

*Leave of Absence**Tuesday May 23, 1995***SENATE***Tuesday, May 23, 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 to Sen. Ainsley Mark, Vice-President of the Senate, and Sen. Diana Mahabir-Wyatt to be absent from today's sitting. I have also granted leave to Sen. John Rahael to be absent from sittings of the Senate during the period May 20 to May 30 as he will be out of the country.

PARLIAMENTARY PROCEDURE**(PUBLIC GALLERY)**

Mr. President: I want the officers on duty to know that when any presiding officer in any part of the Commonwealth is on his feet, nobody is to move in this Chamber. That must be understood.

VACANT SEAT

Mr. President: I have been advised that His Excellency the President has declared the seat of Sen. Knowlson Gift vacant with effect from May 18, 1995.

SENATOR'S APPOINTMENT**(REVOCAATION)**

Mr. President: I have also been advised that His Excellency the President, has revoked the appointment of Miss Jean Elder as a temporary Member of the Senate with effect from May 22, 1995.

SENATORS' APPOINTMENT

Mr. President: I have been advised that His Excellency the President, acting in accordance with the advice of the Prime Minister, has appointed Miss Jean Elder a Senator with effect from May 22, 1995.

I have also been advised that His Excellency the President, has appointed Mrs. Norma Lewis-Phillip to be a temporary Senator with effect from May 22, 1995 and continuing during the absence from Trinidad and Tobago of Sen. John Rahael.

Oath of Allegiance

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OATH OF ALLEGIANCE

Senators Jean Elder and Norma Lewis-Phillip took and subscribed the Oath of Allegiance as required by law.

TERMINATION OF ACTING APPOINTMENT

(Raphael Cumberbatch)

Mr. President: I will read the following communication which I have received from a former member of the staff who asked that I convey the message to all Senators:

"Dear President,

I have to inform you that the Public Service Commission has appointed Miss Norma Cox as Clerk of the Senate with effect from April 18, 1995. A consequence of the foregoing is that my acting appointment as Clerk of the Senate is now effectively terminated.

May I take this opportunity to express my sincere gratitude to you, Mr. President, and to all other Members of the Senate, particularly the Leaders of the respective parties and groups in the Senate for the confidence reposed in me by all in the discharge of my official responsibilities.

As I demit office, I do so with pride, in recognition that I was afforded a distinct privilege to serve the Senate of the Republic of Trinidad and Tobago.

I should be grateful if you would convey my sentiments to the Members of this Senate.

Yours faithfully,

Raphael Cumberbatch."

ORAL ANSWERS TO QUESTIONS

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. President, I regret that there are no answers to questions Nos. 14 and 16. In seeking to ask the Senate to defer for two weeks, I should indicate that the questions do require information to be had from both the public and private sectors and the Ministry is still in the process of first getting the information and checking it, and therefore, it is taking longer than one would have expected.

At the same time I wish to announce that question No. 26 is also not ready. I therefore ask for a deferral of questions Nos. 14, 16 and 26 for a period of two weeks.

1.40 p.m.

Sen. W. Mark: Mr. President, can the Leader of Government Business indicate to this Senate how much more time would be required to have these questions answered after being on the Order Paper for almost four months now? We get two-week postponements after two-week postponements and the same explanations are given to this Senate; then, we get a "mamaguy" story. Mr. President, I would like you to seek to get the Leader of Government Business to give the Senate a definite time for the answering of these questions, rather than to have us on a footsie arrangement here every two weeks.

Mr. President: Sen. Mark, I allowed you a little liberty, though it is not the time for statements. As I told you already, nobody can force a minister to answer a question. If the leave to defer the question is not granted, the next step is to remove it from the Order Paper, then the answer would never be received. The Chair has no power to do anything other than to keep putting it on the Order Paper. I cannot speak for the Leader of Government Business in the Senate, but you would realize that the Minister to whom this is addressed is from the other House, and I do not think that the Leader of Government Business can give a definite answer as to how long it would take to complete the answer. If he has information and he would like to give it, he is free to do so.

Hon. Senator, do you have any idea how long it would take? *[Interruption]*
He would probably have to consult with the Minister.

The following questions stood on the Order Paper:

**Public and Private Sectors
(Severance/Retrenchment Scheme)**

- 14.** (a) Could the Minister of Labour and Co-operatives provide the Senate with the list of companies in both the public and private sectors which have severed/retrenched their employees utilizing the various schemes such as Voluntary Early Separation Plans, Voluntary Early Retirement Plans, or Voluntary Early Termination Plans in the period 1991, 1992, 1993 and 1994?

- (b) Could the Minister of Labour and Co-operatives further state the number of employees involved in these schemes, the quantum of money involved in each scheme and the quantum of money, if any, still owed to workers during the period 1991, 1992, 1993 and 1994? [*Sen. W. Mark*]

**Retrenched Employees
(Outstanding Money Owed)**

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? [*Sen. W. Mark*]

**Consultancy Firms
(Divestment/Privatization)**

26. (a) Could the Minister of Finance provide the Senate with the names of the consultancy firms involved in the divestment/privatization (either wholly owned or partially owned) during the period January 1992 to November 1994?
- (b) Could the Minister further provide the Senate with copies of the independent valuation reports involved in the transactions in respect of those enterprises which were divested/privatized during the same period? [*Sen. W. Mark*]

Questions, by leave, deferred.

**UN Social Summit
(Copenhagen)**

32. **Sen. Carol Merritt** asked the Minister in the Office of the Prime Minister responsible for Public Administration and Information:

Could the Minister please state:

- (a) the reason the Minister of Social Development left for the UN Social Summit at Copenhagen three days after the Conference had started?

- (b) the reason for the non-attendance of the Prime Minister to this Summit?
- (c) the total cost of the Government's delegation to Copenhagen?

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. President, Dr. The Hon. Linda Baboolal, Minister of Social Development, attended the two-day Social Development Summit in Copenhagen, Denmark, during March 11—12, 1995. The Summit was preceded by five days of meetings of officials.

Trinidad and Tobago was represented at the Pre-Summit Consultations, during March 6—10, 1995, by:

Her Excellency Mrs. Annette Des Isles,
Permanent Representative to the United Nations,
New York.

Mrs. Madhuri Supersad,
Planning Officer II,
Ministry of Labour and Co-operatives.

Mrs. Hazel Brown,
Representing Non-Governmental Organizations.

Dr. The Hon. Linda Baboolal, Minister of Social Development, was chosen to head the Trinidad and Tobago delegation to the Summit in view of the fact that the matters for deliberation fell under her portfolio.

The total cost of Trinidad and Tobago's participation at the Summit was \$121,611.27.

COUNTING UNREMUNERATED WORK BILL

Special Select Committee Report

Adoption

[SECOND DAY]

Be it Resolved that this Senate adopt the Report of the Special Select Committee of the Senate appointed to consider and report on a Private Member's Bill to require the Central Statistical Office and other public bodies to include in the production of statistics that relate to the Gross Domestic Product and other accounts, a calculation of unremunerated work performed in Trinidad and

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Tobago, and to include this calculation in the gross national product.

Question again proposed.

Sen. Mansoor: Mr. President, I am not certain of the procedure here, but it has been suggested to me whether it might be possible to have this Bill go to a committee of the whole Senate rather than a Special Select Committee. I do not know if that is within the rules.

Mr. President: I am at a slight disadvantage as I was not here when this was debated two weeks ago, but we are debating the resolution to adopt the report of the Special Select Committee. Judging from what is here, that debate was still in progress when the Senate was adjourned, so I take it the debate was adjourned.

I do not know if there are any other Senators who want to contribute to the debate. If there are no other Senators who want to contribute to the debate, then a Senator who has not already spoken can move that the Bill be recommitted.

Sen. Mansoor: Mr. President, I believe—

Mr. President: It is Standing Order 57(3).

Sen. Mansoor: Mr. President, under Standing Order 57(3), I move that the Bill be committed to a committee of the entire Senate. Having regard to the fact that most Senators are not prepared, with your leave, we would like to take this at another time.

Sen. W. Mark: No, Mr. President. This matter was referred to a Special Select Committee and the committee reported. There were some views expressed by both Sen. Prof. Spence and Sen. Daly, and we are supposed to at least trash out those differences so that the matter can be formally adopted and passed into law.

This proposal of Sen. Mansoor, that the matter be referred to a committee of the whole Senate—when he says a committee of the whole Senate, he is talking about all of us here—I am saying that is not the normal practice or procedure for dealing with a Bill. It is referred to a Special Select Committee.

Mr. President: Sen. Mansoor is moving a motion under Standing Order 57(3) which says that:

"Upon a motion to approve the report of the Select Committee on a Bill, any Senator may propose an amendment to add, at the end of the motion, the words 'subject to the recommittal of the Bill (either wholly or in respect only of some particular part or parts of the Bill or of some proposed new clause or new schedule)' to a Committee of the whole Senate',..."

From what you explained, obviously, there are some further amendments that need to be moved. All we are doing is recommitting the Bill in accordance with the rules as defined in the Standing Orders. The Bill, as far as I remember, only has two or three clauses so it would not take long to go through. This is the normal way.

Sen. Dr. Saith: Mr. President, I would like to second the Motion moved by Sen. Mansoor, also, the suggestion that we defer debate on the matter to the next sitting when we deal with Private Business.

If that is accepted, I would also ask that we then move on to Motion No. 3 on the Order Paper.

Mr. President: Are you going into committee?

Sen. Dr. Saith: We agree that it would go into committee of the whole Senate, but not at this time. We would wait for Sen. Mahabir-Wyatt and deal with it at the next sitting when we would be dealing with Private Business.

Mr. President: What is the next item you wish to move to?

Sen. Dr. Saith: We can move to Motion No. 3 on the Order Paper.

Mr. President: In accordance with the amendment moved by Sen. Mansoor and seconded by Sen. Dr. Saith, it is proposed that the Motion be amended by adding the words "subject to the recommittal of the Bill to a committee of the whole Senate".

Question put and agreed to.

Mr. President: The Motion would now read as follows:

Be it Resolved that this Senate adopt the Report of the Special Select Committee of the Senate appointed to consider and report on a Private Member's Bill entitled, 'An Act to require the Central Statistical Office and other public bodies to include in the production of statistics that relate to the Gross Domestic Product and other accounts, a calculation of unremunerated work performed in Trinidad and Tobago, and to include this calculation in the Gross National Product subject to the recommittal of the Bill to a committee of the whole Senate.

Motion made, That the Committee of the Senate be deferred to the next sitting of the Senate. [*Sen. Dr. The Hon. L. Saith*]

Question put and agreed to.

1.50 p.m.

ARRANGEMENT OF BUSINESS

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. President, I beg to move that we now proceed to motion No. 3 under Private Business.

Sen. W. Mark: Mr. President, before you put the question we have some reservations about that suggestion being proposed by the hon. Minister. It is our view that there is an Order Paper before us, and as you know, this report of the Joint Select Committee appointed by the Senate and the House of Representatives to consider the entire question of public holidays, and to report by March 31, 1995 has been pending for some time now. In fact, this report has been in the Senate for at least four weeks without any effort being made on the part of the Government to have this matter deliberated upon.

Based on communication that I had last week, I got the distinct impression that there was some agreement to have this matter moved up to No. 2 even though it was the last item on the agenda. The reason for having this matter moved up is that next Tuesday will be May 30 and we shall be commemorating the 150th anniversary of Indian arrival in this country. In this report there is a specific recommendation to the Executive of State to so declare. They have already declared May 30 as a public holiday in commemoration of Indian arrival in Trinidad and Tobago. Why is the Government refusing to debate this very important report when we know that next Tuesday will be May 30? We are supposed to debate the report now.

Based on an earlier discussion I had with Sen. Martin Daly, he indicated—we have no difficulty with Sen. Daly's motion going forward and introducing it. We are prepared to have an agreement whereby when he is through with his presentation, that we would seek to get the approval of this Senate to debate the report of the Joint Select Committee on Public Holidays. We hope that the hon. Leader of Government Business would so assist us.

Sen. Dr. The Hon. L. Saith: Mr. President, I was not aware that we were going to have a long explanation, but perhaps I need to advise the Senate. As you know, I was not here last week. Early last week, the Leader of the Opposition in the Senate called me and asked whether we proposed to deal with this motion today and he said that he would like it to be dealt with. I indicated to him at that time—it might have been Wednesday; I am subject to correction because I came back on Monday night—that we were not in a position to start debate on this

motion, and we would proceed with Sen. Daly's motion after finishing the debate which was to be resumed. I did convey that to him.

I think on Monday I got the Order Paper and realized that had not been put down. I called the Clerk of the Senate and indicated that was not the way we were going to proceed. I had already informed the Leader of the Opposition that we were not going to proceed that way and that she should call both the Leader of the Opposition and the Members of the Independent Bench to advise them that this was not done in accordance with the way we wanted to proceed with the debate, and that we would proceed in a certain way. I think the hon. Leader of the Opposition so indicated in his conversation with Sen. Daly but he did not indicate that in his conversation with me last week. He was told clearly how we were going to proceed.

Mr. President: I do not want to make a long debate. It seems to me that today is Private Member's Day. We talked about the motion and the report has been there for adoption for four weeks. I think Sen. Daly's motion and the one after it by Sen. Prof. Spence have probably been down on the Order Paper for four months. They have been there since October last year. It seems as though the Government is quite willing to accommodate the debate on this motion on one of its regular sitting days. That would not further erode from Private Members' Business. It seems to me to be an advantage.

I do not decide these things. The Senate has to decide these things. It seems as though from what the Leader of Government Business said, he spoke to you and an arrangement was made.

Sen. Dr. The Hon. L. Saith: Mr. President, I forgot to mention that I also indicated to Sen. Mark that at the next sitting of the Senate as soon as we completed the debate on the Trinidad and Tobago Free Zones (Amdt.) Bill which was in progress, we would move immediately to this motion.

Sen. W. Mark: It is very important for us to put certain developments on the record. I agree with what Dr. Saith has said. There is no problem with that, but there was a communication, subsequent to our discussion, from this Parliament that Sen. Russell Huggins did indicate to the Clerk of the Senate that he had no difficulty whatsoever in having the report on public holidays moved as No. 2.

Therefore, on that basis, I alerted all my colleagues to prepare themselves for this debate. There was some confusion in communication involving the Government side, but the fact of the matter is that we came here today to debate this report on public holidays based on a commitment that was given by this

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Parliament, although I had the discussion with Sen. Dr. Lenny Saith. I am not arguing that point.

We are saying that since May 30 is next Tuesday, and today is Private Member's Day, what is wrong with us agreeing in this Parliament with the concurrence of Sen. Martin Daly, for him to commence his presentation on this PRIDE report; suspend that matter subsequent to his presentation, and engage in this debate on public holidays. I think it is a reasonable arrangement in the context of the fact that next Tuesday is an important day in Trinidad and Tobago. The report which we have seeks to get our approval for the adoption of that holiday on Tuesday, May 30. It is going ahead without the Senate's intervention. We are saying that the time has come for the Government to be more reasonable on this matter. If Sen. Daly has no difficulty with that matter we are willing to support that arrangement.

Sen. Capildeo: A debate after Tuesday will be a waste of time.

2.00 p.m.

Sen. Huggins: It seems quite clear to me that Sen. Wade Mark needs a holiday because he is not thinking straight. I never gave any undertaking to put anything as No. 2 on the Order Paper.

Sen. W. Mark: [*Inaudible*]

Mr. President: I think you have had enough. If I say I am confused, that would be the understatement of the year. I am very confused. The Leader of Government Business has moved that we proceed with the next item, which is the Motion standing in the name of Sen. Martin Daly.

Question put.

The Senate divided: Ayes 18 Noes 8

AYES

Saith, Dr. The Hon. L.

Huggins, Hon. R.

Barnes, Hon. B.

Yuille-Williams, Hon. J.

Robinson-Regis, Hon. C.

Callender, S.

Ojah-Maharaj, D.

Elder, Mrs. J.

Gosine, Pundit R.

Hassim, M.

Maloney, A.

Nanga, J.

Lewis-Phillip, Mrs. N.

Mansoor, M.

Spence, Prof. J.

Rooks, J.

Ali, H.

Dean, E.

NOES

Mark, W.

Capildeo, C.

Merritt, C.

Hosein, M.

Barrack, J.

Persad-Bissessar, Mrs. K.

Mahadeo, Miss C.

Teelucksingh, Rev. D.

Sen. M. Daly abstained.

Agreed to.

Sen. Barrack: *[Inaudible]*

Mr. President: Sen. Barrack, for this day only make me a promise.

Sen. Barrack: What is the promise, Sir?

Mr. President: That you will display the best behaviour of a parliamentarian.

Sen. Barrack: I am referring to my friend.

Mr. President: I know to whom you are referring, but I am asking you, for today, to display the best behaviour possible of a Senator.

Sen. Barrack: How can I do that, Sir?

Mr. President: Just by keeping quiet.

**INTERNATIONAL AIR TRANSPORT
(REFURBISHMENT OF PIARCO AIRPORT)**

Sen. Martin Daly: Mr. President, I thank you and those of my colleagues who gave me the opportunity to present this Motion today. I quite deliberately did not take part in the vote so that I would not be taking a position on whether I should have the opportunity today or not.

There is quite a lot in this Motion and I will proceed, first of all, to deal with the two recitals.

Whereas the availability of safe, reliable and efficient international air transport is an element of a reasonable standard of living and is vital to the interests of the people of small island nations like Trinidad and Tobago; and

Whereas market forces in commercial aviation are not fully sensitive to the requirements of the Caribbean region:

Be it Resolved that Government:-

- (i) move, without further delay, to have Piarco International Airport refurbished and expanded realistically to suit the needs of the country; and
- (ii) present a credible plan for the survival of BWIA as an international and regional air carrier.

Now, Mr. President, notwithstanding the divestment of BWIA, there are still residual issues concerning international air transport, with BWIA in particular, which I propose to address in due course. However, having regard to the fact that those issues are residual, I will leave them to conclude my presentation.

So far as the recitals are concerned, I think I can take it that the first recital is not anything with which anyone can disagree. We do not even have the option, if we do not have international air transport, of driving overland to anywhere, so I take it that I need not spend any time on the first recital.

So far as the second recital is concerned, I think it is important, even though I do not spend a long time on it, to explain what I mean by market forces in commercial aviation not being sensitive to requirements of the Caribbean region. I will quickly give a few examples, and they all have to do with the fact that, notwithstanding that the commercial tide was running against the country at the particular time, it is possible for us to have air transport service the requirements of the island nation against the commercial tide.

The examples I would give are these. In relation to exports of horticulture and fish, BWIA has always been sensitive to those small industries which, by and large, are labour intensive and decisions to move that type of cargo, particularly from Tobago, were not always dictated to by commercial considerations.

Likewise, in relation to the promotion and development of the steelband, BWIA was always willing to make concessions with regard to the movement of steelpans and steelbandsmen, even though it might not have been a commercial proposition to do so.

Similarly, as recently as January, 1995, there was a problem with the movement of mail between the United States and Trinidad and Tobago which, according to reports, was the direct result of lack of availability of cargo space. I do not know what will happen in a completely privatized environment, if there is no space for our mail, we simply do not get. Again, in small island nations mail assumes an even larger importance, particularly in relation to the remittances which are made from persons who are residents employed abroad and are remitted here.

Finally, the most dramatic example is that on those rare occasions that we have any kind of civil unrest, the private carriers or the foreign carriers—because at one stage some of those foreign carriers were government owned or government subsidized—pull out of Trinidad and Tobago and take a very long time to resume their flights in and out of Trinidad and Tobago.

2.10 p.m.

In 1990, after the events of July 27, 1990, BWIA was flying five days later and it was about three weeks to a month before the foreign carriers resumed flying here. That is the most dramatic example of this country being cut off from the rest of the world. At that time, in particular, was the season of movement for students who would have been stranded if BWIA had not resumed flying within five days. There were medical cases and all kinds of cases, it was not simply a question of vacation travel. That was a particularly dramatic example, where, because BWIA

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was not to be guided purely by the risks of commercial aviation, which would have dictated that one be absolutely sure of the safety of one's asset before bringing it in here, they were able to resume flying five days after those events had taken place.

Indeed, Mr. President, very few people know this, but banks opened on the Sunday after the events of July 27, 1990, precisely because they were able to have a meeting with the Governor of the Central Bank and be subject to the Governor's moral suasion. I daresay that the commercial requirement did not dictate that the banks open on that Sunday, because of the heavy cost of security and other risks which they perceived would be involved.

That is the type of thing I am concerned about in relation to the insensitivity of market forces to our requirements. Indeed, when I come to develop my presentation on the airport we will see it there, too, as a result of what is really a debacle—because we have had no credible movement in relation to any improvement of Piarco Airport for a long time, as I will demonstrate. There, too, one of the principal reasons that we have had no credible movement in relation to that project is that the request for proposals, and in particular, the financing package was apparently not acceptable to the market, among other reasons, in the absence of a government guarantee.

If one were to analyze the complete static situation at the airport—apart from a few earth-clearing works to which I would refer in due course—one will see there, too, that on a strictly commercial analysis the airport has not moved forward, because the proposal to develop the airport lacks a government guarantee, and therefore, has not been acceptable to the international financial market. That, of course, is a very telling example of why we have to consider the whole question of air transport and part of air transport includes a properly functioning airport—for small island nations outside the purely commercial considerations.

Time will tell whether the privatization of BWIA will produce efficient and safe international air transport—and I would deal with the residual issues relating to BWIA at the end of my presentation. There is absolutely no doubt in my mind, Mr. President, that Piarco International Airport is not conducive to safe, reliable and international air transport and is not serving the vital interest of the people of Trinidad and Tobago.

I do not think I need to do anything more than summarize in the briefest way, purely for the records in case a man from Mars dropped in here—because I think

all Members would know what the considerable shortcomings of our airport are, namely: one run-way; dilapidated buildings: a complete inability to get to an aircraft without getting soaked if it is raining; a steel cage that constitutes the place where passengers arrive and depart; a general impression of the dinginess—I go so far to say sometimes, squalor—as one arrives in Trinidad and Tobago; most of all, the whole airport in its present condition is completely inconsistent with the Government's claims to be a leader in anything, whether it is a financial centre or anything else. No one stepping off an aircraft at Piarco International Airport as it is presently constituted would consider that Trinidad and Tobago is a leader in anything. At any hour of night or day, we would not look like a leader in anything.

Therefore, Mr. President, it is quite obvious what the relationship of this airport is to air transport and to serving the people well. I daresay that one of the reasons that more than one run-way is contemplated, is precisely for the reasons which the Government wants this to be a hub and so forth.

This Motion, as has been pointed out, has been on the Order Paper for some considerable time. The main burden of my presentation today, would address, first of all, the delay and lack of urgency with which the Government has approached the refurbishment of Piarco International Airport as part of providing us with safe, efficient and reliable international air transport and serving our interest. There are other elements of the Motion which are important, but with the passage of time I would like, first of all, to deal with the complete lack of urgency and the delay with which the Government has dealt with the obvious, pressing and admitted need for a better airport.

First of all, I would like to compare the sloth of the Government—which the examination of the record will show, and I will examine that record with Members—with the urgency, to the point of mistake, that has accompanied other projects in which the Government has been interested. I need only remind Members that both during the privatization of T&TEC and BWIA, this Senate, and indeed, other institutions in this country were press-ganged into completing their work—in our case it was legislative work—by certain deadlines. We did, in the end, have certain gracious concessions from the Leader of Government Business in order to study the legislation better and in order to try to persuade those of us who did not think that the deals which had been struck were in the interest of the country. There is no doubt that those projects were approached with an almost paranoid urgency. We were threatened with blackouts and all types of things if we

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did not address the matter; but this is in marked contrast to the way in which the airport project has been approached.

Indeed, Mr. President—I am sorry to remind Members of this but it is very important to make my point about the delay—so great was the haste with the BWIA legislation, that through what we were ultimately told was "an innocent mistake", it was wrongly represented to the appropriate authorities in the United States, that we had passed the legislation when we had not. So great was the hurry. When one examines that against the background of the Government's plans for the airport it is a very sorry picture indeed.

Repeatedly, we have been given information both in this Senate and via the media about when the contract for the development of the airport would be concluded or when the financing package would be completed. We moved for a period in early 1994, up until about June 1994—as I would demonstrate—where there was a complete confidence, almost over-confidence on the part of the Government and its advisors, that the financing package would be obtained and the contract would be concluded. A number of statements were made to the Senate that have now turned out to be extremely over optimistic indeed.

I would examine the record in due course in order for us to make some kind of assessment as to who should get the facts—because this situation requires the facts. Whether it is the Minister who should get the facts or the board of the Airports Authority, I will present the "facts" so that we can decide who should get the facts. It is a very sorry picture indeed.

2.20 p.m.

Mr. President, one source of information about this project is a series of questions which I asked the Minister over a different period of time. On May 24, 1994 the Minister said to this House in answer to a question which I asked:

"Mr. President, negotiations for the long-term financing agreement for Project Pride have not yet been concluded. However, the lenders have already issued a formal document setting out the terms and conditions of the long-term financing. Negotiations in respect of these terms and conditions are in progress.

The Airports Authority of Trinidad and Tobago, which is the body engaged in the negotiations with the lenders of the project, has advised that the prognosis for the long-term financing of the project at this time is very favourable."

So the country was being misled into believing in May of 1994, apparently on the basis of information given by the Airport's Authority, to put it in local parlance, that getting the financing would be no problem. The prognosis was very favourable. I take it at that stage the Minister was uncritically relying on what he was being told by the Airport's Authority. Based on that evidence and the fact that up to today, as we speak, we have no information, that the financing has been obtained; we have no information that the contract has been concluded, but indeed, we have a lot of information to show that this project is floundering, what little information we have been able to get since the overconfident period has been concluded.

Indeed, quite apart from what the Minister was saying there were many statements about the financing of this project being made in the press and about the reorganization of the Airports Authority for the purpose, and I will come to those because one of the things that is unforgiveable about the wrong information and the wrong projections we have been given, is the amount of hoo-ha and "gallery", as we call it locally, that accompanied the initial phases of this project only for us to remain empty handed today.

Mr. President, in answer to a question, in relation to the time factor on May 24, the Minister gave us another estimate of when the matter would be dealt with, we were given an estimate at the end of June. In particular—and this is very important—in answer to question No 56, he said:

"The Airports Authority of Trinidad and Tobago does not intend to give the preferred developer for Project Pride Phase I, unlimited time to arrange the long-term financing for the project."

That is what the country was told that they would not have unlimited time—well, we will see about that, that is what we were told.

Mr. President, that is what was happening in the Parliament and that is what the Minister was telling us so far as the time factor was concerned in those early stages. In what, I am calling the overconfident stage. Clearly, there was a high degree of overconfidence because none of these projections has come to pass. When one makes overconfident decisions it is not simply a question of disappointing the country and it is not simply a question of us having to wait. Many things happen and money is spent, and we do not know who is accountable for that money. I will return in due course to the fact that money was spent on land clearing exercises, and we were told that that was money that was going to be put up by the developer in the interim. I want to know from the Minister at this

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stage of the game, how much money we have put up, and whether we have recovered that money from the preferred developer, whether either an advance was made or we have been reimbursed that expenditure.

More than that, I want to emphasize how grievously the country was misled. In the *Sunday Guardian* of February 27, 1994, there was one of these romantic—that is what they are; not romantic in the loving sense, romantic in the unrealistic sense—press releases and the headline was, "Airport reorganizes for Pride Project." On this occasion, as on many others, we had lots of pretty pictures, but I suppose one should say many handsome pictures, of gentlemen "gallerying" themselves. This is what was said:

"With the recent successful launch of Phase I of Project Pride and the start of site works, the Airports Authority of Trinidad and Tobago has re-organized its executive management structure to facilitate headway in the undertaking and has announced the following appointments."

They then announced that they had two general managers or two chief executive officers, one who would see about the airport and one who would devote himself full-time to Pride—I suppose he is either playing patience, watching cricket, I do not know what he is doing because there is not anything to occupy any Chief Executive Officer of Project Pride. There was not anything in February, unless it was the negotiations and certainly since the negotiations there is nothing for these people to do.

Mr. President, I put the blame at that time, certainly, on the evidence that was available—the blame at that time was to be laid at the door of the Airports Authority because they presumably, were giving the Minister this information in order that he could tell the truth to the country. What is so disheartening is that they drew the Prime Minister into the matter, and so when we had this launch this "successful launch of Phase I," and we will see what Phase I is in a minute, so that we would not have any back-squeezing so to speak, that Phase I was just the cocktail parties and the sod turning and so forth. They drew the Prime Minister into it and caused him to take handsome photographs of launching this project which they said was successful. So this project was launched in February 1994 by the Prime Minister. The Airports Authority brought him along, he got him to turn the sod or whatever he was doing and really made a thorough "mamaguy" of him, because they did not have the financing in place, and as it turns out the project has not gone anywhere. So we had all these pretty pictures of a launch in February 1994 and as of today's date nothing has been done except negotiations that have

taken place and have failed and certain site clearing works for whose account we are not entirely sure.

That is the story as far as that overconfident period was concerned. Eventually, even these gentlemen in the business suits began to get more cautious and when pressed about time began to be more cautious and say that "well these things take a bit of time," and so forth. So that, for example on June 12, 1994 around the time that some of these questions were being raised in Parliament, the Chief Executive Officer of Project Pride—we certainly know how he spent his time; he spent much time in the newspaper and in the newsprint—he was saying things like, and I refer to the *Express* of June 12, 1994. He took exception to a suggestion that the delay in securing the financing was scandalous and that it took just as long to get a radar facility financed. The timing is not unusual Mr. Moore said, adding that it may go even longer than the June deadline indicated by his Chairman, Mr. Jackman. However, he gave the assurances that the project will be financed. "We can see no reasonable possibility that the project will not be financed."

2.30 p.m.

That is what was happening in that period; and I emphasize that today nothing has happened except some clearing works and we do not know who is bearing the cost of those clearing works and, no doubt, the Minister will tell us in due course. Then, Mr. President, it is really amazing how many things have been written about the Government's egregious failure with regard to getting us an airport. I can only, in the time available, Mr. President, summarize.

After that period from September 1994 to January 1995, we started hearing even more cautious things, eventually culminating in a report, to which I will refer, that the management of the Airports Authority had washed its hands off the project and, specifically, had washed its hands off the preferred developer. If those reports are accurate—and I will say what the evidence is—it means that, at least, to the credit of the overconfident management, who was saying "suck-eye," they eventually faced reality; and I will give them credit for that.

The question is, did they tell the Minister that we had reached the end of the road? Did they tell the Minister, in whatever official language, that they had washed their hands of the matter? And did they seek the Minister's approval to do something else? Those are questions to which I think the nation is entitled to answers, because there is a series of articles—and I will just give the references because time will not permit the reading of them and anyway it will bore everyone to read them.

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The *Sunday Express* of July 10, 1994, "Fate of Pride Dollars to be Known in September". In each of those reports—and I do not say it in any way personally or offensively—the Leader of Government Business in this House is quoted as having met with this person, that person or the other, or having made a statement on the matter. So I dare say as one of the most able Ministers and speakers in this House he should be able, if required, to come to the aid of the Minister.

So we had high-powered Government teams comprising Ministers Saith, Mottley and Imbert meeting with Mr. Hufnagel and Mr. K. F. Hughes. Then on November 3, 1994 we had "Last Ditch Effort to Salvage PRIDE" and there was a report that the Prime Minister intervened. They drew the Prime Minister into it again. The Prime Minister intervened to have a last ditch attempt to save the project. He had eleventh hour talks with the top brass of the preferred developer and then it says it "had washed its hands of the Hughes negotiations in September after Hughes failed to meet a September 28 deadline to provide, among other things, a performance guarantee." That is what was being reported in the press.

Mr. Imbert: For the benefit of my notes I am taking here, could you tell me who is the author of all those articles?

Sen. M. Daly: The author of the article is "the *Sunday Express* of July 10, 1994; November 3, 1994 and November 22, 1994; and in those articles it was reported that certain things were taking place. Then when we go to the *Newsday*—and I have been very catholic, Mr. Minister, in my selection of reports, so perhaps if you contain yourself on that point, you will see I have been very catholic in my choice.

In the *Newsday* of January 5, 1995 they quoted the Planning Minister, Dr. Saith, as saying that there was still no decision; that negotiations were continuing with the preferred developer with a view to getting the project off the ground. The Planning Minister could not say how long the negotiations would continue, and so forth. Now bear in mind the Minister told us in the middle of 1994 that they were not giving these people any definite amount of time; and we have these troubling reports that the management was fed up of the preferred developer and would like to do something else.

The point about this, Mr. President, is that it is very disturbing for the reasons which I have said. May I just summarize where I am, because this is a very long puzzle. It is not at all complicated because it is very clear what has happened. It is very clear that we have been misled; it is very clear that there has been incompetence; and it is very clear that there has been stubbornness. But let me

just summarize where we are. We need an airport. The Government has decided on a certain approach. They have represented to us that everything would be in place by mid-1994 and that, simply, has not taken place. So it does not matter really.

What matters most of all is that the Government must make a statement. They must clear the air and tell us what is the present status. They told us things; they gave us certain assurances relating to the middle of 1994 and nothing has happened. What has happened to the project? I say that I do not care really what has happened to this particular project; I do not care what has happened to the negotiations with the preferred developer. I want them to set about refurbishing Piarco Airport realistically to suit our needs, without further delay. I do not want anybody, whether it is Minister Imbert, Minister Saith or anybody else, having any more meetings with a Mr. Hufnagel or a Mr. This or a Mr. That.

We want an airport. Set about getting us one; and if the preferred developer cannot do it, then do not be stubborn. They should admit that they made a mistake in either the way they constructed the package or in the choice of the developer that was made and move on to the subsequent developers; or open up the thing to tender again; or let us just build a decent airport and forget all this international business, that is to say, going out to get all of these people internationally whose backgrounds we cannot check.

There has been a grievous delay and the country is suffering as a result of that delay. The airport cannot control even the reduced traffic in terms of aircraft movements. The airport cannot hold them; people are uncomfortable and the place, on some occasions, is a disgrace and the Government must do something about it. It is either that or the Government must vote for the privatization cover.

I dare say many of us will oppose it. Why not go and get somebody to do it for them, just as they are planning to get somebody to run WASA. They have got somebody to generate electricity; they have got somebody to move the airline—go and get somebody to build an airport and come out of it! Come out of it. But it is a disgrace and we ought not to be so misled. I think it is very important.

Mr. President, in case anyone has any doubt that this Government believes that it should keep the population abreast of what is taking place in the country, then I need only go to the Sunday night broadcast of a couple of Sundays ago. One of the things the Prime Minister told us was in connection with vain promises and keeping us up to date. So that even if you do not want to do it because I asked you to do it—I ask you to come and tell the country why we have not got our airport.

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Why did we have a launch that was in a conceited way described as "successful" before anything happened? Why do we not have an airport since February? Why, after all this conceit and self-promotion, nothing is happening? If they think that my standards are wrong, then apply the standards of their own Prime Minister. I quote from his Sunday night broadcast. This is in dealing with vain promises—and I quote:

"We want to say to you, fellow citizens, that we are a working Government; we do not just say we care, but we go out and find a way to make it happen;"

Go out and find a way to make this airport happen.

"...and we try not to talk about it before it happens."

Well, I wonder, when they drew the poor Prime Minister in this picture, if that was not talking about it before it happened. I wonder. But anyway:

"We go and investigate it first, so that when we speak to you we have something that is concrete to say. We know that it is said many times we say things and they are not fulfilled. Because of this we are seeking to act, find out the facts and then present them to you, so that you would not be left in limbo, but that you would know what is happening. We do not make vain promises. Things may take a little long in occurring, but when we make a promise we ensure that it is fulfilled; and if for some reason it cannot be fulfilled, we give you the reason why."

That is why this Motion is standing in my name. Give me the reason why. Give me the reason why you launched an airport project in February of 1994, conceitedly described it as a "success" before anything happened; repeatedly told the country that the financing would be in place at different periods, ending with June 1994 and basically, have maintained a fairly stony silence since. Give me the reason why nothing has happened.

What is the status of the preferred developer? Do you consider that his time has run out, having said that you do not intend to give him unlimited time? Tell the country whether there is a rift or a difference in view between the management of the Airports Authority and the Ministers of Government. Tell us that. Tell us whether it is not a fact that the Airports Authority had an emergency meeting, in September, 1994 which was held on the basis that the management of the Airports Authority had come to the position that the situation with Hughes was untenable.

2.40 p.m.

I understand that is recorded, that it is the Authority's view that the situation with Hughes was untenable and that they were looking for plan "B" as it was described; they were looking for damage control and they were looking for alternatives. They could not proceed with plan "B" and they could not proceed with alternatives—they could not do it on their own—because it required the concurrence of the Minister.

If it is a fact that you appointed a board and they have washed their hands of the preferred developer and they want to do something else, they must tell us whether that is so. If that is so, why have they not been allowed to proceed with something else? They are not here so they cannot tell us why—if they cannot get the concurrence of the relevant Minister to do what they think is right in the country's interest—they are still there, maybe hoping for more photographs with the Prime Minister to talk conceitedly again about success. But I am not concerned about that, because they are not here and I will not attack anybody who is not present.

You see, I am told that in the course of this emergency meeting that was held in September 1994, the management of the Airports Authority gave their reasons why the situation with Hughes was untenable. One was that they had not come to the realization—everybody else in the country knew it but I guess it takes a little while—that Hughes and Pegasus were really the same people; they had been totally unable to get Hughes to put up certain equity positions that were a requirement for the financing to go forward; that the so-called commitment letter that had been given by the Canadian Imperial Bank of Commerce out of Los Angeles could not go forward because Hughes had not met their obligations and in particular had not met their equity obligations. Indeed, that commitment letter was the subject of a great deal of publicity and triumphant shouting and so forth.

Time is very short, but I think it is important to remind the country that on the basis of information which this Minister gave the Parliament on July 5, 1994, it is on that basis that I make the statement that they have to account to us for the money which was spent on this project in anticipation that it would be "suck-eye" to raise the financing, because they made a commitment in the budget of the Ministry of Works and Transport to fund specific infrastructural works. Time is not going to permit me to list what they all are, but they were very impressive. They were going to see about potable water, fire protection systems, electrical supplies, waste collection, and so forth. I believe the sum of money was US \$5

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million in the Ministry of Works and Transport development programme to fund these infrastructural works. I do not know whether we should be putting aside money to fund any infrastructural works when the situation with the preferred developer is as it is. It certainly would make a lot more sense if you had some alternative.

In case anyone tries to say that there is some confusion about what Phase 1 of the airport is, on July 5, the Minister said and I quote:

"The Phase 1 developer will be primarily concerned with only Phase 1 requirements which entail the development of the terminal building, an air cargo handling facility and air fuelling improvements. However, it has been identified that specific infrastructural elements as outlined previously, should be built in such a way as to minimize the long-term cost..."

But Phase 1, which was described as a success in February 1994, entails the development of a terminal building, air cargo handling facility and air fuelling improvements, and none of that has taken place. Meanwhile we have gone ahead and cleared land—I believe the area is called the Oropune—on the basis of a commitment from the preferred developer that they would provide the interim financing. That, too, is to be found in an answer which the Minister gave on May 24, 1994, that interim financing was going to be provided by the preferred developer. I do not know whether that financing has been provided. Certainly we can see with our naked eyes that the work has been done. Have they provided it? Or have we been left holding the bag? Actually, "bag" is not a word I intended to use in relation to this project because it conjures up certain other things and it is certainly no part of my business to raise the question of "bag" in relation to this project, although it certainly has been raised by many other people.

That is the basis on which I thought it necessary to put down this Motion four months ago. There is a great deal more material available on this question but I would like to start summarizing, because sometimes people do not understand precisely what it is you are complaining about. I think it is generally accepted—and the Government has accepted—that we need new airport facilities and I would just itemize what they are in the Minister's description of Phase 1.

We had a great deal of hoo-ha and circus in February 1994 when we launched the project but it has not materialized. Not only has it not materialized; it has not started other than the clearing works. I do not know if we have got or will get the money for the clearing works from the preferred developer, but absolutely nothing has happened and we have not been told anything. Since September 1994 we have

not been told anything other than "no comment; negotiations are proceeding; the Prime Minister saw this person; Dr. Saith saw this person" and so forth. And there are these disturbing reports of the management of the Airports Authority considering the position with the preferred developer "as untenable." These are the questions that require answering. There are reports that the preferred developer has failed not only to come up with its cash equity contribution but it has failed to provide a limited performance guarantee which was sought; and many other things into which time does not permit me to go.

The bottom line is that here we are, saying to people we are going to be the financial capital of the Caribbean; we are going to be the Athens, I think it was said in one budget statement, and we have a series of over-refurbished, fairly squalid little buildings as our airport creating completely the wrong impression. In case you have any doubts about it—I do not know what foreign investors tell you when they come here. I suppose they tell you what they think will get them the best deal. I know what my foreign clients tell me, that their first impression of Trinidad and Tobago is nearly always disastrous, particularly if they bring samples, where the customs treat them as though they are high class international smugglers. But you always get a bad impression of Trinidad and Tobago when you arrive at the airport. Then you have the considerable inconvenience to all of us as long as the airport remains in its present condition.

So that is a summary from where I am so far. There are a few other matters that I would like to raise if time permits. It is no good anyone trying to come and fool us. It is apparently very fashionable these days to fool us. We are reminded that we should be grateful for our free secondary education, but those of us who took advantage of it are faced with foolish statements. I hope no one is going to come and say, "well, look here, the reason all of this broke down is because there was no provision for a government guarantee. The point is that whoever designed the request for proposals, designed it without a government guarantee. So if it is that this project cannot fly without a government guarantee, then whoever told the Government to go to the market without a guarantee, he must get a fax, and whoever told the Minister that the financing would be in place by June 1994, he must get a fax. Then if the board on the management of the Airports Authority told the Minister that the position with Hughes was untenable, well I need not complete the sentence as to what should happen next. Therefore, the country requires a full explanation as to why this airport is not being developed in the light of all of this disturbing evidence and all of these disturbing reports which quote the various Ministers of Government.

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Therefore, not only must the Minister give an explanation, but if, in fact, we have been deprived of a proper airport and we have to be herded like cattle, on some occasions, for any of the reasons which I have described, then, at the very least, the explanation must be accompanied by an apology.

Confession is very good for the soul. If a mistake has been made to go to the market without a government guarantee, we should be told, "We made a mistake and we are going to rectify it as soon as possible." The Government should tell us that and not stubbornly cling to a position and dance around the problem in circles, providing us with various bromides by way of press releases—at least, the press releases have stopped because there is nothing more they can tell us really, given the impasse that has been reached.

Therefore, in the absence of the guarantee, it is not going to wash as a reason. Is it possible to scale down the project? Maybe, we were overambitious. I do not really want to refer to "fingers" in the context of this Motion, because like "bag" people would get the wrong idea if I start talking about "fingers".

I believe that one of the things that dictates the \$80 million cost of the airport is the number of fingers in the airport. We need to be concerned about how many fingers are in the airport because it is costing us much money. I believe they are providing for 12 fingers and maybe, we only need six, since we only have six airlines coming here. Or, maybe, we need eight because we may have six airlines; some of them coming here twice a day.

Maybe, the whole project is over-engineered. I see there is quite a lot of smiling at the mention of fingers. I do not mind smiling at the mention of fingers, but if I see anybody licking their fingers I get quite concerned.

Maybe, the project is over-engineered. Maybe, we have to send a fax to those who said that Trinidad and Tobago could become the airline hub of the Caribbean. Maybe, that is where the whole thing went wrong—In the original concept, and in the original engineering.

Someone must be held accountable for the misleading of the country; the misinformation; the false projections; the complete absence of any activity in relation to this project and the complete absence, recently, of any up-to-date statement about what is happening.

Mr. President, I would not preface it by what I was going to say, so I would simply say, to remind those involved in this project, that their political father said,

"If for some reason a promise cannot be fulfilled, we give you the reason why". That is not an old promise. That is a recent promise. Give us the reason.

Why is it that this developer has not had any of the deadlines that were imposed on the Amoco/Southern Electric International (SEI) consortium to deliver the cheque by the end of December 1994? I do not think that negotiations should be carried on in the Anthurium Suite, or anywhere else, but why is it that we do not have this preferred developer here in a series of intense meetings over several days in order to reach a conclusion one way or the other?

Finally, I do not think that at this stage there is much to be gained by raking over old coals. This project had a troubled history to begin with, and we had the Collymore Report and so forth. While I am not raking over those old coals, the original problem with this project is still relevant. It is relevant because the information is that Pegasus, who was the problem choice the first time around, is involved in this project again. The management of the Airports Authority knows that and they have recorded it in their minutes. I dare say the Minister would have access to their Minute Book for in or around September 1994. I do not have full access, unfortunately.

It is quite obvious that some kind of commitment has been made to this developer. Whether it is because we foolishly agreed to accept interim financing, there is some kind of downpayment that is binding us to this deal otherwise we would have come out of it a long time ago. Particularly, if it is a fact that the reason the management has washed its hands of Hughes, in regard to the position being untenable with the preferred developer, it is because they have not met their commitments with regard to performance guarantee, cash equities and other things.

One cannot help the feeling—people are human beings—that there is some reluctance to move on to the next developer on the list of preferred developers because the next set of people are people who lawfully raised an outcry when the first award was made, and sought to vindicate their rights.

I know this Minister would not lack in maturity, that if, for example, there was a maritime objection—perhaps I should say an ocean objection—to a project the first time around, and thereon the list of bidders to whom we should turn, because we have washed our hands of Hughes, are we going to hold against anybody the fact that they sought lawfully to vindicate their rights? I hope that is not the problem. I hope nobody is behaving in that way. I certainly do not think that this Minister is capable of such a thing, but, perhaps, he should pass on some of these lessons in political maturity to those who have to handle this project.

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Mr. President, we have a serious problem. With regard to the residual issues, I do not believe that the privatization of BWIA has answered the concerns of my Motion. I have said at the beginning what those concerns are. I still do not know if we have anything in place to meet the needs of our floriculturists; the need for international air transport by cargo of our floricultured products; or our fish. I do not know if we have the means in place for transporting and promoting the steelpan and carrying steelband instruments.

I keep coming back to this. Why are they so easy about the time-table with this developer? What is it that has bound them to this developer that he could wait, have talks and nothing can happen and reportedly fail in his obligations?

In the words of my Motion, I am asking Senators to support my call for the Government to—

"...move without further delay..."

It should have been with no delay! We have had terrible delays over this project.

"to have Piarco International Airport refurbished and expanded realistically to suit the needs of the country;"

The emphasis with regard to 'realistically' is that we have to ask ourselves whether the project was over-engineered; whether the projections were too optimistic?

Now that BWIA has privatized, there are those residual issues, to which I refer, and if it becomes necessary, I would seek an amendment to put that part in my Motion in relation to the cargo requirements of the country, that are dictated to other than by commercial considerations. At some appropriate stage I would seek to introduce an amendment.

Mr. President, I am wondering if you could indicate where I am in terms of time.

3.00 p.m.

Mr. President: You have about seven or eight more minutes.

Sen. M. Daly: I am much obliged.

There are just some other points which I would like to emphasize in the time that is available. Since September I said this, and I shall say it again. This Motion is not about embarrassing anybody but getting the airport refurbished. I re-emphasize that since September 1994, we have had no manageable or serious information about what is happening with Phase 1 of that airport project. The Minister has been at great pains to explain that PRIDE is a big project of which

Phase 1, namely the development of the terminal, the cargo handling facility and the air fuelling requirement is only a part.

I have stayed away as much as possible from using the expression "Pride" because I understand it is a larger project which I am really not concerned about at present. I want to know why we cannot get on with the business of refurbishing the airport in a manner that much suits our needs. We now have a better idea and the benefit of hindsight with regard to the amount of air traffic that we actually have. BWIA has been privatized. We now know a bit more about its schedule than we did in the past. Part of my Motion deals with those issues realistically, and we need to re-examine this project to see whether it is not overambitious and over-engineered.

If it is that the Government has to give a guarantee, then they must not be stubborn about it. They must admit that they got bad advice or made a wrong decision. They cannot simply try to sneak out of it by saying that it is because of the absence of a government guarantee. It is appalling to know that we were being misled into believing that the project would be financed by June 1994, only subsequently to find out there was no government guarantee. I think the reason we have not gone forward is the preferred developer cannot make. For some reason which we do not know and which I take the Minister will explain, we are clinging on to this developer. What is the reason? Is it because he has advanced money to do the preliminary work?

I emphasize that this Government had no problem in hustling along other agencies and international people who are making investments here, to meet certain deadlines in order to get something done. They are just sitting back and absolutely nothing is happening at the airport. We now face another summer and here we will see the usual chaos in the airport as a result of no development taking place.

I think that the country requires a full explanation. I want to close by saying to the Minister that when he gives us the explanation, if he deigns to do so, he should be very clear. He must not come with a clean slate. We have already been given wrong answers, explanations, projections and deadlines, and a lot of public relations to the self-aggrandizement of officials involved in this project which have resulted in not a single benefit to this country, other than a tremendous amount of newsprint, and perhaps the declaring of those who look into these matters as security and other risks.

I beg to move that this Government proceed without further delay to refurbish Piarco Airport and expand it realistically to suit our needs.

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Mr. President: Is it my understanding that you want to vary the terms of your motion?

Sen. M. Daly: Yes, Mr. President.

Mr. President: I think now is a suitable time to do it because a debate will follow.

Sen. M. Daly: In view of your kind guidance, I leave it on the basis of the second part of the Motion that raises residual issues about BWIA which have not been resolved, rather than seek to amend the terms of the Motion. Maybe, another Senator will speak about it. It would be difficult for me to do so now.

Seconded by Sen. M. Mansoor.

Question proposed.

The Minister of Works and Transport and the Minister of Local Government (Hon. Colm Imbert): Mr. President, first let me say that I am happy that Sen. Daly has brought this Motion before this Senate, and he shares the view that we need to refurbish and expand Piarco International Airport to suit the needs of the country.

During the presentation of Sen. Daly, I asked him a particular question. Who was the author of some of the newspaper articles to which he was referring? Although the Senator responded that it was the *Express*, my question was really more specific than that. I was asking for the bi-line in the particular article, but be that as it may, this project has been subject to considerable threats; some of which have been positive but a lot of it negative. The project has been a victim of mischief; some of which has been unintentional but a considerable amount, intentional.

If one looks at the pattern of reporting on this particular airport expansion project, one would see certain similarities and trends in a certain approach to the subject. This is why I asked Sen. Daly this particular question. There is absolutely no doubt in my mind that there are certain persons whose view is that they should stir up as much mud and dirt as they possibly can about this project, in an effort to undermine its success. There are many reporters who genuinely wish to examine this project in a responsible and disciplined manner and expose what they believe to be wrong about this project, and I have absolutely no quarrel with them.

Sen. W. Mark: Would the hon. Minister be so kind enough to tell us the people who are seeking to discredit the project PRIDE? We would like to know.

Hon. C. Imbert: I do not think that would be productive at this point in time.

Let me move on. The fact of the matter is that I have made the statement. If one looks at the press reports on this project one would see a certain pattern of reporting. Let me clarify that. I am not speaking about the press. I am speaking about particular individuals whose intention is clearly to discredit this project. That is all I think needs to be said at this time. I have no doubt that arising out of this debate today, again, certain persons may seek to discredit this project for their own purposes. It is very unfortunate. In this country, there are persons who, when they do not get their own way, and they believe that things have not worked out to their advantage, they use certain methods in an attempt to achieve their advantage.

Let me deal with the project now. A lot has happened over the last year or two. In the period of the third quarter of 1994 three international airlines withdrew their services from Port of Spain.

3.10 p.m.

At that point in time, the passenger and cargo traffic through Piarco did not show any adverse trends to justify such action. One must recognize that many of these airlines that withdrew their services from Trinidad and Tobago in the third quarter of 1994 had heavy passenger loads. As a matter of fact, some of them were even flying full. United Airlines is a case in point. United Airlines had very, very high load factors but still found it impossible to continue serving Port of Spain in the manner which it had previously. Clearly the airlines were not making the kind of returns that they would have liked, when using Piarco as a destination. My understanding is, in the particular case of United Airlines, that it was the type of aircraft that they were using which had proven to be uneconomical to service the Miami/Port of Spain run. There are many different reasons why airlines pull out of countries.

In the case of BWIA, it has its home base at Piarco and is therefore much more competitive than many airlines. Its unit costs out of Piarco are lower than many industrial leaders worldwide, and that may be one of the reasons BWIA was able to resume operations within a matter of days after the disturbances of 1990. They are based here; their costs are lower and, therefore, they were able to resume. The decision to resume operations was, therefore, much easier for BWIA than it was for an airline not based in Trinidad and Tobago.

Our research has indicated that because of its competitive advantage—it is based here—BWIA can operate some routes at fares that are lower than break-even for many of its foreign competitors. After the withdrawal of the scheduled airline services—United Airlines, British Airways—low-cost charter operators entered

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the market to fill the void created by the withdrawals. The actual passenger traffic has not been significantly affected, and that is an important part.

When the airlines pulled out of Trinidad there was much uncertainty as to the viability of Piarco as a destination point for air traffic and the point was made by the Government that airlines may come and go, but passenger traffic remains. It was an important point. We have seen it with the pull-out of the three major scheduled airline services. We have seen low-cost charters filling the void. There was the same number of passenger enplanements, but at a lower cost because it was clearly uneconomical for some of the foreign airlines to operate regular scheduled services to and from Piarco.

This was not the case for all airlines. As a matter of fact, some airlines have increased their flights. Air Canada did not pull out, they have increased their services to Piarco. It all depends on the equipment, unit cost and other factors which influence the economics of the operation.

What also occurred in the third quarter, towards the end of 1994, was the divestment of BWIA. The presence of BWIA is a major factor in the viability and feasibility of any airport expansion project. Clearly, if as a country we wish to proceed with significant investment at Piarco, we have to look at all of the players in the scenario and clearly the divestment of BWIA affected the situation. As a matter of fact, a number of tentative agreements that have been reached with the old BWIA, regarding the Piarco expansion project, could not be relied upon.

One sees, however, that with the introduction of the foreign partner to BWIA there has been no decrease in overall traffic. From the information at my disposal, if all the targets in the business plan of the new partner are achieved, then one should see an increase in traffic, as a result of the activities of the new BWIA.

This, however, is part of the dynamism of air transportation. It is not a static matter at all; it is a very fluid situation. At any given time we can have tremendous changes in the airline industry: airlines go out of business all the time, new ones come into being; some airlines have a consistent record for profitability, such as British Airways; others make significant profits for 10 years and then because of changes in the market place, suddenly go out of business.

What I am leading to is that this unusual confluence of events—the pullout of three major airlines; the divestment of BWIA; the whole changed structure of BWIA and the appearance of low-cost charter operators prompted a review of the project. I hope that Sen. Daly now understands what took place towards the end of 1994. The basic assumptions on which the project has been based and even with this feasibility analysis which was completed in 1992 by international consultants,

resulted in the recommendations arising out of this feasibility analysis which led to the—

Sen. Daly: I wonder whether the Minister would tell us whether he has communicated to the preferred developer that the assumptions for the project have changed and has reopened negotiations on requests for proposals?

Hon. C. Imbert: Mr. President, I will endeavour to enlighten Sen. Daly about all these matters as I continue with my response.

The air transport situation in Trinidad and Tobago changed radically in the last half of 1994 and the Airports Authority and the Government took another look at the project to determine whether it was over-ambitious—to use Sen. Daly's words—whether it was over-engineered; whether it was still feasible; whether we should proceed at all and so forth. All of this took place in the latter half of 1994.

I am happy to say, however, that as a result of this review, which went into all aspects of the project, we looked at cost savings in terms of the number of loading bridges, which is a covered walkway out to the plane so that persons can access the aircraft in any weather condition—to determine whether the project was still viable as originally conceptualized.

The review also gave the Airports Authority the opportunity to look at greater use of local materials because another thing happened not so long ago—the floating of the Trinidad and Tobago dollar—so that the Airports Authority decided to examine the project to see whether there could be greater use of local materials and therefore achieve some savings.

3.20 p.m.

Even though the project was denominated in US dollars, the local construction costs for certain available locally manufactured inputs in the construction industry have not increased in the same proportion as the reduction in the value of the Trinidad and Tobago dollar.

The opportunity was also taken to look at actual costs for construction work in Trinidad and Tobago. A comprehensive review was done, examining labour productivity and actual construction costs on a number of major projects throughout the country. It was determined that some savings could be achieved without sacrificing the integrity, the quality and the standard of the engineering in the project. The net effect of all this is that without compromising the scope of work, the terms of reference, or the integrity of the project, the Airports Authority

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and the developer, have been examining ways and means of giving us the same airport at a lower price. That is one consequence of the review that took place in the latter half of 1994. Far from the concerns raised by Sen. Daly about this \$80 million project being overambitious and over-engineered, the Airports Authority and the developer have, in fact, been looking at giving us the same quality and size airport at a lower price. I do not know if that would make Sen. Daly feel a little more relieved.

I would go on to some of the other important issues that Sen. Daly has raised. The Government continues to be concerned about this project and in fact, throughout 1994 the government was extremely concerned. As a matter of fact, towards the end of 1994 the project had virtually reached a point where a decision was almost taken to abort the process and to start all over again. This is a fact, and I think Sen. Daly should be aware that we have not been sitting twiddling our thumbs and just waiting for various people to get their act together; far from it.

We believe, just as Sen. Daly does, that the country needs a new airport. One of the recurring themes in some of the correspondence in the newspapers is that we do not need a new airport. Mr. President, I have lost count of the number of anonymous letters I have seen in the daily newspapers, signed by concerned citizens or some other anonymous person, "we do not need a new airport, why is the Government getting involved in this grandiose project, why are we wasting time, let us just paint the old one and press on." I am happy that Sen. Daly has brought this Motion here and I am happy that he agrees with the Government that we do need a new airport. That is very, very important.

Out of our concerns towards the end of 1994, we almost took the decision to abort the process—and there is no compelling reason for us to stay with anybody. There is no reason at all. In any situation like this—and I sincerely hope that when Sen. Daly was making his assertions, that he hoped that there were no down payments or words to that effect, he was referring to the interim financing that was advanced at the beginning of the project and nothing else. Sen. Daly is an honourable man and I did not expect him to be making any allegation other than that. *[Interruption]* I am glad that he has confirmed that this is what he was saying.

There is no compelling reason for the Government to stay with any particular group or organization. The fact of the matter is, Mr. President, as a Government, one must weigh one's options in a case like this. One must decide whether the process should be scrapped and started all over again. One must look at the time that one would waste with such an exercise. Or, one decides whether to continue

and set certain targets and if these targets are met, one would press on with the project.

Contrary to some of the statements made by Sen. Daly, the Pride staff at the Airports Authority have been working extremely hard on this project. They have not been sitting as Sen. Daly asserted and doing nothing—nothing could be further from the truth. I must congratulate the Airports Authority staff here today for their perseverance and dedication to duty and the hard work they have been doing over the last year.

None of us has taken any pleasure in this, Mr. President. As a Government we want to complete the airport as quickly as possible. We do not want to let this project drag forever, and ever, and ever. We are satisfied that incremental progress has been made; that as we go along targets are met and the vision of a new airport becomes closer and closer to being a reality. *[Interruption]* We are satisfied, Mr. President.

There are a number of issues which I think need to be clarified. Sen. Daly made the point that whoever advised the Government that we should go out and do this project without a government guarantee should be fired by fax, that is what he said! Fire them by fax! The fact of the matter is, Mr. President, Sen. Daly is aware—he is a knowledgeable man, he is up-to-date with the financial situation worldwide—that the international banking scenario has changed radically over the last three to four years. International lending agencies are no longer prepared to finance projects of this magnitude, projects of this nature, without either a strong equity participation by the borrower or a sovereign guarantee. This is something that has happened in the international financial market over the last three to four years. The fact is, that there has been an international debt crisis and a number of countries have defaulted on their debts, a number of international banks have had to eat a lot of debt, and the entire international financial market has hardened over the last three to four years. Therefore, I believe it is unfair for Sen. Daly to make the assertion that whoever recommended that this project go out without a government guarantee, should be fired; that is entirely unfair.

At the time in question, 1992—remember this project has been in the works for years, the whole question of upgrading Piarco Airport has been on the table for 20 years and there have been a number of feasibility studies, engineering studies and a number of attempts have been made to get this project off the ground. As I have stated, the study was completed in 1992. A detailed financial and engineering feasibility analysis was done on the Piarco Airport and the project at that time—in 1992—was considered to be financially viable. The returns from the project were considered to be adequate to finance the project and

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it was felt, with some confidence at that time, that one could go out in the market and the income of the project would be sufficient guarantee for any lender. That was the feeling at the time, and it is unfair to say that the people did not know what they were doing. Hindsight is 20/20 vision, Mr. President. We can sit here in this Chamber in 1995 and say they should never have done that. It is easy to say that in hindsight, but the fact of the matter is that the financial market has changed.

3.30 p.m.

What the financial market is now demanding is that either a sovereign guarantee is given for a project of this nature, or a substantial cash equity injection is part of the overall financing package.

Sen. Daly: Mr. President, I wonder if the Minister would indicate whether Hughes has failed to come up with the cash equity injection. That is the problem.

Hon. C. Imbert: Mr. President, I am going to deal with that. Sen. Daly asked why we did not go to the second developer. The second developer was not offering any Government guarantee either, because all the proposers at the time assessed the market at that time and were of the view that it could be done without a sovereign guarantee, or a substantial equity injection. The developers, variously, at the time were recommending and proposing very small cash equity contributions to this project. One of the developers—not the successful developer—was recommending between \$5 and \$6 million cash equity in an \$80 million project, which is less than 10 per cent. The fact is, all those who tendered on the project believed they could raise the financing without a government guarantee and with a very small cash equity contribution.

That is what they believed in 1992, and they were probably correct at that time. As I said, the financial market has changed. What has happened is that the developer has found the required cash equity to make this a bankable proposition. Let me repeat that for the benefit of Sen. Daly. The developer has found the required level of cash equity to make this a bankable proposition.

We were at a stage in 1994 where airlines were pulling out; the financial market had changed and developers were saying they could not do this project without cash or a sovereign guarantee. We reached the point where we said, we would scrap this project. Then, the developer managed to come forward and find the level of cash equity to carry the project forward to make it a bankable proposition. From then to now, with the higher level of equity that has now come into the project—*[Interruption]* I will deal with that in due course.

Mr. President: Do not worry about asides.

Hon. C. Imbert: Thank you, Mr. President. From the information that I have received—and one has to go on the information that is available—the structure of the project in terms of the equity contribution by the developer, the reduced cost of the project in terms of cost savings that the developer has been able to achieve, taking into account the savings, the lower construction cost in Trinidad and Tobago, it is now a restructured project. It has a much higher level of equity contribution by the developer and it has a lower final cost.

I have received correspondence from a number of financial institutions on this matter, and one has to act on the advice one receives. If one receives advice from a reputable organization and it makes sense, one has to act on it. One does not act on rumour. The fact is that the information that I have received is that the project is now bankable and that the full financing will be raised. All the problems with regard to the cash structure of the project have now been resolved.

Discussions are now underway with all the final partners in the financing package—a number of different international financial institutions and perhaps even some local institutions—with regard to either debt or equity contributions to this project.

I am going to be very careful of what I say, bearing in mind the litany of woes that Sen. Daly read, about promises made in May and June and then there was a deafening silence. I am going to be very careful of what I am saying. From the information that I have at this point in time, I am fairly satisfied that the financing for this project will be raised before the end of 1995. From what I have seen, in terms of the restructured project, in terms of the additional equity, and expressions of interest and various commitments given by international funding agencies, I am fairly satisfied that the financing for this project will be raised before the end of 1995. I am also fairly satisfied, Mr. President, that construction will resume before the end of 1995.

This is the decision that faced the Government towards the end of 1994: Should we scrap the whole thing; reformulate the project; issue a new request for proposals, invite bids, evaluate them and enter into a process of negotiations? That entire process could have taken over one year, maybe two years. The whole process of reformulation, reinvitation of bids, evaluation, negotiation and so forth, could have taken as much as two years. I have asked my colleague here the Minister of Energy, and Energy Industries how long the LNG project has been under discussion, and he advised me that it has been since 1993. These projects are not projects that one can execute in a matter of months, Mr. President; they are major, significant and complex projects and they take a long time.

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When one looks at the other countries in the Caribbean which are also moving towards airport expansion—I will use the case of Barbados going into a US \$45 million expansion of the Grantley Adams International Airport in Barbados. They have been working on this project for two years, and they are going with a government guarantee. That should give us some idea of what has been taking place in other countries. The Jamaican situation—they are going with a US \$100 million project, and this should give an idea of the scale of investment in the other islands in the Caribbean in terms of airport development.

So that if anybody had any doubts that we should not be investing money in a new airport in Trinidad and Tobago he should just look at St. Lucia, Barbados, St. Vincent, Jamaica and all the other Caribbean islands. I agree with Sen. Daly that if we do not solve this problem quickly we are going to miss the boat, I endorse his views on that. If there is anybody who believes that we should not get involved in investment at Piarco at the scale of US \$50 million, \$60 million, \$70 million, just take a look at what is going on in the rest of the Caribbean: Jamaica us \$100 million; Barbados US \$45 million—simply an expansion of the existing terminal building, not construction of a new terminal building, which we are doing in Trinidad and Tobago.

Let me come back to the point. The Government was faced with the question at the end of 1994: Do we abort the process or do we start all over again? That could have delayed the project for as long as two years. We decided, based on the information available to us, that we would stay with the existing situation. Certain information had come to hand, particularly with regard to the injection of a considerable sum of cash equity and it appeared that it would be quite probable that the developer and the Airports Authority would be able to achieve a resumption of the project in 1995. Therefore, rather than lose two years and one could not be certain of the outcome, we decided that we would wait another year in the expectation that the project would resume in 1995. It may not be as long as a year, it might be six or nine months.

Sen. Daly raised some other points. He wanted to know who had advanced the funds for the earthworks. The developer did advance most of the funds for the earthworks. That is a fact. I hope that answers his question. We are also fairly satisfied now that the Hughes development group for this project is capable of executing the project and managing the new airport. As I said, we had reached the point in 1994 where we nearly aborted the entire process.

I am not certain that there is much more—I am looking at my notes of what Sen. Daly said: foreign carriers have pulled out; no credible movement in relation to the Piarco project for a long time; Piarco not serving the travelling public; the buildings are dilapidated; we need to fulfil the Government's objective of becoming a hub for the region in terms of transportation; lack of urgency on the part of the Government; Senate was pushed into approving legislation regarding T&TEC; and so forth. The other things that he said really were with regard to newspaper reports. *[Interruption]*

Sen. Daly: Let me see if I can assist the Minister, since he is so hung up on the newspapers. I want to know whether the Airports Authority had a meeting in September, 1994 where it said that the position with Hughes was untenable and recommended terminating the relationship with Hughes? How can the Minister forget that I asked that question?

3.40 p.m.

Hon. C. Imbert: Mr. President, I thought I answered that question. I thought I said that in the latter half of 1994 both the Government and the Airports Authority had virtually reached a point where they were going to abort the process. I thought I answered that question. Let me say it again, Mr. President. In the latter half of 1994, which means between June and December so September falls inside there, the Airports Authority and the Government reached the point where they were about to abort the project.

As a matter of fact, Mr. President, the situation over the last year has fluctuated in terms of the views of the Government and the views of the Airports Authority. At one point in time, during 1994, the Government was subjecting the Airports Authority to a lot of pressure to abort the project. The Government told the Airports Authority that it believed that the project was taking too long and that it should be aborted. There is no doubt about that, and the Airports Authority said, "No, wait, we still think we can salvage this project; give us a little more time. We believe if you abort it now there will be too much delay, we will lose too much", and so forth.

That happened in 1994 and then at another point in time in 1994 the situation changed. The Airports Authority was of the view that they could not go on with this project. The fact of the matter is that both the Government and the Airports Authority had reached the point in 1994 where they wanted to scrap the project and then the developer was able to find the cash equity—

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Sen. Daly: How much?

Hon. C. Imbert: Mr. President, Sen. Daly keeps asking how much.

Sen. Capildeo: Well answer nuh?

Hon. C. Imbert: It is generally accepted on projects of this nature that equity of the order of 20 per cent of the project cost is sufficient to make it a bankable proposition. It is generally accepted, from the information that we have received, that with a project with the kind of high yield—remember, Mr. President, everybody who examined this project said it was feasible. Every organization, every consultant that examined this project said it had a very high yield. The problem was, what about political risk. The problem that the international banks had faced is that, yes the numbers look good; yes, there is a nice surplus on the cash flow. Of course. But suppose the Government changes, for example, in the country, what would happen?

Sen. Capildeo: When the Government changes.

Sen. Barrack: The Government will change.

Hon. C. Imbert: Would another government nationalize the airport? These are real questions which are asked in the international community. Suppose the government changes, would a new government coming in nationalize the airport and reverse all of the changes made? Would they scrap this project? Would they abort the process? Because of that, Mr. President, the international banking community had indicated that it needed an equity level of 20 per cent of the project cost. Now remember, Mr. President, that all of the bidders including the second developer which Sen. Daly asked about, came in with equity below 10 per cent.

Sen. Daly: Have you got a firm commitment—one that is in writing that your lawyers have examined, for US \$16 million participation by the preferred developer; and have you given the other preferred developers the opportunity to put up any cash equity, since you have varied the terms of the original proposal?

Hon. C. Imbert: Mr. President, nobody has varied the terms.

Sen. Daly: Oh?

Hon. C. Imbert: Nobody has varied the terms here, Mr. President. We have received appropriate legal advice on this matter, but nobody has varied the terms. One can raise the financing in a number of different ways; one can raise it all through debt; one can raise it all through equity. Mr. President, at the end of the day, the whole question is that a sum of money has to be raised.

Sen. Prof. Spence: Mr. President, I do not know if I am not following closely enough, but I thought the hon. Minister was making the point very strongly that the financial situation changed between 1992 and now. So even though, technically and legally, the terms may not have changed, it would seem to me that the whole scenario has changed. That is the argument that he is using. Therefore, it would seem to me quite legitimate to ask the question: Should not all the proposed developers be given the opportunity to again put forward proposals in this new scenario? He is arguing very strongly that there is a new scenario.

Hon. C. Imbert: Mr. President, I think, perhaps, some of the questions coming from the other side arise because of lack of information about the structure of the request for proposals. What the Airports Authority asked people to bid on was not an \$80 million airport; or a \$100 million airport, or 10 per cent equity and 90 per cent debt, or whatever—it was a business plan. What the developers were asked to propose on was: We want an airport of this type; we are pledging the revenues from the airport to the project. How will you take the project revenues; how will you get the capital investment required to build this new airport; and how will you be able to turn a profit to repay all of the demands on the project? So it is a business plan we are talking about—it is a business plan.

So that what the developers propose is that we build the airport for this price; this is the percentage shareholding we require; this is the debt-servicing component; these are the expenses; these are the wages and overheads we expect; these are the fixed costs; these are the operational costs, and so forth. Therefore, Mr. President, this entire question of debt equity ratio is within the context of a business plan. What may happen, for example, is that the return to the developer may remain the same; the return to the Airports Authority may remain the same; and one would expect it to, because these are the important points. A developer comes in and wants to make a certain return on his investment in a project. He can get his return in a number of ways. He can get it in terms of shareholding, dividends, or in terms of earnings from the actual management of operations.

So a developer may come in and say, I do not want any shareholding in this project; just pay me to run this airport and here is my fee. On the basis of that, the Airports Authority will work out the return to the developer and the return to the Airports Authority. Another developer may come in and say, all I am doing is putting equity into this project and you pay me dividend. But it is the return at the end of the day which is important. What is going on here, Mr. President, is that there was a question of cash investment and a question of income earnings from operation of the project. What the group is doing is looking at the whole

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relationship between earning money from the operation of the project and earning money from dividends; and this has affected the debt equity ratio.

Whereas, originally, developers were coming in with low equity—US \$5 million, and so forth, in an \$80 million project but hoping to earn their money out of the operational side of the airport, we have now restructured to suit the demands of the international financial community so that the developer will now put in more equity and will get money out of dividends, but at the end of the day the developer will be getting the same amount of money; the Airports Authority will be getting the same amount of money.

3.50 p.m.

Sen. Prof. Spence: I understand that, Mr. President. But the Minister himself has just used the word, "restructured". He has restructured the project. So have these other developers had an opportunity to bid for the restructured project? That is all I am asking.

Hon. C. Imbert: Mr. President, the Airports Authority is still engaged in negotiations with the number one developer. It is still within the context of the request for proposals; it is still within the context of the legal framework of the project. It is a negotiation. When one makes a proposal, there are a number of issues which are not acceptable. For example, in the original proposal there are a number of things from all the developers, when they put their cards on the table and said, "this is our proposal", the Airports Authority looked at it and said "some of these things are acceptable and some of these things are not acceptable. We will accept these items and we wish to negotiate them with you." This is all in the context of negotiations.

Discussions and negotiations are still taking place with the preferred developer in the context of the request for proposals and in the legal framework of the tender exercise. We have received legal advice on this matter and we have been advised that whatever we are doing is within the legality of the entire request for proposals, the evaluation and tender process.

Sen. Prof. Spence: Mr. President, I was not in any way suggesting that it was outside of the legal framework. What I think I was asking is: Has the Government asked itself, "since I am restructuring this project, am I being fair to other developers in not allowing them also to bid outside of the legal framework?" Sure, let us say they are within the legal framework, but there is another issue outside of the legal framework. The other issue is, what is best for Trinidad and Tobago. That is the question they must ask themselves.

Mr. President: The hon. Minister's speaking time has expired.

Motion made, That the hon. Member's speaking time be extended by a further 15 minutes. [*Sen. Dr. L. Saith*]

Question put and agreed to.

Hon. C. Imbert: Mr. President, what the Airports Authority is doing in this process is negotiating with the preferred developer. If the Airports Authority cannot reach agreement with the preferred developer, then they would go to number two developer or abort the process and start all over again. That is how these things are done. You invite proposals; you select a preferred developer and you negotiate the terms of the agreement with the preferred developer. If you cannot reach agreement with a preferred developer or if the process cannot be concluded within the legal framework, then you either abort the process or you go to number two developer.

Sen. Daly: What is the time limit?

Hon. C. Imbert: Sen. Daly's concerns are quite valid. The question of time is what is important here. It is a question of judgment. One has to take a decision as to whether one scraps the process; starts all over again, or one continues if you have a reasonable expectation of achieving conclusion of the process. Both the Airports Authority and the Government have continued with the negotiations with the preferred developer because there is a reasonable expectation that successful conclusion of the project will be achieved in 1995. We had to trade off whether we lose two years or we lose another nine months, and we took a decision that we will lose another nine months in the reasonable expectation that the process will be concluded in 1995. That, I hope, answers Sen. Daly's question about time.

To go back to what Sen. Spence was saying. Let me give an example from the T&TEC proposal. The SEI/Amoco group submitted two options to the Government and it was during the negotiation stage that the whole question of which option will be pursued was decided upon. That is how these things are done. The developer makes a proposal; you look at it; there are some things you can live with; there are some things you cannot live with; there are things you wish to firm up and tie up; there are things you wish to negotiate. That is what is happening right now. If it cannot be done, number one goes and then you decide whether you start all over again and you go to number two. It is as simple as that. There is no question of varying anything or changing anything. You are simply negotiating within the framework of the proposal.

Sen. Prof. Spence: Your word was, "restructuring".

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Hon. C. Imbert: Perhaps that may have conveyed the wrong impression. When I used the word "restructuring" I was simply referring to the savings in cost, because we have made the point that the scope of the project has not changed; the terms of reference have not changed; the integrity of the airport in terms of the facilities that are to be provided have not changed. But the developer and the Airports Authority are working together and they have brought in an international independent certifier to come in and look at the entire cost of the project to see whether certain reductions in cost could be achieved to achieve the same project. So when I speak about restructuring the project I am simply talking about reducing the cost to provide the same airport. When one reduces the cost, one reduces the debt-servicing liabilities of the project. It makes the project more viable; more bankable; it gives a better return, and so forth. It is in that context that the word, restructuring, was used. It is simply a reduction in the final price.

Negotiations are being concluded right now as to a guaranteed maximum price, because the proposals bid a certain figure; the independent certifiers come in; they have looked at actual construction costs in Trinidad and Tobago. Remember this project is going to be tendered in Trinidad and Tobago, so many of the figures that were put down were based on an estimate of actual construction costs in Trinidad and Tobago. What the developer has determined, based on recent tenders for construction work, recent prices of construction materials in Trinidad and Tobago, is that he can achieve the same project for a lower cost. This is based on inputs received from an independent expert that has been brought in as a sort of a referee—independent of both parties—to come in and say in Trinidad and Tobago, "if you have to build a terminal building of the size using this quality material, we expect the cost to be 'x' dollars," because when the proposals were made, they were not made in the context of the current situation.

So that on that basis, the developer has agreed to a lower guaranteed maximum price for the same airport.

Sen. Daly: How much?

Hon. C. Imbert: Sen. Daly keeps asking me how much. As I said, the deliberations are being finalized now with regard to the guaranteed maximum price. It would be premature for me to say that we have brought the cost down from \$80 million to \$75 million or to \$65 million at this point in time. We have recently brought in an independent certifier, but I can say, without any fear of contradiction, that the airport is going to cost less than US \$80 million. I can say that we are also going to receive the product that was envisaged in the request for proposals; the kind of quality standards; the kind of workmanship; the kind of

engineering that was envisaged in the request for proposals. The developer is going to commit to meet all of the requirements, from an engineering and technical viewpoint, of the request proposals for less than US \$80 million.

Sen. Hosein: Mr. President, would the hon. Minister tell us whether, when he has finished his negotiation with the developer he would be laying that report in Parliament so that the Parliament would be aware of what is going on?

4.00 p.m.

Hon. C. Imbert: Mr. President, I give the undertaking that as soon as all the negotiations with the developer are concluded, all information with regard to the project would be laid in the Parliament. I give that undertaking here today because we have nothing to hide.

It is a breach of faith and confidentiality to circulate information in the middle of negotiations. I do not think it would be appropriate to do so until deliberations with regard to the guaranteed maximum price are concluded and we know exactly how much money we would be able to save the taxpayers of this country with this approach to the project.

Sen. Daly: Mr. President, is the hon. Minister hiding the fact that in September 1994, the Airports Authority did not wish to proceed with Hughes and wished to proceed with someone else?

Hon. C. Imbert: Mr. President, I am not aware of that. I do not know where Sen. Daly got that information.

Sen. Daly: Minute 9 of 1994.

Hon. C. Imbert: Mr. President, I have no idea where Sen. Daly got that information. If he says it is a minute on something, I would be most grateful if he could produce it. As far as I know, the recommendation given to the Government by the Airports Authority in 1994 was to abort the process and start all over again. That is what I know. I do not know what information Sen. Daly has, but that is the information I have, that in 1994 the Airports Authority felt we should scrap the whole thing and start all over again with a complete 100 per cent government guarantee, or a partial guarantee as dictated by the demands of the market-place and that we should borrow money on the basis of sovereign guarantee. That is my information. If Sen. Daly has different information, I would be happy to receive it.

The fact of the matter is that when the guaranteed maximum price is available; when all has been signed and all parties have agreed that this is the guaranteed

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[HON. C. IMBERT]

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maximum price—and the meaning of guaranteed maximum price is that the liability is on the developer; it is a new concept in international construction that has come into being over the last two to three years, where a contractor would bid with a guarantee that there would be absolutely no cost overruns. If there are cost overruns, then they are totally for the account of the contractor or developer.

Again, this is a significant benefit that would come to the taxpayers of this country. Once this process is concluded, there will be a guaranteed maximum price, lower than \$80 million, and if there are cost overruns that would go to the account of the developer. As far as I am concerned, this is a significant improvement over situations we have had, even in the recent past, where we had fixed-price contracts and contractors asked for \$50 million, \$60 million and \$80 million more.

I, for one, cannot understand how one can have a fixed-price contract and a contractor can then say, "I want another \$50 million". I cannot understand that. This contract, with regard to the construction of the airport, would be a guaranteed maximum price.

I wish to give Sen. Daly the assurance—I am afraid to use the word assurance because it appears we cannot give an assurance as circumstances may arise which could change a particular situation—that based on the information available to me, and the Airports Authority, it appears that there is reasonable chance that all financing for the airport project would be raised in 1995.

I say this for the following reasons. The problem of a Government guarantee has been resolved by inclusion of a higher level of equity; a number of due diligence exercises have been carried out by international firms such as Peat Marwick. Mr. President, I am sorry, but sometimes we have to do these things and not tell people about them. About one or two months ago, Peat Marwick International was in Trinidad, and Tobago and it conducted a complete review and analysis of the Piarco expansion project; not for the Airports Authority or the Government, but for one of the participating banks.

Peat Marwick reported to that funding agency that the project is now viable and it can be financed. Peat Marwick recommended that the particular party put a certain significant amount of cash into the project. I may also report—

Sen. Hosein: Are you going to give us a copy?

Hon. C. Imbert: Mr. President, how can one possibly give a copy of a private report of a private bank to Sen. Hosein? How can one possibly do that?

Sen. Hosein: How did you get it?

Hon. C. Imbert: That is an internal matter. If Republic Bank is going to finance something and they hire somebody to do an analysis for them, I must ask Republic Bank for that? *[Interruption]*

Mr. President, let me press on. Another major financial institution indicated today, that one of their credit committees has completed its review of this project. It has looked at cash flow, income and expenditure levels; the projections in terms of traffic, and it has now reached the point where the project has passed the first test, and the institution would send a team to Trinidad and Tobago to do a final detailed due diligence on the project.

We have a US \$15 million commitment from CIBC; another investor is coming in with a considerable sum, close to US \$15 million; we had the news today that a third major investor has come in and has passed the first test in an amount of at least US \$20 million. We are getting there. We had US \$15 million first, then it went to \$30 million, now it has gone to US \$50 million. That is what was reported to me today. It is on the basis of this type of information that the Government has decided to persevere with the original approach to the project; on the basis of realistic targets being set and achieved, and with no government guarantee. This US \$50 million which has been pledged to the project so far has been done without any government guarantee whatsoever. It is on that basis that we have persevered with this project.

Notwithstanding all the comments in the media and the various attempts to attack the project and the whole process, we have persevered with this project because we believe we are making serious, significant and realistic progress towards achieving our objective. That is why I said that there is a reasonable chance that all of the money could be raised in 1995 and construction would resume in 1995.

If it does—because I cannot see into the future, I can only go on what information is available to me—then this country would get the type of airport it deserves. I endorse the point raised by Sen. Daly with regard to the deplorable condition of Piarco and the need to do something quickly. If construction resumes in 1995 we can see the completion of a new airport within the next two years. Many of the very important matters, raised by Sen. Daly with which I agree totally, that if we do not do something now we would be left behind, would be addressed and we can move forward to achieving the objective of becoming a centre for air transportation in the region.

Thank you, Mr. President.

ADJOURNMENT

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. President, I beg to move that the Senate do now adjourn to Tuesday, June 6, 1995 at 1.30 p.m.

Question proposed.

Mr. President: Hon. Senators, Sen. Muntaz Hosein has been granted leave to move a Motion on the Adjournment with which I understand he is ready to proceed.

4.10 p.m.

**Board of Inland Revenue
(Tax Refunds)**

Sen. Muntaz Hosein: Mr. President, I would like to welcome back Sen. Hassim who has completed his pilgrimage (haj). I also wish to welcome the new Clerk of the Senate, Miss Cox, and I wish that her stay with us as Clerk would be a very enjoyable one.

The Motion on the Adjournment deals with the delay in income tax refund and interest charged for late payments. Let us examine the inequity of the present tax system. Let us look at the individual filing of income tax returns. You will see that when one files an income tax return one does not receive a receipt. Therefore, if one has a filing claim it cannot be validated or verified. There are many instances of this occurring where people file their income tax returns; they are lost within the Income Tax Department and they only find out about this long afterwards. As a result of that they find themselves having to pay penalties and interests and this is unfair to the taxpayers.

When an income tax return is filed late—that is after October 31—it attracts a penalty of \$100. Tax owing to the Inland Revenue Department that is received late attracts an interest of 15 per cent per annum. When the Inland Revenue Department owes taxpayers refunds, these refunds take up to three years before the taxpayers can receive them, during which time the taxpayers do not get any interest. On one hand, when the taxpayer pays late he has to pay 15 per cent per annum, and if that is filed late he has to pay another \$100, but on the opposite end of the scale, when a taxpayer has to receive a refund, presently it takes up to three years to receive that refund, and no interest is paid to the taxpayer.

Let us look at the VAT payments to see the difference. The business community is the Government's tax collection of VAT. There are expenses and record keeping of the collecting of VAT which are incurred by the business

community. Payments to the VAT office must be made 25 days after the two-month period. When the businessman is late in paying, it attracts interest of 2 per cent per month or 24 per cent per annum. On the other hand, the VAT office gives a refund to the business community. Within six months if that refund is not collected, then the VAT office pays one per cent per month to the businessman or 12 per cent per annum. Although the vat system is also equitable it sets a pattern that we should want to follow.

Let us look at the example in the United States. The system there is more equitable in that the Inland Revenue Service pays to the taxpayer, the same percentage interest as the taxpayer would have to pay to the IRS, if he were late in paying his income tax.

On May 4, 1993 I moved a Motion on the Adjournment on income tax refunds. With regard to that motion, I would quote from *Hansard* what the hon. Minister in the Ministry of Finance said at that time, in response to the very question which I am raising today.

"Secondly, Mr. Vice-President, I want to inform the Senator that we have noted his suggestions so kindly made and we would take them into consideration...

The major delay, Mr. Vice-President, is simply owing to the fact that the Inland Revenue Department is still using a computer which is really outdated. It was bought in 1981. They have realized that it has to be changed. They have made submissions to the Tenders Board for a replacement and that is now being reviewed; and one expects that we are going to have that new system rather quickly."

That was two years ago. I quote:

"At present given the existing backlog, it takes about eight months to process a return. It is estimated that when the new system is in place that the processing time would be between three and four months.

...the Member is making a claim for sameness. If they charge two per cent, then they ought to pay two per cent. Obviously, we would want to look at that. I remember making a similar charge a few years ago, when the Act was debated in the Senate. I am sure we would want to look at it."

The Minister was referring to the period when he was in Opposition. He made the same points that I made two years ago and he understood them and said that he was going to look at them.

4.20 p.m.

I quote again. This is what the hon. Ken Valley said:

"We are aware of the problem and the Government is working to solve it as quickly as possible."

The Minister was aware of the problem before he came into government, but he came into government and did nothing about it. Two years ago he said that they would do something about it and do it quickly because he was aware of all the problems facing taxpayers, but up to now nothing has happened. Two years have passed again and this matter has not been resolved. As a matter of fact, it seems to have become worse. Rather than eight months, it now takes three years. As usual, this Government continues to treat the citizens of Trinidad and Tobago with contempt. They "mamaguy" the people. They make empty promises and behave as if nothing has happened. Why has the Minister not made an announcement of the reasons why the promises given in this House have not materialized.

I am now calling on the Government to put immediately into place the following:

- (a) processing all refunds within a period of six months, failing which the Board of Inland Revenue must pay interest of 15 per cent per annum to all taxpayers;
- (b) the giving of a receipt to all taxpayers for tax returns and documents submitted, by simply perforating the last page of the tax return form. All those taxpayers who pay their taxes by mail should send a self-addressed envelope along with their returns, so that it will not cost the Board of Inland Revenue any money;
- (c) VAT refunds should attract interest of 2 per cent per month and the processing of those refunds should not take more than three months instead of the six months which now apply.

It is disheartening to bring this Motion before this House two years after the motion brought by me in the same month of 1993, to find, rather than the situation being better, it is worse, and to hear from the Minister that he was aware of it while he was in Opposition and that in government he has done nothing to alleviate the problems faced by the taxpayers.

No wonder so many taxpayers feel heartbroken to pay taxes to the Government. The system is not equitable. It is only when one treats the citizens of

this country with equity that they will feel part and parcel of the country. That is the only way, Mr. President, that one can get people going in the direction one wants. I therefore appeal to the Minister, especially this Minister who is the de facto Deputy Prime Minister, to pass this message on to the Minister of Finance, and to see that it is done in short order.

I thank you.

The Minister of Planning and Development (Sen. Dr. The Hon. Lenny Saith): Mr. President, I wish merely to respond very briefly to the point raised by the hon. Senator. I think his desire to have taxpayers get their refund is one that is shared by everyone else. I am glad that he has raised the contribution made by Sen. Valley two years ago. It indicates that we were looking at the problem.

I am pleased to report that the Board of Inland Revenue has installed a computer; has recruited additional staff to process tax returns, and has set a target of a refund amount of \$20 million per month to deal with this problem.

In March 1995, we refunded \$23.5 million; in April 1995, \$22.3 million, and at that rate of refund, by August 31, we would have dealt with all the backlog in respect of years up to 1993, and will then move on immediately to 1994.

I thank you.

Sen. Hosein: There were other questions which were important. I thought the Minister would have answered them.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 4.25 p.m.