12 per cent. Do you understand the deception that is going on here and they want us to believe that they are helping farmers? This is the deception and the deceit. What of the management of the ADB? My good Friend, the hon. Sen. Prof. John Spence, as usual, educated the Government on agriculture, but likewise it goes through one ear and out the next.

Mr. President, for the last three years Sen. Prof. Spence has been trying to educate them on that subject of the marriage between agricultural production and the school feeding programme and they would not listen. What is stopping this other than political stultification? When we examine Trinidad and Tobago and we see the land base, the money, the people, the expertise right here in this

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Senate—and then we find that the custodians of the people's money are going in the opposite direction and doing crazy foolishness, you wonder why. The argument is so elementary but they do not understand it at all.

Mr. President, do you think that my Friends opposite really care how many children faint before lunch time in schools? Is the acting Prime Minister aware of that? Is he aware that in schools, by 10.00 o'clock in the morning in many schools on the days when lunch is being given, several school children faint because they had no breakfast? Mr. President, are you aware of that? Mr. President, are you aware that in the Barataria/San Juan area alone, we are feeding over 150 persons, children under 16 years—

**Sen. Rahael:** Who we?

**Sen. M. Hosein:** Me, the UNC. They would not put that on the national report. Oh no, that will not get there at all! National report, the good news, that kind of thing is never heard. Is the acting Prime Minister aware of how many clinics we are running in this country so that people could get medical treatment? How many farmers are getting free—

**Sen. A. Mark:** Mr. President, I rise on a point of order. The Senator continues to be irrelevant. We are dealing with a Bill that seeks to vest the ADB with greater corporate and management independence.

**Mr. President:** Senator, you are allowing yourself to get carried away on matters that would be best discussed on the platform. Get back to the Bill before the Senate.

**Sen. M. Hosein:** I thank you for your intervention, Sir, and to you, my good Friend, Sen. Ainsley Mark.

Mr. President, the Minister is reported as saying that people should not be farming for food and doing it just for a living. I read that in the newspaper. I ask, why not? Why should people not be farming for a living? Why? Over 26 per cent of this population is living under the poverty level. There are over 100,000 persons unemployed. That is what was reported in the *Newsday*.

One would have thought that when the Government is bringing a Bill of this nature to restructure the ADB, that it would have brought some kind of discussion as to why the ADB lost this amount of money. I thought that was what the Minister would come to tell us. Make out a case and tell us what was the reason. Is it bad management? What happened to those non-performing loans? Is it that they are allowed to just go their way?

My understanding is that when they lend the money, most of the times that is the end of the story. The only time afterwards they go to these people is when the loan is not performing. If they go that route they will have the same problem. And do not talk about the employees they have to retrench.

I expected the Minister to inform us that they have a management problem and Mr. 'X' will be axed and Mr. 'Y' will be removed because he is incompetent. But that is not what we have heard. As a matter of fact, one of my good friends from the other side told me that is not the case; that they promote them when they do not perform well. As a matter of fact, I understand they make some of them Senators when they do not do well. That is what I was told.

**Mr. President:** Senator, let me give you a little tip. You cannot state what you expected the Minister to say and proceed to counter what you think he should have said. You have to deal with what he actually said otherwise you would be irrelevant, if you understand what I mean.

**6.50 p.m.**

**Sen. M. Hosein:** Mr. President, I want to understand this. Are you saying to me—

**Sen. Draper:** That you are irrelevant.

**Sen. M. Hosein:** Mr. President, why do you not say something about him?

**Mr. President:** I am dealing with you right now.

**Sen. M. Hosein:** Are you saying that you are forbidding me to say that I wanted to hear certain things from the Minister. Is that correct?

**Mr. President:** You are saying that you expected the Minister to say certain things.

**Sen. M. Hosein:** Are you saying that I cannot say that?

**Mr. President:** No. You cannot then turn around and talk as if he actually said it. I have been watching this for a long time. Certain Senators—and it happens elsewhere, too—say that this is not the relevant issue and proceed to deal with what they perceive to be the matter of importance and relevance. We are dealing here with what comes before the Senate. That is always the relevant and important issue. This is what I am telling you today. You cannot say that you expected to hear the Minister say certain things, then continue after that to behave as though he actually said it and start to say he should have done certain things. That is out of order!

**Sen. M. Hosein:** I bow to your ruling, Sir. [*Interruption* ] I only bow to the President's ruling, not yours. I want you to understand that. You have not been promoted to that exalted position as yet. He is a friend of my mine; he could say anything. That is all right because I know when to ignore him.

**Mr. 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. C. Merritt*]

*Question put and agreed to.*

**Sen. M. Hosein:** Mr. President, I know the stick is hard to take from that side.

**Mr. President:** Do not spoil the record of the Senate in being very magnanimous.

**Sen. M. Hosein:** Mr. President, I support Sen. Mansoor's amendment that the question of the special directive given by the Minister should be put in writing. I think that is very important. I thank Sen. Mansoor for making that amendment and I encourage Senators to support it. I also support the amendment on the banks with regard to the loan portfolio.

I differ with Sen. Mansoor when he talks about triennially. I believe it should be done annually. I support that the loan portfolio should be produced to the Auditor General and also the Public Accounts Committee.

**Hon. Senator:** Is that confidential?

**Sen. M. Hosein:** But the Public Accounts Committee is a confidential committee!

**Dr. Rowley:** What!

**Sen. M. Hosein:** I believe that if we are able to put those amendments together, we may salvage a little out of this Bill, but not that it will help the farmers.

I ask the Minister to revisit that 12 per cent. I believe that is too onerous, notwithstanding that it is lower than the prime rate in the bank. For agriculture, 12 per cent is too high, especially when one is borrowing at 2.66 per cent. The spread should not be more than 5 per cent. Therefore it should be 8 per cent maximum. It should be no more than that.

Thank you.

**Sen. Carol Merritt:** Mr. President, I will be very brief. I just have a few concerns that I want to ask the Minister to address in his winding up. While we appreciate that the Agricultural Development Bank needs some measure of reform, the amendments proposed do not address the chronic problems which exist presently in the Agricultural Development Bank. When I talk about chronic problems I need to get some information from the Minister. We have not been furnished with much information on this Bill. This is another piece of legislation before us with scant and very vague clauses.

I need to get some information from the Minister with regard to the technical crew. Does the ADB have a technical crew that goes out to the various farms after the loans have been granted, to keep the bank up to date with the performance of the loan? Maybe, I should recommend this. If there is a technical crew to go out to the various farms to look at the performance, they would be aware of the problems as they come to hand to nip them in the bud. In that way there would be a whole historical background of the performance of the loan and the problems experienced by the various farmers.

In this day and age it is all well and good to grant loans, but we have scarce resources. If we could nip a problem before it escalates, we should do so. The farmers should get technical advice to steer them back on track so that they would be successful. We do not want our farmers to fail. Look at the cost of living and the price of foodstuff. If we have successful farming many people would be able to get food in the country today. We need to have technical field crews to go out to examine the work and see how the farmers are progressing.

The Minister presented the Bill with a long list of new powers which the bank will have, as stated in clause 15, if this Bill is passed today. There are some chronic problems, one of which is the arrears that is owed by the various farmers. Yet he did not attempt to clear up some of the concerns that will bring thoughts of corruption. We have heard statements that there were corrupt practices in awarding loans. Maybe in his winding up the Minister could—[*Interruption*] I know you like to fly up on your high horse but not in this Senate. Keep that for somewhere else. Mr. President, through you, sorry.

**Mr. President:** Pay some courtesy to a Minister from the other House.

**Sen. C. Merritt:** I try not to be discourteous but sometimes some people rile you the wrong way.

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If the Minister tries to clear up the misconception of corruption, he can give us a detailed list of the loans written off, the recipients, the purpose for which the loans were first awarded, the terms and conditions of the loans and why the loan instalments were not made. What attempts, if any, were made to recover such loans and what is the financial standing of the individual farmers. Getting the history of individual loans would assist us.

They needed to ascertain that before they brought new legislation. They are only bringing new legislation on the current problems and not trying to eradicate those problems. Legislation, as we saw with the Regional Health Authorities, did not help solve any of the problems in the health sector. They continue. Unless we try to eradicate problems before bringing legislation, we will be in the same position.

I have been speaking with a couple of the farmers from Wallerfield and Talparo and I understand that some of them have received solicitor's letters. After receiving the letters, I think they approached the bank to get statements on their loan portfolio and, up to this day, the bank is telling them—this is what was told me, I do not know if that is true—that they do not have information on the individual accounts. Maybe we need to know about the accounting system the bank presently employs to ascertain why the farmers cannot get the information they are requesting.

With these few humble concerns, I thank you.

**The Minister of Agriculture, Land and Marine Resources (Hon. Dr. Keith Rowley):** Mr. President, let me begin by thanking those Senators who made a contribution to the debate this evening. I must say it was quite enlightening, stimulating and on some occasions even entertaining.

I want to thank those Senators who have expressed their support for the measure. It tells me that they have received it in the light in which the Government sought to present it. It is possible to interpret baptism in a way that demonstrates drowning. It is possible to perceive a bouquet as a wreath and, unfortunately, that is the context in which some of my Friends on the other side see this measure.

I would like to touch on a few points of substance raised by those Senators who sought to deal with the measure before us. Let me begin by touching on the points made by Sen. Mansoor who raised the concern about the Minister being

able to give directions of a special or general nature on the policy to be followed in the exercise. While I agree with him entirely that one would want a record of such a directive, I think a little more emphasis should have been placed on the fact that this has to do with policy and not with operations. Many of the fears that would have been engendered from that concern were demonstrated by the example that this seems to give the impression that the Minister would then determine who does what and who gets what, when and how. What this clause refers to is policy.

We will accept the amendment which now reads that "the Minister may give the Board directions of a special or general nature in writing and the policy..." If the management of the board does something which it has to explain, it cannot come after and say that some Minister, who may not be there, told it to do so and so. We have had that experience, which strengthens the legislation. We will accept that and it will allow this clause to be strengthened. That is no problem.

Another amendment which was suggested by Sen. Mansoor has to do with the auditing or management. It arose out of a concern raised by Sen. Prof. Spence that now that we are giving the ADB wider powers to get into traditional banking arrangements, what degree of comfort will be given to those persons who might deposit in the bank.

Let us treat with this in the context, not only of this amendment, but in the context of the parent Act and in the context of the Financial Institutions Act, 1993. As it stands now, the ADB, under the Financial Institutions Act, is exempt from that full plethora of examination by the Central Bank. However, as of now, the ADB cannot take deposits. If the amendment goes through, then the ADB can take deposits.

The ADB is now listed in the Third Schedule, and is an exempt institution under the Central Bank control. In the event that the ADB becomes a deposit taker, it will then be required that a number of other things fall into place. At that stage the Minister of Finance will have to determine whether the ADB should be under the Third Schedule. It will require a simple change in the regulations to allow the ADB to be removed from the Third Schedule and then fall under Central Bank's control. This can be done for the entire range of monitoring or for specific aspects of the control of the bank under the Financial Institutions Act.

One of the concerns is that if the ADB falls under the entire range of scrutiny, the whole question of deposit reserves arises. Given the fact that the ADB is a bank and would be so for quite some time, using very limited resources all of which one would want to make available to the farming community, then it would

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take quite a consideration for it to be moved to become a deposit taker. At that stage, it would automatically trigger it being removed from the Third Schedule. Therefore, we can insert here, at committee stage, some changes based on the amendment put forward by Sen. Mansoor, where the Auditor General's involvement would provide some measure of comfort and monitoring.

In the event that the amendment in its entirety is accepted, it will have many implications for the Auditor General, the Financial Institutions Act and so forth. We do not want to give the impression that the bank would be uncontrolled. We are saying that it will remain in the Third Schedule and if it becomes a deposit taker, it will then be removed, not by the Minister of Agriculture, Land and Marine Resources, but by the Minister of Finance, who will then want to ensure that as an institution, which is now engaged in this type of business, it is now under the control of the relevant authority.

**Sen. Mansoor:** Would the hon. Minister be kind enough to identify the trigger that would force the Minister of Finance, at that stage, to say that it must become a financial institution? The way it is set up right now, the Financial Institutions Act says that the bank is exempt and what we are doing today says that it can take deposits. What is the trigger that would force the Minister of Finance to do exactly what you have said—make it apply for a licence under the Financial Institutions Act?

**7.10 p.m.**

**Hon. Dr. K. Rowley:** The trigger that would force that, seems to me to be the fact that the Minister of Finance in his discharge of that responsibility for banking institutions would not, without exposure to negligence, have an institution which is taking deposits, but is not covered appropriately by the institution which is supposed to govern and regulate such an institution.

If the ADB moves in that direction, then immediately the Minister of Finance who has the responsibility for such an action, would be triggered into protecting the public by ensuring that the ADB is now removed from schedule 3. As of now there is no argument to take it out of that schedule because it is not involved in the business of deposit taking and so forth. I think the Minister of Finance, in the protection of himself and the discharge of his own responsibility, would have to do that, otherwise what in effect he will be presiding over is an institution, ADB, as it is called, which exists and in fact is taking deposits and not being governed by the Central Bank.

I would also like to draw your attention to section 65, Part XIII of the Financial Institutions Act, 1993 which makes provision that the Minister—



"Notwithstanding Section 62..."

which is an earlier section which talked about the Third Schedule and which I had made reference to a moment ago. It says:

"...the Central Bank may, at the request of the Minister, require information from, enquire into and examine the affairs of any financial institution mentioned in the Third Schedule."

That covers the ADB. Those were two points of great substance which were raised and I thought that we would dispose of those first.

Sen. Rev. Teelucksingh did mention the question of neglected farms. I want to put that in perspective, that these operations did not acquire that description overnight or lightly. For a farm to be determined and described—as raised by Sen. Rev. Teelucksingh—as neglected, on inspection of the records and the facilities one would find that these are the cases where the ADB has tried very many approaches before, and at the end of the day would reluctantly have come to the conclusion that these operations are as described, neglected. For a variety of reasons, not the least of which that persons who have entered into the arena of farming of whatever nature may have discovered simply that this is not phony and would have walked away, some persons may have accessed the loan and even with the best of supervision, one knows the level of ingenuity that our people can demonstrate from time to time.

In many instances in that category one may find that the loans may not have been used totally and fully for the purposes for which they were borrowed and, therefore, it led to personal disillusionment and abandonment. At the end of the day the bank, which would have taken collateral in the form of those properties, now has no choice but to put the properties back on the market so that another farmer may acquire it and proceed along a different route.

One of my colleagues on the Opposition Benches did mention earlier on quite incorrectly—I think it was the venerable Sen. W. Mark who mentioned—inequality of treatment in treating with loan write-off and so forth, and he made the point categorically as if he had such information, that nothing has been done to ease the burden on those farmers who got into difficulty with respect to the bank eating some of their debt in the form of write-off. Mr. President, that might sound good coming from a person or persons seeking to advance themselves as champions of the downtrodden, but then the facts do not bear that out. We have said this time and time that the ADB treats its clients on a case by case basis in the context of its overall policy of being an assister to the farming community.

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Having gone through the case by case basis the ADB takes banking decisions to determine whether in fact it follows to throw good money after bad, or whether in fact, this thing can be salvaged.

In so doing, just for the benefit of demonstrating to the Members that the ADB has in fact stretched out hands of support to those farmers in difficulty, in 1992, the ADB wrote off \$38 million of liabilities of farmers in seeking to assist those farmers carrying a lighter burden. Two years later the ADB wrote off \$108 million. It is quite incorrect to say that the ADB has taken this draconian position with farmers that if one cannot pay then the heavy hand falls on one. It is not so at all. When one sees those properties up for sale tell oneself that that is a last resort after a long road of assistance has been extended. In fact, in many instances the assistance comes in co-operation with the farmer and even the farmer himself would have determined that this thing cannot work, and therefore let us seek to rectify it in that way.

Having said that I was quite disappointed, but I think if only for the record I must express my own disappointment in the conduct of Sen. W. Mark who sought in his contribution to give the impression when I said that the Government—it was quite surprising that Sen. M. Hosein was saying that he did not hear anything about the bad debt portfolio; I spoke at length about the size of the bad debt portfolio, I said it was \$178 million; I said it was removed and put into another state agency and paid for at a certain rate of 35 cents to the dollar and that agency being a specialized agency for that purpose—

**Sen. M. Hosein:** On a point of order, I think the Minister is misquoting me here. I never said that I did not hear anything about the bad debt portfolio.

**Hon. Dr. K. Rowley:** Mr. President, I am not going to question *Hansard*, but I want to deal with the comment of Sen. W. Mark. I said that Taurus was dealing with this loan portfolio of the ADB, and in seeking to give the impression that Taurus was the worst possible ogre to have put this loan portfolio with that, giving the impression that Taurus was in some way behaving differently with big business and the small farmers. Sen. W. Mark sought to put on the parliamentary record a letter which he claims to represent Taurus in its dealing with a property called Rema Property Development Limited which involved Members of this House. He is seeking to give the impression that Taurus had, in fact, taken steps to write off substantial loans for this Rema Properties. I just want to correct the record, that to the best of my knowledge that letter has nothing to do with Taurus. Taurus is a state agency and that letter which is purported to have come from Taurus and to implicate the Leader on this side was quite deliberately misleading.

In fact, there is another point I want to make on that. It is not only misleading, but destructive. Interestingly enough I heard from Sen. M. Hosein or some other of his colleagues who made the comment that the loan portfolio of the ADB should be laid in Parliament, I want to make it quite clear here and now—*[Interruption]*

**Sen. M. Hosein:** Mr. President, I wish to raise a point of order again. The Minister is misquoting me again. I never said that.

**Hon. Dr. K. Rowley:** Mr. President, I am sure you would have heard that Senator saying that the loan portfolio of the ADB should come before the Public Accounts Committee which is a committee of Parliament. He has a right to object now.

**Sen. M. Hosein:** Mr. President, the hon. Minister ought to know better. A committee of Parliament, the PAC, is quite different from being laid in Parliament. The Minister ought to know better than that.

**Mr. President:** Maybe I can shed some light on that, the only way that a matter can reach the Public Accounts Committee or the Public Accounts (Enterprises) Committee is if the House refers that particular matter to the Public Accounts Committee or the Public Accounts (Enterprises) Committee.

**7.20 p.m.**

**Hon. Dr. K. Rowley:** Thank you, Mr. President. I am amazed that the Senator could have made that suggestion. But, again, I am not surprised because these things will happen when one is making policy on the hoof; that cannot be a policy of his party. I would have thought that anyone who is serving in the House would have known that before a matter comes to a committee of the House, it must come from the House.

I was saying that my Government disagrees totally with that kind of approach. I was going on to make the point that, as far as I know, the matter which was raised here about Rema Property Development Limited, seeking to implicate the Leader of Government Business, is a matter that involves a number of institutions—Algico, Clico, Republic Bank, Bank of Commerce and First Citizens Bank. It is not without some interest that in a banking matter involving all these institutions, that letter which comes into this Senate to be treated in that manner, comes from FCB which is John Public and the State. That augurs not so well for the future of that bank because banking is a confidential matter and the strength of any bank has to do with the conduct of its officers. If the FCB finds year in year out that it is in difficulty, it should ask itself why. It did not come from Algico that also had to write off debts; it did not come from Clico; it did not come from Republic Bank; it did not come from the Bank of Commerce; but as long as the

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state is involved, there seems to be other standards. I think that we should take note of that.

When one takes that on its own and the comment about laying the loan portfolio in the Parliament, one would understand the difference between those of us on this side and the policy of those on the other side. [*Interruption*]. All I am saying is that we espouse a different policy because we believe that responsibility has a place in this country.

Mr. President, we heard wonderful things about what the UNC government will do. I want to read to you from the manifesto that was presented to the people of this country. This manifesto was presented (*Member shows the UNC manifesto*); this one was presented (*Member shows the PNM manifesto*). Like Sen. W. Mark, this one was rejected (*Member shows the UNC manifesto*); this one was not (*Member shows the PNM manifesto*). We had all these wonderful tidbits about policy this evening, but the policy is written here on page 40 of the UNC manifesto. It speaks about abolishing the ADB. I did not hear that this evening. It says:

"The U.N.C. will integrate all the development finance institutions viz: Agricultural Development Bank, the Development Finance Company and the Small Business Development Company into a National Development Bank."

That is the policy that is written in this document. This afternoon we heard all kinds of policies but we did not hear that. It goes on:

"The National Development Bank will seek development funds from the regional and international finance institutions. It will also be empowered to raise funds in the local and international money markets."

**Sen. M. Hosein:** What is the problem with that?

**Hon. Dr. K. Rowley:** That is the policy. We heard Sen. W. Mark talk about the Government of Barbados and its testicular fortitude. I ask Sen. W. Mark: In seeking to raise these funds from the international financial institutions, would the UNC set the terms and conditions without reference to the institution? Insofar as the policy as written by those who would form government is for raising money on the local and international money market, will those funds have any cost attached to them? Insofar as they have costs attached to them, will it then be that that will then conform to what was said in another place? I have a copy of the exact words here of an earlier script from the real leader who said:

"The UNC will do it differently. We will lend below cost, and this will be done according to farmers' needs."

**Sen. M. Hosein:** Mr. President, what is wrong with that? Does the Member have a problem with that?

**Sen. Barrack:** If the Member does not know, it is called subsidizing.

**Hon. Dr. K. Rowley:** Mr. President, there is a clear difference in policy between those on this side and those on the other side. They will borrow on the local and international markets and they will lend below cost, so, in effect, what they are saying is that the ADB will continue to do what it has done before as described today. We are not without a reference base. The ADB, for many years, did in fact lend money at 3 per cent. If lending at 3 per cent was the panacea for the agricultural sector, then this country should never have had any difficulty in agriculture. Sen. Capildeo said that agriculture is a money losing business and always has been so.

In one breath, we are told that the problem in agriculture today is because of Government's policy of lending at high interest rates. But there was lending at low interest rates! We were told that agriculture died since 1982. Also we were told that Government lent money to the wrong people.

In one breath, we are being told that those poor farmers who owe the bank and who the Government is now treading on were the wrong people. If they were the wrong people, the corollary is that they should never have been lent money in the first place. What exactly are they on the other side saying? In one breath, they are saying do not lend them; in the other breath, they are saying that the Government did not lend them; and in the next breath, they are saying not to charge them interest.

In attempting to give the impression that they have an alternative logical and sensible approach to banking for agriculture, they make a suggestion. To get away from this question of borrowing, lending, paying back and interest rates, they have evolved a policy on the hoof which says that under their policy the bank will not make loans available to charge interest because that would get farmers in trouble. Any farmer who has a project, the bank will examine it and take an equity share in this project, finance it to the tune of the bank's involvement of whatever level in it and then the bank will share out of the proceeds of the enterprise.

Mr. President, I want you to examine the import of that. Can you see the ADB as a partner with every rice farmer, every banana farmer, every tomato farmer, every chive farmer in Trinidad and Tobago? In this country, even when they have

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the collateral at stake, one is having difficulty in collecting. Is it when they do not have anything at stake, one would collect? I want you to try and comprehend that policy.

A man comes to the ADB and says, "I want to plant an acre of chive." The ADB says, "Good idea, how much do you need?" The man says, "Ten thousand dollars." The ADB says, "Okay, we will take \$5,000 in equity." Of course, after the chive is grown one would hear who stole it, which flood washed it away, whose cow ate it. Where exactly would the ADB be? They cannot be serious!

**7.30 p.m.**

All of that in attempting to give an alternative. I simply say, that arrangement as advanced as an alternative is patently unworkable. And, therefore, in seeking to treat with the ADB, in seeking to strengthen it—and the question was asked, it was Sen. Capildeo who asked where in this Bill is anything for farmers? What in this Bill will feed the people?

I do not know that the Senator was expecting to see a menu or a market list in the Bill. Insofar as the Bill seeks to sustain the farmers on their farms by providing them with a necessary input which is capital, that answers the question. We are seeking to have an institution which would have its door open specifically to farmers. Farmers will access the capital input, use it to fund their operations and those operations will provide food which would be bought and cooked by those who eat food. Therein lies the answer.

I can tell the Senator that there is in the Bill an answer to that question insofar as we are saying that what the ADB represents is that support to those farmers—because insofar as the ADB has 5,000 farmers on its books there are many more farmers in this country who do not access the ADB. It is those who seek to get supplemental support; some need 20 per cent, some 60 per cent, some 100 per cent, it is those who seek that support who will find that place to go.

I got the impression, in trying to follow the logic from some of my colleagues on the Front Bench on the other side, that they have a problem with viability. One got the impression that there is an incompatibility with viability and service to the farming community. The arguments were presented that since we are saying that the thing would be viable it will be detrimental to the farming community. I do not agree that is the logical approach. In fact, it was said in another place; believe it or not, by one of their colleagues that all that is going to happen is that the ADB is going to pile up a set of money and have this big pile of money wanting to levy

it at high interest rates and not lend it to anybody but sit there on this pile of money with high interest rates. I do not understand the logic.

**Sen. M. Hosein:** On a point of order, Mr. President. Can the Minister substantiate what he is saying?

**Hon. Dr. K. Rowley:** Mr. President, it is there in the parliamentary record and I encourage him to read it.

**Sen. M. Hosein:** Mr. President, it is either the Minister substantiates the statement or withdraws it.

**Sen. W. Mark:** Mr. President, I would like you to rule on the question of the Minister of Government making reference to a debate in another place without us having an appreciation of the contents of that.

**Mr. President:** I advise the Minister to desist from making any reference to debates in another place. When I say so, do not use comments made in another place and reply to it in this Senate.

**Hon. Dr. K. Rowley:** I thank you, Mr. President. I am not surprised that the comments are disturbing to them.

I want to raise this question about viability. Let me deal first with the issue raised by Sen. Wade Mark about taking instructions from agencies abroad.

This Government, like others, has seen it fit to seek to access funds that are available to us from international institutions. In so doing, the opportunity is provided for us to negotiate with those institutions. Anyone following the history of those institutions would know that there was a time when many governments accessed those pools of funds promising to do a number of things, and when they get their hands on the money they did not do what they said they would do. We have an example here in Trinidad and Tobago.

The first World Bank loan that we got under the last administration had many conditionalities on it. I believe it was US \$40 million. We got the money, it was spent and, of course, the conditionalities were not met.

International multilateral agencies took the position that one must tell them what one is going to do, set out one's policy, let them put that in a contract form and they would disburse the loans in tranches so as one keeps one's word, they keep their word. That is the nature of it. To come and talk about who in Barbados saying they are not doing what, that is not something that we can deal with. Time will tell whither goes Barbados and that would be for the Barbadians to deal with.

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To say that you want that approach here—the approach which has been taken is that this Government has laid out its policy—it is there in the medium-term document laid in Parliament.

Sen. Wade Mark today, reading from a document that was laid in Parliament, this very document signed by the Leader of Government Business, yet as he is reading it he is saying that the Government is operating in secret and rolling over to the international agency. The contract document was laid in the Parliament as soon as it was signed, as a routine policy of this Government. These documents have come to the Parliament from the medium-term policy to the contract document, to the letter of intent. In fact, I do not know if he was hoping that we would disown this letter. What he would have observed is a consistency in policy from the medium-term document to this document, to the loan document. That is all he would see. In fact, what happens is that one goes to the agency, having developed one's own programme as to where one wants to take the country and one says to the agency, this is our policy and this is where we are going. If they agree to lend one the money, one then writes one's policy into the loan document.

When we went to the international agency it was after we had taken our decision that we had to restructure the ADB. The fact that it is now a condition for the loan does not change that, but we are saying to the bank, that we are going to be doing this with the ADB and the bank is saying to us, put it in writing in the contract and it would make that a condition of the loan drawdown. I do not know what the problem is in trying to quote this as a secret document. The Government stands by this. It is signed by the Minister of Planning and Development who is the negotiator for the Government and there is no mystery to it. None whatsoever.

**Sen. W. Mark:** I wonder if my hon. Friend would be able to explain to this Parliament the inconsistencies in the PNM's manifesto on page 19 under finance and this sectoral policy.

**Hon. Dr. K. Rowley:** Mr. President, I submit that there is no inconsistency. Those on the other side who studied this document—and I know they all studied it very well, because they would like to understand how this document was produced. The argument raised about the manifesto is that the manifesto says:

"...that the...(ADB) is not fulfilling its intended role of a development agency, and instead is now providing strictly commercial lending."

Mr. President, what weight does he give to the word "strictly"? What weight does he give to the word, "now"?



**7.40 p.m.**

This was written in 1991 in the context that—contrary to what Sen. Barrack said this afternoon—this administration is the one that brought interest rates to 12 per cent at the ADB. That is not correct. In 1988, the government of the day, being constrained for resources and not having the amount of resources that it would require available in the Treasury, the government—not the ADB because the ADB goes nowhere. I heard Sen. W. Mark say that the ADB went to the IDB and the CDB. The ADB goes nowhere for any loan. It was the Government of Trinidad and Tobago that went to these agencies and borrowed those moneys and on-lend them to farmers through the ADB, in seeking to discharge its responsibility to the farmers. In 1988 that process was embarked upon.

We were observing the process and then the move was made from a 3 per cent over the decades to a 12 per cent. At that time the rate in the bank was 15 per cent. It is the 12 per cent as against the 15 per cent which we are concerned about and that is the direction of strictly commercial lending. That is not the way to go and we would seek to ensure that there is some measure of concessionality involved. There is no inconsistency. Today, the lending rate, as I said earlier on, is between 18 per cent and 22 per cent. The ADB rate is still 12 per cent; so under this administration there is a margin of at least 6 per cent, whereas at the time which we were talking about it was 3 per cent and rising.

It was our intervention and concern at the time that we were moving towards strictly and purely market rates. I do not see what playing consistency is. In seeking to make arguments the facts are not borne out. Today the ADB is still lending at 12 per cent which it was doing in 1991.

**Sen. Prof. Spence:** Since the hon. Minister is on interest rates I wonder if he would clear a point. I think it is important that we do not leave with an incorrect impression. I outlined what I understood his presentation to mean. If that is not so I would be grateful if he would correct it. I think it is important that we put the record straight.

My outline was that you said that the ADB was getting money from the Government and does not have an interest rate to pay. It was borrowing from the CDB at 8 per cent. I then put those two sums together and came out with the rate of interest it had to pay for its money at 2.5 per cent. I do not think that is correct so I would be grateful if you would correct that.

**Hon. Dr. K. Rowley:** I must apologize to Sen. Prof. Spence and Sen. Barrack who did a piece of mathematics based on a bit of information that I provided

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earlier on. I gave the wrong impression by what I said at the time. When I was asked I did not have the specific figures before me. I now have them and I am grateful that the Senator raised it.

During the debate I had a chance to work out the details. I did compute this during the debate so I would like to correct the records now. In the period 1988 to 1994 the ADB had access to \$357 million of which \$214 million came from borrowed funds. If my mathematics is right that is about 66 per cent of borrowed funds being made available in the bank. The bulk of the funds are funds borrowed at 7 and 9 per cent interest. Therefore, those calculations that sought to give a finding of 2.5 per cent would be wrong and I apologize for that. However I want to remake the point that even when the Government's contribution is added to that and lending is at 12 per cent, the bank is still operating on a very narrow margin at 12 per cent on a reducing balance. That alone is a benefit. In the commercial banks one is paying 18 per cent on the original sum. In the ADB one is paying on a reducing balance.

**Sen. Prof. Spence:** I understand that there was a tranche from the Government, from whatever level, one-third instead of two-thirds which was free of interest. That was one point. The other point that I think we really need to put on the record is: Will such funds be available in the future?

**Hon. Dr. K. Rowley:** Insofar as there is nothing to prevent the Government from making funds available to the ADB, however, it would be Government's policy as outlined in this document that moneys available to the ADB should be lent at least to cover its cost. Even if money is made available through the Treasury it would have to be lent at an interest rate to cover the cost of operation to the bank. I do not think that those moneys will permit the ADB to go back to the position of 3 per cent. There are those like my friends on the other side who would tell me that there should not be any charge on the money. We believe that it is possible to support agriculture by making funds available at some interest rate and still be beneficial to farmers. We did have a period of lending substantial sums at 3 per cent and it was not a panacea.

**Sen. Prof. Spence:** I think it is important that we get the record straight. That is why I keep pressing it. The point I raised is whether Government is able to present money to the ADB at zero rate of interest. The ADB has to lend it at some rate of interest in order to cover its costs.

**Hon. Dr. K. Rowley:** If the Government is going to be the financier of the ADB then it would have to lend it at a cost. There will be an interest charge. What

I am not going to be driven into committing the Government to an interest rate at the ADB.

Let us settle the argument by saying that there will be an interest charge at the ADB. What is that charge going to be? Today it is 12 per cent and it could vary. Earlier on I heard Sen. Wade Mark say that the future holds—we have 10 years of oil and if no oil is found our support sector will collapse. I simply ask myself the question: If, in fact, the country comes to that sorry past where we find ourselves losing our hydrocarbon input into our economy, are you trying to tell me that all the rest of the economy will be affected adversely except the ADB? If that happens to Trinidad and Tobago it will happen to all of us. I do not see the argument in trying to say that we must commit ourselves to having no movement of interest rates. I do not know what the future holds.

In comparison with Jamaica, again, I am not logical. It is not an analogous situation. In the case of Jamaica one has to make those statements in the context of prevailing commercial bank interest rates which I am advised can be as high as 60 per cent. If, in fact, the commercial bank rate is 60 per cent and the ADB is lending at even 30 per cent in Jamaica, returns on agriculture might not be able to generate at 30 per cent and, therefore, that puts a Jamaican bank in difficulty.

**Sen. Prof. Spence:** I wonder if the hon. Minister would answer yes or no to a specific question. Is it a conditionality of our arrangement with the multilateral agencies that the Government cannot lend money to the Agricultural Development Bank unless it charges the rate of interest that it would have to borrow that money from itself? That is what I want to get on record.

**7.50 p.m.**

**Sen. Dr. Saith:** Perhaps I can answer that. The Government's policy is that if it has to lend money to the Agricultural Development Bank or put in money other than equity, then it will do so at a rate that is equivalent to what it costs Government to borrow money.

**Hon. Dr. K. Rowley:** There is nothing to prevent the Government from putting money as equity, as has been done before.

Anyhow, I would like to get to the point of viability. The document that Sen. Wade Mark had referred to, about reforms seeking to transform the ADB into a financially viable and self-sustaining intermediary free to select its borrowers according to prudential lending criteria, and charge fees and final retail rates of interest which cover full cost.

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Mr. President, we did hear from Senators in Opposition. Those who know better were saying that it was electioneering and the wrong people got loans and so forth. If that were in fact so, why is there difficulty in accepting that the bank should lend according to prudential lending criteria? In one breath they are saying that there is a policy where persons who should not access loans are allowed to access loans, but now that we are taking a position that the bank must lend according to prudential criteria, they have difficulty with that. I do not understand what the logic is, Mr. President.

I have dealt with most of what was raised by Senators on the other side. I would only like to raise two last points before I wind up. One has to do with Caroni (1975) Limited. I heard much about land reform. I would only like to make the point that Caroni (1975) Limited has under its jurisdiction the single largest piece of arable land in this country. It operates as a state farm. We have a suggestion from Sen. Prof. Spence which he made over and over. We are examining it and seeking to take it on board because we agree with it to a large measure. In fact, at Caroni today, we are taking steps to make available to farmers idle lands throughout the Caroni lease programme. We are taking those idle lands out of the state farm and putting them into the hands of the farmers who will use them. I do not for one minute disagree with Sen. Prof. Spence's point that we should go further and put into that package cultivated lands which are now under citrus, but it is just a case of establishing a course of action.

I heard some Senators on the Front Bench saying that they support Sen. Prof. Spence. It is on record and I do hope that when we reach the stage of moving Caroni lands into the hands of private farmers and out of the state farm arrangement, that support would be forthcoming. That is all I can say.

Lastly, Mr. President, I want to tell Sen. Prof. Spence that the point he made about cocoa has been taken on board. His work did not go unnoticed. We are now currently seeking to deal with Non-Pareil Estates. We will use his input and others. Cabinet has only recently agreed that we proceed along that line with a few variations. When we get it firmly on track, in a tangible way, he will be pleased with what we will do at Non-Pareil. It is basically on the same concept that we have been suggesting.

**Sen. Mahadeo:** On the question of Non-Pareil Estates, I would like to ask the hon. Minister whether the "For Sale" sign has been removed.

**Hon. Dr. K. Rowley:** Yes, you can understand that. The Government twice tried to sell the estate as an integrated block and we could not get a taker who

would make a reasonable offer. Cabinet has agreed to discontinue that approach and to proceed with the approach which I have just mentioned.

It was our intention initially to allow a new owner to operate it along the lines of Sir Harold Robinson during the good old days when it was a major producer of cocoa. That has not been forthcoming. Again the point to be underscored is not that the Government is following slavishly any policy which says that it has no place or role in doing certain things.

Sen. Prof. Spence mentioned what we were doing in the energy sector where the Government is the driving force. We will do the same thing with cocoa. That in itself should confirm that we are not slavishly following any policy which says that we have a hands-off arrangement on these matters. In this case, we have taken the position that cocoa production is what we want as a country. There are difficulties with private investment, so that Government would re-enter the situation and move towards replanting, which is the point that Sen. Prof. Spence has made.

In fact, I would go further. The Government has a few more estates. I am talking with my colleague from the Ministry of Works and Transport now and we will, in the not-too-distant future, finalize a plan for using some Unemployment Relief Programme funds for replanting cocoa on some of those estates after we have conducted a survey to see which areas on those estates are suitable soil-wise and otherwise for cocoa plantations. When we have done that, we will proceed to plant cocoa in this country and the intention is that after we have planted the fields to release them to farmers on a scale which will make them viable in the hands of those farmers.

Mr. President, having said that, I simply want to say that I have met with Aranguez farmers on many occasions. It is a situation of a private landholder putting his lands on the market. Tenants on the land have been given first option. We have been able to get the landlord to reduce his asking price, to increase the term of payment, to give concessions to the point where there are different grades of land: where the asking price for the best grade is \$40,000 with the option to pay over 10 years, and the worst lands are \$15,000 being paid over 10 years. This is an improvement on what was there before when my predecessor had sought to negotiate an arrangement with the farmer.

The final word we had from the farmers was their position on the matter. We did not want to take their final position. I asked my colleague in the Ministry of Planning and Development to have the Valuation Division look at the situation

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and report. However, the report was that those asking prices were substantially lower than the market value of those lands. Some of the farmers have decided to buy and, of course, there are others who have followed my colleague and have taken a different position.

It is a private matter between landowner and tenants and I think, at the end of the day, there is a role for Government. However, there comes a time when Government's responsibility ends. In the case of Aranguéz, we have done much and I believe that the Government's responsibility has been discharged.

I have been to the school at Aranguéz, met all the farmers, made all the information available in public, and it is quite misleading for a Senator who has all the information to come here and give the impression that farmers are being trod upon in Aranguéz and the Government is folding its arms and has done nothing.

**Sen. M. Hosein:** On a point of clarification. Would the Minister tell us why he has not made that valuation report available to the farmers?

**Hon. Dr. K. Rowley:** I have just said that I met with the farmers at the Aranguéz school in the presence of the Member of Parliament duly elected for the area. At the first meeting we decided that we would ask the Valuation Division to look at it and take what they say. The second meeting was to report what the Valuation Division said. It is a fact that some people do not agree with the position. Some farmers agree and are in fact purchasing those lands. I would like to underscore the point that this issue is an issue between a private landowner and the tenants and there is a role for the Government in that, but there is an end to the Government's role.

Mr. President, I think I have dealt with all the matters of substance—

**Sen. Merritt:** I have observed that the Minister has disregarded the concerns I have raised and did not try to clarify them in any way for me.

**8.00 p.m.**

**Hon. Dr. K. Rowley:** Mr. President, I did not want to be identified as riding rough-shod on the lady, but I thought I dealt with all the matters that were raised. I cannot find it among my notes. If I can be reminded, Mr. President—

**Sen. Merritt:** It was about technical staff to monitor and follow-up after the loans were given.

**Hon. Dr. K. Rowley:** Yes, Mr. President, but I thought I had addressed that earlier when I talked about the support that the ADB gets by working closely with

the Ministry's Extension Division, and the ADB itself as a lending agency, does have a monitoring role; it monitors its loan portfolio. That is, in fact, an integral part of its business. In terms of the whole range of technical support the ADB works very closely—in fact, I think it was Sen. Prof. Spence who made the point that the ADB should be seen as an integral part of the Ministry's responsibility to farmers and the Extension Division and the bank should work hand in hand. That does, in fact, take place. As the Ministry proceeds to implement its new position in a strategic planning operation, one will find that this will happen more and more. The answer to the question is, yes, it is happening and the farmers are benefitting from that arrangement.

Mr. President, I beg to move.

**Sen. Merritt:** I take it for granted that the Minister is saying that there is the technical staff that goes into the farms to monitor the operations of what is happening and advising the farmers. Is that happening presently? That is my main concern.

**Hon. Dr. K. Rowley:** Mr. President, I am seeking to assist the Senator as much as I could with your indulgence. The answer is yes. There is an Extension Division in the Ministry of Agriculture, Land and Marine Resources and there is a body of trained officers whose job it is to do just what the Senator is asking. Over and above that, the ADB does have its own monitoring staff that provides a monitoring loan portfolio and they work closely with the Ministry of Agriculture, Land and Marine Resources. That issue Sen. Merritt raised is dealt with in that context. Farmers are not just lent money and forgotten about.

**Mr. President:** I am afraid that time has caught up with all of us.

*Question put and agreed to.*

*Bill accordingly read a second time.*

*Bill committed to a committee of the whole Senate.*

*Senate in committee.*

*Clauses 1 to 15 ordered to stand part of the Bill.*

*Clause 16.*

*Question proposed, That clause 16 stand part of the Bill.*

**Sen. Mansoor:** Mr. Chairman, I have submitted an amendment and I would invite the Government Benches to respond, which I think the Minister has done already.

**Sen. Huggins:** Mr. Chairman, whilst we accept Sen. Mansoor's amendment I would prefer if it is worded in this way. We have a 34A(1)—I think it is better structured in this way. If what exists now as 34A becomes 34A(1) we would have a 34A(2) which would then read:

"Any directions which the Minister gives under subsection (1) shall be in writing."

**Mr. Chairman:** We are dealing with the amendments proposed by Sen. Mansoor and revised by the Minister of National Security. The proposal is that clause 16 be amended by renumbering the proposed new clause 34A as clause 34A(1) and adding a new subclause (2) which will read as follows:

"Any directions which the Minister gives under subsection (1) shall be in writing."

*Question put and agreed to.*

*Clause 16, as amended, ordered to stand part of the Bill.*

*Clauses 17 to 19 ordered to stand part of the Bill.*

**Mr. Chairman:** We will now go back to the proposed new clause 4 in the list of amendments circulated by Sen. Mansoor.

*New clause 4.*

**Sen. Mansoor:** Section 8(1) repealed and a subsection substituted. Mr. Chairman, I have had protracted chats with the Minister of National Security on this amendment. I believe the amendment is self-explanatory, having regard to the fact that it is a simple amendment, maybe, he can comment.

**Mr. Chairman:** Before we have the discussion there is just a simple procedure that is taken as to new clause 4 being read the first time.

*New clause 4 read the first time.*

*Question proposed, That the new clause 4 be read a second time.*

**Mr. Chairman:** Do you have any amendments to make with respect to the proposed new clause 4?

**Sen. Huggins:** Mr. Chairman, could I suggest that it be done this way? I have no disagreement with Sen. Mansoor's recommendation. I think if one looks at the existing 8(1) all that is really required for 8(1)(a), is that the semi-colon and the word "and" appearing at the end of "(a)" be deleted. That is in the parent Act; and



the following words added, "or by a professional firm of chartered accountants approved by the Auditor General".

**8.10 p.m.**

**Mr. Chairman:** Section 8(1) of the parent Act says:

"So long as Government holds a controlling interest in the Bank—

- (a) the accounts of the Bank shall be audited annually by the Auditor General; and"

**Sen. Huggins:** We would like to amend that to read:

- "(a) the accounts of the Bank shall be audited annually by the Auditor General or by a professional firm of accountants approved by the Auditor General; and"

**Mr. Chairman:** Sen. Mansoor, actually the existing section 8(1) has the same wording that the Senator has in the proposed amendment. Subsection (a) reads:

- "(a) the accounts of the Bank shall be audited annually by the Auditor General; and"

We are now adding the words:

"or by a professional firm of chartered accountants approved by the Auditor General; and"

**Sen. Mansoor:** Yes, Mr. Chairman, that is fine. If I may just indulge the Government for a moment, what caused me to bring this amendment is the question of the effluxion of time and I ask the Minister if there is anything the Government can do that will force the ADB to have an audit done by a certain time. Is there anything the Government can do to force a bank to produce audited accounts by a certain time?

**Sen. Huggins:** Mr. Chairman, whilst I take the concerns of Sen. Mansoor, I have a particular problem with the Constitution where it involves placing conditions on the operations of the Auditor General's Department. I have not been able to study this carefully but, on the face of it, I have a problem putting such mandate on the Auditor General, that the Auditor General must submit or must do something within a particular time frame. I take the point of Sen. Mansoor. I understand he wants to ensure that the audited accounts are delivered on a timely basis. But there is a provision which gives rise to some concern. Section 116(6) of the Constitution says:

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"In the exercise of his functions under this Constitution the Auditor General shall not be subject to the direction or control of any other person or authority."

After careful study, it may not affect that position, but I would hate to take a position which would, on the face of it, without further careful consideration appear to be interfering with a constitutional provision. This is the concern that I express to Sen. Mansoor.

**Mr. Chairman:** Section 116(4) of the Constitution states very clearly:

"The Auditor General shall submit his reports annually to the Speaker, the President of the Senate and the Minister of Finance."

I do not think we can put anything to change that. Once it is audited by the Auditor General he is bound under the Constitution to submit those reports directly to the two presiding officers and the Minister of Finance who will cause them to be laid.

**Sen. Huggins:** Mr. Chairman, I think Sen. Mansoor was going a little further in saying that although the Auditor General is required to do this annually, it must be done within a certain time frame. Without further careful study, I have a problem just readily agreeing with that.

**Sen. Mansoor:** Mr. Chairman, the Government has mounted an argument which I cannot fight; I mean, I am not a constitutional lawyer. Just prior to withdrawing my amendment, may I say that it is more than passing strange that a government elected for the people and by the people is unable to enact laws that will force a bank to produce its audited accounts on time.

**Sen. Daly:** Mr. Chairman, is there a little danger that we are confusing the obligations of the bank and the obligations of the Auditor General? Does this amendment not raise the problem of Government-owned enterprises that have their draft accounts ready but cannot have them audited?

**Dr. Rowley:** Mr. Chairman, I think that in many instances the institution can get it done, it goes to the Auditor General but it cannot be laid in Parliament until it gets his stamp. The Auditor General has to set his priority in dealing with his workload and it is there that the question of delay comes up. I had the experience working for a state agency which for years at the level of the management of the agency, got the accounts ready which were submitted to the Auditor General but they do not come before the Parliament for another four or five years. When they come to the Parliament they are five years late. Then the Parliament says this

agency is only now submitting its accounts, but, in most instances, it is not that; it would have been with the Auditor General who would have set his or her priority as to how it should be audited. It is there that freedom of action exists.

**Sen. M. Hosein:** Why do we not give the staff to the Auditor General's Department?

**Sen. Huggins:** I do not think now is the time to debate the staffing of the Auditor General's Department.

**Sen. Mansoor:** Mr. Chairman, I withdraw the amendment with respect to time.

With your leave, I would like to invite the Government to comment on the question of the Inspector of Banks. In my short contribution, what I sought to say was that I believe it is very important that we nurture the ADB as a financial institution. It is an institution that has to be grown in a certain way, and whether the ADB takes deposit or not, I think it is good for the bank to have the discipline of a mandatory inspection by the Inspector of Banks of its loan portfolio. When we looked at the Financial Institutions Act we found it necessary in that debate to have the Central Bank and the Inspector of Banks act in concert with external auditors, whether it be the Auditor General or a private firm of accountants. We felt that conglomeration of resources was important in looking at the loan portfolios of commercial banks. Where is it more important? With the ADB, especially with all the things the Government is trying to do in terms of making it a commercial venture.

**Sen. Huggins:** Mr. Chairman, I had rather lengthy discussions with Sen. Mansoor on this position and while I agree with the sentiments he expressed, I do not think the problem will be solved by amending this piece of legislation as opposed to the Financial Institutions Act. As the Minister explained in his winding up, the Agricultural Development Bank is exempt from the provisions of the Financial Institutions Act. However, section 65 of that Act gives, in my view, wider powers than the amendment here suggests, notwithstanding the fact that it is something that has to be moved by the Minister of Finance. I also indicated that I know for a fact that the Ministry of Finance is looking at such institutions that have been exempted from the Financial Institutions Act with a view to arriving at some position on those institutions. We know that the ADB has never taken deposits and, as I explained to Sen. Mansoor, I do not see that it will be doing that in a hurry.

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**8.20 p.m.**

On the merits of the suggested amendment, I really believe that one should be looking at the Financial Institutions Act and deal with it in there rather than having provisions dealing with the Inspector of Banks scattered all over the place. I gave the Senator the undertaking that I will raise this issue with the Minister of Finance.

**Sen. Daly:** Mr. President, since this point is very important, and there is a problem with the Auditor General, perhaps the Government would consider making a statement to the Senate within a reasonable time, on what is the plan to make the exempted institutions subject to the discipline of the Inspector of Banks.

I was consulting with my colleague, Sen. Dean. It affects credit unions and other organizations as well. If there is merit in the suggestion, then we should expect a statement from the Government soon about what it plans to do about exempted institutions, perhaps, to bring them partially under the Act.

**Sen. Huggins:** Sen. Daly, we can do that and I believe that is part of the exercise that the Ministry of Finance is doing now.

**Sen. Mansoor:** Mr. Chairman, on the basis of assurances, given that promise, I withdraw part (c) of the amendment.

*Part (c) of amendment withdrawn.*

**Mr. Chairman:** The final amendment proposed to the new clause 4 reads as follows:

"Section 8(1) amended	4.	In paragraph (a) of section 8(1), insert the following words immediately after the words "Auditor General" appearing in line two - 'or by a professional firm of chartered accountants approved by the Auditor General"
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*Question put and agreed to.*

*Question proposed, That the new clause 4 be added to the Bill.*

*Question put and agreed to.*

*New clause 4 added to the Bill.*

*ADB (Amdt.) Bill*

*Tuesday, April 18, 1995*

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

*Senate resumed.*

*Bill reported, with amendment; read the third time and passed.*

**ADJOURNMENT**

**The Minister of Planning and Development (Sen. The Hon. Dr. Lenny Saith):** Mr. President, I beg to move that the Senate do now adjourn to Tuesday, April 25 at 1.30 p.m.

May I remind hon. Senators that would be the fourth day of the test match.

*Question put and agreed to.*

*Senate adjourned accordingly.*

*Adjourned at 8.25 p.m.*