

*Leave of Absence**Tuesday, June 20, 1995***SENATE***Tuesday, June 20, 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. The Hon. Barry Barnes to be absent from sittings of the Senate during the period June 20 to 23, 1995 as he is out of the country.

I have granted leave to Sen. John Rooks to be absent from today's sitting of the Senate for medical reasons.

SENATOR'S APPOINTMENT

Mr. President: Hon. Senators, I have been advised that His Excellency, the President, has appointed Dr. Edmund Chameley to be a temporary Senator with effect from June 18, 1995 and continuing during the absence from Trinidad and Tobago of Sen. Everard Dean.

OATH OF ALLEGIANCE

Sen. Edmund Chameley took and subscribed the Oath of Allegiance as required by law

ORAL ANSWERS TO QUESTIONS

**Public and Private Sector
Severance/Retrenchment Scheme**

14. Sen. Wade Mark asked the Minister of Labour and Co-operatives:

- A. Could the Hon. Minister of Labour and Co-operatives provide the Senate with the list of companies in both the public and private sectors which have servered/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 hon. 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?

The Minister of Labour and Co-operatives (Hon. Kenneth Collis): Mr. President, I wish to inform this honourable Senate that the Statistics Act, Chap. 19:02 of the Revised Laws of Trinidad and Tobago permits disclosure of statistical data in aggregative form only and not in a manner which identifies the particular company to which the data relate.

Further, the Retrenchment and Severance Benefits Act, No. 32 of 1985, does not make it mandatory that voluntary separations should be reported to the Minister of Labour and Co-operatives.

Statistics available to the Minister of Labour and Co-operatives indicate that 16 employers pursued Voluntary Early Separation Plans during the years 1991 to 1994, which affected an aggregate of 7,076 workers, to whom were due total severance payments in the sum of \$544,954,374.72. Of this sum, \$526,683,015.29 were disbursed, while a balance of \$18,271,358.43 remains outstanding.

Retrenched Employees (Outstanding Money Owed)

16. Sen. Wade Mark asked the Minister of Labour and Co-operatives:

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) Could the hon. Minister of Labour and Co-operatives further state what steps are being utilized by his Ministry to have these sums settled?

The Minister of Labour and Co-operatives (Hon. Kenneth Collis): Mr. President, I wish to inform this honourable Senate that prior to the passage of the Retrenchment and Severance Benefits Act in 1985, there was no legal requirement for employers to furnish the Minister of Labour and Co-operatives with retrenchment statistics. Furthermore, the Retrenchment and Severance Benefits Act, No. 32 of 1985 places no obligation on the employer to provide, or upon the Minister of Labour and Co-operatives to collect, information regarding the quantum of severance payments owed to workers. Section 4 thereof imposes the only obligation where, when an employer proposes to terminate the services

of five or more workers for the reason of redundancy, he shall give formal notice of termination in writing to each involved worker, to the recognized majority union and to the Minister.

Notwithstanding, with the co-operation of the employers and the unions, the Ministry initiated action in 1984 to collect statistics pertinent to retrenchment. As a result of these initiatives, the Ministry has compiled statistics relative to the 1984-1991 period which indicated that the sum of \$52,193,785.46 was still owed by employers to employees who were retrenched during that period.

I also wish to inform this honourable Senate that Section 9(2)(b) of the Statistics Act, Chap. 19:02 of the Revised Laws of Trinidad and Tobago permits disclosure of statistical data in aggregative form only and not in a manner which identifies the particular firm to which the data relate. In compiling any such report, summary or communication, the Statistician shall so arrange it as to prevent any particulars published therein from being identified as being particulars relating to any individual person or undertaking except with the previous consent in writing of that person or the person carrying on the undertaking.

In the context of this legislation, the names of the companies cannot be provided. However, according to the statistics collected by the Ministry of Labour and Co-operatives, in the circumstances I have just mentioned and which are therefore not exhaustive, the total number of workers involved was 6,019.

This honourable Senate is further asked to note the recent Privy Council Judgment between Commercial Finance Company Limited and Indira Ramsingh, where it was held that a business concern in liquidation is not liable for the payment of severance benefits under the Act on the basis that:

- (a) A worker whose services are terminated under such circumstances is not a 'retrenched worker' as defined by the Act.
- (b) Termination by operation of law, following a compulsory winding-up order made at the suit of a third party is not a termination at the initiative of the employer and therefore cannot be properly considered as retrenchment.

The Minister of Labour and Co-operatives has reconvened the Standing Tripartite Committee and is currently reviewing the I.R.A. and the institutions created by it, in view of the shortcomings highlighted by the Commercial Finance Company Judgment.

I thank you, Madam Speaker.

1.40 p.m.

Sen. W. Mark: Mr. President, could the hon. Minister indicate what concrete steps are being taken by his Ministry, and the Government, to address this massive outstanding debt of \$52 million owed to thousand of workers in Trinidad and Tobago, by the companies that cannot be mentioned at this time?

Secondly, I would like the hon. Minister to tell this Senate what timeframe does he envisage to address the lacuna that exists in the present Retrenchment and Severance Benefits Act in accordance with the recent Privy Council judgement involving commercial finance companies and the persons mentioned.

Hon. K. Collis: Mr. President, may I ask that a question be filed and I would be glad to answer at that point in time.

Sen. W. Mark: Mr. President, part (iii) of question 16 is quite specific. If the Minister wants to duck the Commercial Finance Company Limited question he can do so, but this part (iii) specifically asks what steps are being utilized by his Ministry to recover the sums which the Minister identified a short while ago that are owed to over 68,000 workers. He mentioned \$52 million, why do I have to file another question when the question is here?

Hon. K. Collis: Mr. President, I answered that part of the question by stating that this hon. House is further asked to note the recent Privy Council judgement between Commercial Finance Company Limited and Indira Ramsingh, where it was held that a business concern in liquidation is not liable for the payment of severance benefits under the Act on the basis that:

- (a) A worker whose services are terminated under such circumstances is not a "retrenched worker" as defined by the Act.
- (b) Termination by operation of law, following a compulsory winding up order made at the suit of a third party is not a termination at the initiative of the employer and therefore cannot be properly considered as retrenchment.

This is a ruling by the Privy Council.

Sen. W. Mark: Mr. President, given the gravity of the Privy Council's judgement, and the fact that \$52 million appear to have gone up in thin smoke in Trinidad and Tobago, could the hon. Minister tell this Senate and the country what immediate steps his Government has taken to address that question, and could he give the country some kind of timeframe when the matter of the

retrenchment and severance benefits would be addressed, regardless of the loopholes that have brought about that judgement?

Hon. K. Collis: Mr. President, the Government of Trinidad and Tobago and the Cabinet has put a tripartite committee in place to revise certain pieces of legislation concerning labour. The first piece of legislation that they are reviewing right now is the Retrenchment and Severance Benefits Act. It is a tripartite committee and they are working on that.

Sen. W. Mark: Mr. President, I wish to get from the hon. Minister, given the gravity of the situation, what timeframe has the Cabinet of the country set for this tripartite committee to report. Can the Minister answer that question or not?

Hon. K. Collis: Mr. President, that committee is an independent one; it is tripartite in nature. I expect that a committee represented by the labour movement, the business sector and Government to take this matter seriously and report the matter accordingly.

Thank you, Mr. President.

**Contracts and/or Assignments
(Mark, Castillo and Toney)**

23. Sen. Wade Mark asked the Minister of Labour and Co-operatives:

Could the hon. Minister of Finance provide this Senate with the relevant information pertaining to the number of contracts, awards and/or assignments granted to the firm of Mark, Castillo and Toney for the period December, 1992 to December, 1994; the names of the companies involved in these assignments; the periods of time involved in these assignments; the fees paid to the firm of Mark, Castillo and Toney for each of the assignments over the same period, that is, 1992—1994?

The Minister of Industry and Trade and Minister in the Ministry of Finance (Hon. Kenneth Valley): Mr. President, the contracts awarded to the firm of Mark, Castillo Toney & Company, its consultancy arm, MCT and Associates, and individual partners over the period 1992 to 1994, were in respect of audit work, accounting, advisory services, consultancies and liquidations.

Audits: The firm carried out annual audit work for two State enterprises, National Flour Mills Company Limited and Caribbean Hotel Development Company Limited. The fees paid to Mark, Castillo Toney & Company for audit work were as follows:

National Flour Mills Limited:

Year	Fee (\$)
1992	70,000
1993	70,000
1994	75,000

Caribbean Hotel Development Company Limited

Year	Fee (\$)
1992	5,750
1993	5,750

Accounting: In April, 1993, the firm was awarded a contract by the Arima Borough Council in the amount of \$195,000 to prepare financial statements for the Arima Borough Council for each of the years 1981—1991. This assignment is not yet completed. To date the firm has been advanced the sum of \$110,000.

Advisory Services: The firm was contracted by the board of directors of Farrell House (1975) Limited, National Fisheries Company Limited and National Flour Mills Limited to provide advisory services in respect of the divestment of these state enterprises.

The details of the contract as follows:

	Date of Award	Period of Assignment	Fee \$
Farrell House (1975) Ltd.	July, 1992	26 months	49,000
National Fisheries Co. Ltd.	May, 1993	11 months	60,300
National Flour Mills Ltd.	Dec. 1994	6 months	120,000

Consultancies: Mark, Castilo Toney and Associates Limited, the consultancy arm of the firm, was awarded two contracts during the period.

The firm was contracted by the board of directors of the Water and Sewerage Authority (WASA) to provide consultancy services for the institutional strengthening of the Authority in its programme for attaining self-sufficiency. The WASA contract was awarded in September, 1992, and concluded in February 1994. The contract sum paid was \$2,239,272.99.

The firm was also contracted by the Central Tenders Board to provide consultancy services for the institutional strengthening of the Agricultural Development Bank (ADB) in the areas of management information systems, bank operations, lending and internal audit. The ADB contract was awarded in June, 1994 and concluded in December, 1994. The contract sum paid was \$2,072,317.20.

Contracts awarded to individual partners: Mr. Michael Toney, a partner in the firm was appointed liquidator of the National Fisheries Company Limited on February 7, 1994. The liquidation of the company is still on-going and as a consequence the fee to be paid has not yet been finalized. It is estimated that the liquidation will be completed within a period of three months.

Thank you, Mr. President.

1.50 p.m.

POSTPONEMENT OF DEBATE

Sen. Wade Mark: Mr. President, before the Minister of Finance introduces this Bill, we on this side would like to ask the Government at this time to consider the possibility of withdrawing this matter, or postponing this debate on the Treasury Notes Bill, having regard to the fact that we were in the midst of a debate on the motion on the Joint Select Committee Report (Public Holidays), and we are still going through that debate. We find it very strange for the Government to seek to introduce a measure that has no urgency, from our assessment, at this time.

We would like the hon. Leader of Government Business to consider our proposal and have this matter postponed whilst we continue our debate on the motion. I may also advise that in accordance with the new Standing Orders, a Bill between First Reading and Second Reading requires a minimum of 15 days. As you are well aware, this Bill was brought to the attention of Parliamentarians only last Tuesday. We have not been able to follow the Standing Orders as prescribed.

I would like the honourable Leader of Government Business to consider our proposal and see to what extent this matter could be postponed, and allow the debate on the motion to pursue.

Mr. President: Taking the last thing first, you said that the Standing Orders are not being followed.

Sen. W. Mark: I am saying that the Standing Orders are very clear. A 15-day period must elapse unless a motion is put.

Mr. President: May I remind you Senator that when the Bill received the First Reading, as is customary, a practice has developed in this Senate. A motion was moved to have the next stage at the next Sitting of the Senate. It was unanimously agreed to by the Senate. The Bill is put down for Second Reading today with the unanimous approval of the Senate. That part of the 15-day period does not arise.

Do you now want to move that the debate on this Bill be postponed?

Sen. W. Mark: I am seeking the intervention of the Leader of Government Business in this matter. Given the fact that we are in the midst of the debate on the motion, I would like him to consider the possibility of concluding that particular matter and allowing us then to pursue the Treasury Notes Bill. Of course, we need co-operation on this matter.

Mr. President: I am prepared to put forward your motion, but I must also remind you as well that in accordance with the Standing Orders, Government Business has precedence over Private Members' Business on every day except the fourth Tuesday of every month. We are now on Government Business in the normal order of things for today. The matter which you seek to debate falls under Private Members' Day. Do you still want to proceed?

Sen. W. Mark: Yes. We had a commitment on that, Sir.

Mr. President: I was not a party to that commitment. I know that the Business has been put down in the order in which it should be put down in accordance with the Standing Orders and the decisions of the Senate.

Question put.

The Senate divided: Ayes 6 Noes 16

AYES

Sen. Mark, W.

Sen. Capildeo, S.

Sen. Barrack, J.

Sen. Persad-Bissessar, K.

Sen. Gray-Burke, Rev. B.

Sen. Mejias, O.

Postponement of Debate

Tuesday, June 20, 1995

NOES

Sen. Saith, Dr. L.

Sen. Huggins, R.

Sen. Yuille-Williams, J.

Sen. Draper, G.

Sen. Robinson-Regis, C.

Sen. Callender, S.

Sen. Mark, A.

Sen. Ojah-Maharaj, D.

Sen. Elder, J.

Sen. Rahael, J.

Sen. Gosine, Pundit R.

Sen. Hassim, A.

Sen. Maloney, A.

Sen. Nanga, J.

Sen. St. Cyr, Dr. E.

Sen. Chamely, Dr. E.

The following Members abstained: Sen. M. Mansoor, Sen. Prof. J. Spence, Sen. D Mahabir-Wyatt, Sen. H. Ali, Sen. M. Daly and Sen. Mahadeo, Sen. Rev. D. Teelucksingh

Motion negatived.

Mr. President: Normally I like to stick my neck out, but I am reasonably certain that at the end of the previous sitting, I recall hearing the Leader of Government Business state at some stage that it was the intention of Government to proceed with the Second Reading of this Bill at today's sitting of the Senate. The motion is defeated.

Postponement of Debate

Tuesday, June 20, 1995

Sen. Huggins: I also indicated at the conclusion of the Third Reading of the Treasury Notes Bill that we would go straight into the debate of the Joint Select Committee Report (Public Holidays).

TREASURY NOTES BILL

Order for second reading read.

The Minister of Finance and Tourism (Hon. Wendell Mottley): Mr. President, I beg to move a Bill to empower the Minister of Finance to borrow money by the issue of Treasury Notes, to declare the conditions applicable to such borrowings and to make consequential amendments to related Acts.

I hope to propose what the purpose of this Bill is and why we feel that there is some urgency attached to its passing. The primary objective of this Bill is to introduce a new government borrowing instrument called a Treasury Note as distinguished from a Treasury Bill which would be offered in maturities of one to five years. The Bill also seeks to update and modernize various other statutes that is the Treasury Bill Act, Chap: 71:40, Government Savings Bond Act Chap. 71:41 and the Development Loans Act, Chap. 71:04.

The primary purpose of the Bill is this new government borrowing instrument, the Treasury Note and at the same time, that we have to bring this we are using the opportunity to tidy up the Treasury Bills, the Government Saving Bonds Act and the Development Loans Act. Three important objectives will be achieved through the introduction of Treasury Notes.

Firstly, the issue of medium security would help bridge the gap which exists in the maturity spectrum of currently available instruments. The current structure of the Government's domestic debt shows that approximately 71 per cent of the debt was issued for periods more than 10 years, about 11 per cent had initial maturities ranging from five to 10 years and the Treasury Bills which constituted 18 per cent of the total had a maturity of up to one year.

2.00 p.m.

There is, therefore, a gap in the maturity spectrum over the 1 to 5-year range and a corresponding dearth of opportunities for a potentially large number of investors whose preferred investment horizons fall within that particular range.

Secondly, the proposed addition to the stock of securities in issue would go a long way towards achieving the critical mass and diversified maturity structure necessary for the successful conduct of open market operations by the Central

Bank. Structural adjustment and the adoption of financial sector reforms have led to the abandonment of many of the traditional, direct instruments of monetary policy, for example, credit ceilings and so on, and dictate a move towards market-oriented mechanisms in the management of monetary policy.

At present the major tool of liquidity management available to the Central Bank is the reserve requirement. However, this instrument is not conducive to the smooth and continuous management of bank liquidity and its use can, at times, be disruptive. The early development of the capacity for effective open-market operations, is therefore, a matter of considerable urgency and importance. This, Mr. President, is the core of the Bill.

The Bill is designed to meet modern monetary operations within the change in the environment which occurred since April 1993, when we removed exchange control and we had new conditions operating in the financial markets. The need of the Central Bank to have more flexible tools of operations in intervening in the market-place, sopping-up liquidity or injecting liquidity, all in the effort to have monetary policy on a course in furtherance of the broader objectives of a stable macro economic environment, which together with fairly tight fiscal policy is designed to prevent inflation and to keep a fair amount of stability—not fixity—in the exchange rate.

The Central Bank, under the present system has been intervening with very heavy-handed tools. It intervenes if there is too much liquidity as at the moment. Right now, there is an excess amount of liquidity and the major tool open to the Central Bank is to come in and up the reserve requirement of the commercial banks, thereby sterilizing much money and tightening credit. Under this system that we are trying to devise, we want to have the Central Bank with more flexible tools of intervention. Of course, also available to the Government which we have used so far this year in mopping up liquidity in the banking system, we have advanced the Central Government's long-term borrowing.

At the time of the presentation of the Budget, we announced how much money we were going to borrow domestically. You will remember, Mr. President, that we had said that we would not borrow on the commercial market internationally in 1995, but we did have a domestic borrowing programme. As a result of extremely liquid conditions in the domestic banking system the Government has advanced its domestic borrowings. So that we have already completed all our domestic borrowings on the local market. The advancement was done to facilitate liquidity management, to sop-up excess liquidity. Now that

Treasury Notes Bill
[HON. W. MOTTLEY]

Tuesday, June 20, 1995

programme is finished, I suppose we could still go out and issue more long-term bonds in excess of what we have budgeted to do. But we would prefer to use this proposed new instrument, which, although it is Government borrowings, the management is really devolved to the Central Bank. When we borrow long-term as part of our budgetary operations, it is really a Ministry of Finance operation, in which we state how much we are going to borrow at the budget. The Ministry of Finance, together with the co-operation of the Central Bank—but it is really led by the Ministry of Finance—then goes out into the market and selects a particular issuer after a competitive round of bidding and a Cabinet Note is involved and we approve it. What I am trying to say, Mr. President, it is a lengthy process and an unwieldy instrument, just as unwieldy as the Central Bank increasing the reserve requirement.

Liquidity is something that has, especially in the new environment to be managed almost day to day. Therefore the issue of these Long Term Government bonds does not lend itself to that kind of day-to-day intervention in the management of liquidity. Furthermore, we sometimes need to issue bonds, but we also sometimes need to buy them back because we may need to inject liquidity. Right now there is excess liquidity so we need to take some out, but there may come a time when we need—on short notice—to inject liquidity in the system. Therefore, for all these reasons, Mr. President, we want to have this open-market operations capability developed in Trinidad and Tobago. This Bill is designed so to do.

Thirdly, since it is also being proposed that the Notes be issuable in both domestic and foreign currency, it would allow Government borrowing to take advantage of the new dynamics in the foreign exchange market, while simultaneously providing the Central Bank with an alternative mode of intervention in this market.

The array of borrowing instruments currently utilized by the Government includes Treasury Bills, development bonds and savings bonds, including National Tax Free Savings Bonds which are targeted mainly towards individuals.

Treasury Bills are issued under the authority of the Treasury Bills Act. This Act specifies that the Minister may issue Treasury Bills to the sum of \$1,000 or multiples of \$1,000 and that Treasury Bills should be paid not later than one year from the date issue. That is the short end of the market as I have just outlined. Treasury Bills are, therefore, short-term borrowing instruments and are utilized primarily to bridge the differences in timing between Government receipts and

payments. In other words, primarily used for Government's cash flow management. The short-term nature of this instrument and ready marketability have made them attractive to commercial banks as a mechanism for adjusting their liquidity positions on a virtually continuous basis. Treasury Bills are issued at a discount. The Government's borrowing limit with respect to Treasury Bills is \$1,000 million, of which \$983 million have been utilized.

The Government's longer-term borrowing needs are met through the issue of bonds which are generally taken up by institutional investors. Maturities usually exceed 10 years but as noted above, about 11 per cent of the outstanding debt-stock had initial maturities of between 5 and 10 years. These are the longer-term instruments usually recited in the budget which I have just made mention of. It should be noted that although the Treasury Bills Act specifies that Treasury Bills may be issued only for a period of one year, there is no restriction under the Act providing for the issue of Government Bonds that limits the maturity of the instruments. A bond could, therefore, be issued for any period of maturity. There are various statutes under which the Government can issue these bonds.

This is the particular instruction that we are interested in. The Treasury Note would have a maturity of one to five years, in other words. It would have "take-off" where the treasury bill "lead off" and end at five years, which is where the longer-term bonds have already gained acceptance.

It is proposed that the Treasury Notes will be issued in the sum of TT 1,000 or multiples of \$1,000. The rate of interest and the time of payment is to be prescribed by the Minister of Finance.

2.10 p.m.

In order to maximize the flexibility of the instrument so that it can meet the particular demands of the economy at any time, the Minister will also determine:

- (i) the form, issue and recording of Notes;
- (ii) the currency of issue;
- (iii) the denomination of Notes;
- (iv) the method of holding Notes;
- (v) the method of payment of interest and principal;
- (vi) the maturity of Notes.

Monetary policy is undertaken by the Central Bank and determination by the Minister of Finance of the terms and conditions of a Treasury Note will be done

Treasury Notes Bill
[HON. W. MOTTLEY]

Tuesday, June 20, 1995

after close consultation with the Central Bank. It is proposed that the Minister shall be able to delegate these functions to the Central Bank so as to allow for the day-to-day management of these Notes, buying and selling.

In particular, it is recommended that Treasury Notes should be transferable and that a fiscal agent be appointed to keep a register of holders. The fiscal agent may be a financial institution, corporation or company, including the Central Bank. The appointed fiscal agent will have other administrative responsibilities for the Treasury Note which shall include the payment of principal and interest when due.

What is contemplated here is that the financial institutions will be under the purview of the Central Bank or the corporation will be one of those corporations that would be under the purview of the Securities and Exchange Commission following the passage of that legislation, hopefully, in the not too distant future.

Mr. President, there are some other amendments. The Government has proposed that the Treasury Bill Act, Chap. 71:40, the Government Savings Bonds Act, Chap. 71:41 and the Development Loans Act, Chap. 71:04 also be amended to allow for the appointment of a fiscal agent where this power did not previously exist or where the legislation may have been silent.

The rationale for this recommendation is that it allows the Government the flexibility to delegate the administrative function. In particular, it is advantageous to allow the Government the option of appointing the Central Bank as fiscal agent in domestic issues as Central Bank's services are normally less costly than those of the private sector.

The Central Bank is of the view that the practice of requiring persons to encash a Treasury Bill or Bond in person is both outdated and unsafe. Therefore, we are taking this opportunity to propose that the interest payable on Treasury Notes and the principal on maturity should be credited by the fiscal agent directly to the bank account of the holder without the necessity for the holder to present the Note in person. Similar amendments to introduce this facility have been proposed with respect to Treasury Bills, Government Savings Bonds and Bonds issued under the Development Loans Act.

It is also proposed that Treasury Notes and Treasury Bills be issued, if necessary, in foreign currency. The Development Loans Act already allows for this facility. The ability to issue Treasury Bills and Treasury Notes in Trinidad and Tobago in a foreign currency can serve to stimulate portfolio capital flows into Trinidad and Tobago in an orderly manner by offering foreign investors the

security of an investment in a Government-issued instrument which would be free of exchange rate risk.

It is necessary that Trinidad and Tobago be able to diversify sources of inflows of foreign exchange and the issue of these instruments would access a new source and, thereby, result in an expansion of inflows of foreign exchange and a consequent deepening of the foreign exchange market.

I say this with the full knowledge that it also does present certain dangers, in that we have to be aware that this could lead to hot money inflows. The Government with this power will have to use it extremely judiciously and not issue excessive amounts that could have a countervailing effect on stability. Nevertheless, it is an instrument that we should have available especially if we have ambitions of becoming a financial centre.

One of the beneficial effects of this source of short-term capital flows could be used to smooth out. You may have noticed that in the operations of our own foreign exchange market there are bulky inflows and sometimes bulky outflows. Trinidad and Tobago is a relatively small country and it does not have the benefit of large amounts of transactions that tend to even out some of these aberrations. Therefore, this capacity could be used, responsibly, to even out some of those peaks and drops in the operations of our market.

The effective conduct of open-market operations will depend, not only on utilizing Treasury Notes, but also on the use of very short-term instruments, such as, Treasury Bills. The current limit on the sum that Government may borrow through the issue of Treasury Bills is an amount of \$1,000 million and the Treasury Bill issue as at January 11, 1995 was an amount of \$983 million. Given current levels of excess liquidity in the financial system, the ability to issue additional short-term financial instruments that may be proposed by some commercial banks and financial institutions will allow the Central Bank flexibility in the conduct of open-market operations when the availability of those short-term Bills below one year maturity are put together with this new Note of up to five-year maturity.

The Bill provides for an increase, therefore, in the amount Government may borrow through the issue of Treasury Bills to an amount of \$2,000 million. The limit we have proposed for the issue of Treasury Notes is an aggregate amount of \$1,000 million. These limits include any US dollar Treasury Bills or Treasury Notes that might be issued.

Mr. President, accordingly, in summary, the Bill proposes:

Treasury Notes Bill
[HON. W. MOTTLEY]

Tuesday, June 20, 1995

- (i) the introduction of a new medium-term instrument to be called a Treasury Note with an immediate authorization to raise an amount of \$1,000 million;
- (ii) the automatic payment of interest and principal to the bank account of the holder;
- (iii) the employment of financial institutions as fiscal agents for the sale of Bonds, Treasury Bills and Treasury Notes;
- (iv) the issue of Treasury Bills and Treasury Notes in foreign currency;
- (v) the appointment of a fiscal agent;
- (vi) an increase in the limit that Government can borrow through the issue of Treasury Bills to \$2,000 million.

Mr. President, in the conduct of these open-market operations there are Central Government's operations but there will be a large measure of devolution of the management, timing, amounts and so forth to the Central Bank because they are primarily proposed for liquidity management. The Central Bank will be buying and selling, therefore, it is a trading operation that will be done by the Central Bank. It will expose the Central Bank to the possibility of profit or loss which will be fiscalized by the Central Bank when it brings its accounts to books. As you know, a certain amount of its surpluses are turned over to the Government. I stress, therefore, the day-to-day management of these Notes will be left with the Central Bank

It is, perhaps, unusual in the sense that we do not usually talk about the detailed reports by the IMF on their staff visits and so forth. There was a recent staff visit by the IMF and they looked, in conjunction with our people and the Central Bank, at the economy and how it was operating.

I just want to draw hon. Senators' attention to a view held by the IMF staffers, shared by the Central Bank and the Ministry of Finance, that right now, even after we have completed that last bond issue—the long-term bond issue was part of our budgeted exercise—there is an additional \$75 million in primary money in the banking system that should be immediately removed in the normal course of liquidity management.

2.20 p.m.

The IMF is pointing out that rather than go and jack up the reserve requirement of the commercial banks again, they are proposing that we try to get this legislation

passed urgently so that it would go through the Senate and, hopefully, thereafter the lower House in June, because we need to do it now. Liquidity management is such that it needs to be managed. It is like a business. You need to watch your shop day-to-day. You cannot postpone liquidity management two months, and so forth, down the line. The IMF's suggestion is, if you cannot get it passed in that time, then you have no choice but for the Government to rush through a long-term bond issue such as we have just completed—the last one was handled for us by CitiCorp—but which, for us, would be an undesirable approach.

I give this by way of explanation to Sen. W. Mark as to why we considered this a matter of some urgency. The passage of this is required so that the Central Bank can immediately intervene in the course of its new open market operations to mop up liquidity in defence of the fight against inflation and a stable exchange rate in harmony with fiscal policies.

One further point I want to add. There are some amendments which we will be tabling shortly on this matter.

I beg to move.

Question proposed.

Sen. Wade Mark: Mr. President, this Treasury Notes Bill, 1995, is being introduced against a background, based on the Minister's own admission a short while ago, of advice being given on the excessive liquidity that currently obtains in the banking system in our economy. As he indicated, something has to be done about this excessive liquidity if we are to maintain stable inflationary rates and if we are to maintain stability in the country's foreign exchange rate.

Behind this particular Bill certainly is a story and we have to seek to unveil the story so that we can better appreciate where this Manning regime is coming from. We, on the Opposition benches, are extremely disturbed. First of all, we believe that the Government ought to have attempted to provide the Parliament with some more time to look at this very important measure that is being introduced today.

The Treasury Notes Bill, as is indicated, is a new securities instrument that is being introduced by the state in the context of its own misguided policy of liberalization and financial de-regulation of our economy, and more importantly, at a speed that is not really acceptable, even in countries which have adopted such a path of development.

Treasury Notes Bill
[SEN. W. MARK]

Tuesday, June 20, 1995

Apart from why the haste to introduce this Treasury Bill at this time, we would like to find out why the contempt and disregard for this Senate in dealing with this very important matter that is before us today. We would like to know whether this new medium-term instrument is really what it attempts to project or whether it is not an attempt by the Government to use this instrument along with an amendment to the Treasury Notes Bill in an effort to bankroll the Government's machinery that we understand is beginning to crank.

These are matters that are very important and we believe that the Government has a responsibility to explain to this population the real objective behind this Bill, apart from this question about the IMF giving them advice about excessive liquidity in the banking system at this time. The Government knew this all along and I will give you evidence to show that since the so-called float, which is a managed and a fixed float in 1993, the Government is conscious of the excess liquidity in the system since then to now. Of course, it has worsened, because there is no real development, no real confidence in the system. People are depositing but they are not borrowing.

Let us look at this Bill very carefully. The objects of this Bill, according to the Explanatory Note are:

"(a) to introduce a new medium term instrument to be called a Treasury Note for the achievement of three main objectives."

Those objectives are outlined. It is also designed:

"(b) to amend the Treasury Bills Act, Chap. 71:40 to increase the sum which Government may borrow by issuing Treasury Bills."

So on the one hand, this country and this Senate is being told that they need to mop up or sop up excess liquidity in the system, but at the same time, the Government is seeking to raise the ceiling under another Act called the Treasury Bills Act. We will want to explore what is the rationale for that kind of double standard. On the one hand, you speak about excess liquidity and you want to get a new instrument to mop up, but at the same time you want to raise the ceiling that you are entitled to under this Treasury Bills Act.

The Explanatory Note goes on to say, and I quote:

"The Bill would provide *inter alia* for—

(a) the issue of Treasury Notes not exceeding in the aggregate one thousand million Trinidad and Tobago dollars or the equivalent thereof in a foreign currency;

- (b) Treasury Notes to be in denominations of one or more thousand dollars and to mature not later than five years from the date of issue."

2.30 p.m.

As we go to page 2 of this Bill, we see under (i), one of the objects is to amend the Treasury Bills Act which would increase the sum the Government may borrow through the issue of treasury bills from \$1,000 million to \$2,000 million.

We would like to find out what is the real purpose behind this measure which is before the Senate today. Is the measure designed to deepen the money market by introducing this new instrument and to mop up excess liquidity from the system? We know what takes place in an economy where there is excess liquidity, we on this side would not have a fundamental problem with an instrument that is designed to mop up excess liquidity in the system. What we have a difficulty with is trying to rationalize why at the same time the Government choses to mop up excess liquidity in the system, it seeks to get the authority of this Parliament to allow it to increase its borrowing ceiling under the Treasury Bills Act from \$1,000 to \$2,000 million. What is the real reason?

Is it another excursion into adventurism by this regime? What is being attempted here? We have not been able to get any serious argument from the Minister of Finance so far, particularly in the absence of mechanisms established in this country for public accountability. We would deal with that in greater detail as we proceed.

We ask the question: Why this sudden urgency? Is this instrument, as the IMF is advising, the better one to introduce rather than to pursue the reserve requirement regime that has been in existence for so many years? Or, is it merely, as he says, to complement it? I would imagine that eventually, as was stated in the newspaper report, that the reserve requirement instrument or regime would be phased out and the Government would be using other instruments including the treasury notes in order to mop up excess liquidity in the system.

We have a difficulty on this side with the Government seeking, without any vision and planning, to alter the agenda whenever it suits its interest and have the Parliament scurrying and scuttling to get its act together because the Government has not done its homework and planned its agenda properly.

We have argued that we need a parliamentary agenda every session so that we would know what the Government's legislative programme is all about. The Government of this country continues to ignore our call for a legislative

Treasury Notes Bill
[SEN. W. MARK]

Tuesday, June 20, 1995

programme. so that we on this side and the entire nation would be in a better position to understand what the Government is coming with in any session of Parliament. But, the Government continues to play footsie and games with the Parliament and parliamentarians. Therefore, from time to time, bills come here and we are told that they are urgent and needed otherwise the economy would go up in fire and smoke if we do not address those pieces of legislation.

This is part of the backward and arrogant behaviour of this regime; treating the Parliament and parliamentarians with utter contempt and disregard. These treasury bills are supposed to be utterly urgent and important to the stability of our financial system. Hence, we have to pass it immediately. We ask the question: Where is the Government's priority? Are there not many more urgent and pressing pieces of legislation that ought to be brought to this Parliament that require rapid attention?

I just want to refer to one such piece of legislation. I refer to the Anti-Dumping and Countervailing Duties Act that was passed in 1992, and up to this time as we speak, that Act has not been proclaimed by the Manning regime because of the fact that the Regulations that are supposed to give effect to this piece of legislation have not been formulated and brought to this Parliament. What is more important than trying to protect our local domestic manufacturers from all kinds of anti-dumping activities from other countries?

The Government does not see that as an urgent matter. The Treasury Notes Bill is more important at this time to mop up excess liquidity in the system. I am not saying for a moment that the Treasury Notes Bill, if the intent is what we are told, is not a necessary piece of legislation. I am saying that the Government, however, has other instruments at its disposal at this time to deal with excess liquidity in the system. It does not have to rush this Parliament to deal with this Treasury Notes Bill. There are many more pressing matters required here.

The question here is: Is it really to soak up excess liquidity in the system? Is the PNM really seeking to decrease such excesses? If that is the purpose, we ask the question: Why, for instance, the amendment to the Treasury Bills Act chap. 71:40 to increase the sum which the Government may borrow through the issue of Treasury Bills from \$1,000 million to \$2,000 million? It is a double whamie that we have received here in this Bill. The Minister has admitted, and the evidence would support it, that the ceiling under the Treasury Bill has almost been exhausted. In fact, it is \$1 billion and the Government is close to it—it is about \$983 million that has been used up in the period under question.

We really would like to find out the real purpose of this Bill which is before the Parliament.

We believe that the voracious appetite of borrowing that this Government has demonstrated over the years since it has been in power is cause for alarm. Because, as simple as you may see this Bill, we have to recall that it is one to empower the Minister of Finance to borrow money by the issue of treasury notes.

We would like the Government to tell us that it is a fact that the liquidity level has been extremely high in the country. If one looks at the latest Quarterly Economic Bulletin of the Central Bank on page 13 of this report it is stated, and I quote:

"In the first quarter of 1995, liquidity in banking system remained high despite the contractionary effects of an issue of \$400 million of new government security."

2.40 p.m.

It goes on page 14 to say:

"Liquidity was apparently not greatly affected by the government bond issue during the quarter, on account of the partly offsetting expansionary effect of an increase of \$90.1 million or 10.1 per cent in Central Bank credit for the central government. In addition, while there was an increase of \$368.8 million or 3.9 per cent in commercial banks' deposits, credit grew by only \$24.3 million or 0.3 per cent."

This is at the end of the first quarter of 1995.

When we look at this carefully, this Government is spinning top in mud. The economy is not going anywhere. If there is any evidence of it one just has to look at the hungry faces that we see everyday on the streets and corners of our country. Look at the young people who almost rioted in Carenage yesterday for food. We say that the economy is growing and turning around and there is excess liquidity in the system that we need a Bill to mop up and sop up the excess in the system. I am saying that the Government is really shooting in the dark. The Government does not have a clue in terms of essentially what is taking place and the kind of difficulties and hardships that are being experienced by large sections of our population.

What we find profoundly dangerous about this piece of legislation is the Government's attempt to increase the quantum of money that it is authorized to

Treasury Notes Bill
[SEN. W. MARK]

Tuesday, June 20, 1995

borrow with no mechanism for accountability. If you are coming to seek parliamentary approval to increase your loan ceiling under the Treasury Notes Bill, to allow the Minister of Finance to increase revenue in the country to finance expenditure, projects and programmes, the Minister is not working with a plan. We do not want when we give him this *carte blanche* and blanket approval, which is called signing a blank cheque, the Parliament of this country would not have any kind of authority and/or supervision to monitor the activities of this excessively drunk Government in terms of both the local government election, that is coming up and the next general elections.

In other words, is this Bill designed to finance the election machinery of the PNM in September? The Minister of Finance said no. He knows that when the "Father of the Nation" speaks we know everybody on the PNM Benches has to be silent. We have to be concerned because the country has to pay for this. It is not Mr. Manning, Mr. Mottley and Dr. Lenny Saith who have to pay for this. It is the youths of the nation whose future is being mortgaged. We have the responsibility in this Parliament to ensure that this Government does not attempt this in their haste to hoodwink, *mamaguy* and fool the population.

We would have liked the hon. Minister, particularly as it relates to the new feeling that he is seeking to establish, both in terms of the Treasury Notes Bill, as well as raising the ceiling under the Bill in which this Government, in one stroke would enjoy \$2 billion at its disposal—is crying crocodile tears that there is excessive liquidity in the system; that they need to mop it up and sop it up, in an effort to reduce inflationary levels, and to maintain the exchange rate in the country. That is the fig leaf that is being advanced here today.

We in the Opposition UNC are not and will never be in the habit of buying cat in bag. We want to see from the hon. Minister who should know better. If they are going to increase that ceiling they would not increase it for joke. They have their plans and they should share them with us. We have to deal with our capacity to repay what we are borrowing today. It is so sad, painful and disturbing at the same time to see a man around the Queen's Park Savannah, at the foothills of Chancellor Hills with a placard reading, "I will work for food." That is the extent to which people have been brought in this country. People have been brought to the level where they are saying that they are prepared to work for food. They do not want money just give them something to eat.

Then you see a misguided soul out there who does not understand PNM or Eric Williams. He does not recognize that there is a difference between PNM under Eric

Williams and the Patrick's National Movement. He was there with a placard in Port of Spain on Wednesday saying that he was hungry and starving, but he was voting for Manning. Not even God could save that fellow! That is the level of ignorance that the PNM has brought people to in this country. We are being asked to support a measure to give the Minister of Finance a blank cheque to raise \$2 billion. That is what it amounts to at the end of the session without any kind of accountability mechanism to ensure that they do not waste, as they have been doing, the people's revenue.

We ask the hon. Minister in this era of PNM sell out of the country's state enterprises and the continued subsidization of foreign corporations, through excessive and absolutely ridiculous concessions and exemptions, where is the money going to come from to repay these loans that we are being asked to give the authority to raise? They are asking us to give them the authority to raise \$2 billion. That is no joke money. Dr. Lenny Saith could tell you. He knows. He had a \$30 million write-off.

The hon. Minister of Finance must let us know how the Government intends to ensure that when we give them this authority in this Parliament, they are going to service and repay these loans. These are very serious issues. We would like to know ultimately where the money will come from to service these huge debt commitments.

2.50 p.m

Mr. President, this Government is seeking to increase—they are immediately going to raise \$1 billion as a result of the Treasury Notes Bill. The Government is going to have in its possession the increased capacity to borrow at least \$2 billion. What is very significant as well—and we must bear in mind—is that when the Government raise these moneys they are to be deposited. The funds which are going to be derived from Treasury Notes are going to be deposited in the Exchequer's accounts. The moneys will be going to the Consolidated Fund. On page 3 clause 5(1) reads:

"All monies raised by the issue of Notes shall be paid into the Exchequer Account and shall form part of the Consolidated Fund."

This is where we on this side will demand—we are not begging, we are demanding—we want public accountability. We are demanding that the Government establish some mechanism in this Bill to ensure that we can police, supervise and at least monitor the activities of these moneys that are eventually going to be raised with the approval of this Parliament.

Treasury Notes Bill
[SEN. W. MARK]

Tuesday, June 20, 1995

It is clear—whether the Government likes it or not—that we are heading into a period in which the country would be engaged in much political excitement. The Minister of Finance has indicated, he is on public record saying that he is not prepared to go overboard, he is on record saying that the Government has a tight macro-economic ship. The Prime Minister is conscious of it. He was in Opposition when they were being contrived—his words, Mr. President—so he does not expect the Prime Minister to go overboard. But we know what has been taking place under this Government. Even the Minister of Finance who appears to be prudent in his management of the country's resources. *[Interruption]* I said, it appears.

Sen. Capildeo: The Member is popular that is why you all do not like him.

Sen. W. Mark: Mr. President when we get down to the facts and figures we would see, for instance, what is really taking place under this Minister of Finance. The Ministry of Finance told this country in August 1993—I am quoting from article in the *Express* dated August 4, 1993, headlined: "Mottley, Axe won't fall on the poor"

"Government was 'breaking the back of excessive borrowing' by honouring its heavy debt repayments. 'To borrow further would be to take the same disease beyond 1995'."

This is what the Minister told the population in 1993. He now comes to this Parliament in 1995 and he is seeking to raise the loan ceiling—first to issue a Treasury Note and secondly, to up the ceiling under the Treasury Bills. The Minister would know that his axe has not only fallen on the backs of the poor in this country, but it has now been transformed into a hatchet and it has severed the necks of thousands of people.

The Government has made repayments of some \$1.9 billion on domestic and external loans in 1994. From our information, the Government has so far paid out some \$400 million for the first quarter of 1995. The whole statistical evidence reveals that the total debt of Trinidad and Tobago has been increasing consistently under this so-called prudent regime of the PNM. The PNM has borrowed, according to the Minister of Finance and you would bear me out. Remember this, "Government borrowed \$5.5 billion in three years"? The Minister of Finance told this whole country that in three years the PNM Government has borrowed a total of \$5.5 billion, and we are being asked today to give them authority to borrow a further \$2 billion.

Sen. A. Mark: What is the pay back date?

Sen. W. Mark: Mr. President, if the Senator bears with me I will give him some clarification. *[Interruption]*

Sen. A. Mark: Give us the whole report.

Sen. W. Mark: Mr. President, the Senator would have a chance to talk. I prefer if he does not harass me.

I am saying that the Government of this country has in fact, been deceptive. Between 1992 and 1994, according to the Minister of Finance, Government borrowed on the external market some US\$7,047 million. On the domestic market between 1992 and 1994, the same Government borrowed over TT\$1.2 billion. This Government is mortgaging the lives of the younger generation and the generations to come in this country.

Mr. President, I want to bring to your attention some cold facts. When the Manning regime came into power at the end of December 1991, the per capital debt was roughly \$9,294.03. At the end of 1994 this same per capital debt had grown to \$12,440. So we moved from \$9,294.03 to \$12,440 at the end of 1994 and by the end of the first quarter 1995, that figure had grown to \$12,925.94. The PNM Government increased the debt burden of every man, woman and child since it came to power in 1992. In the space of three months in 1995, the debt owed by each man, woman and child in this country has increased by some \$485.00.

3.00 p.m.

This is the reality with which we are faced here. The debt burden of each citizen under this oppressive regime has increased by a massive 40 per cent. This is the record. These are the poll facts. The Government cannot come here and attempt to hoodwink people into believing that it is so prudent. Whenever we talk about borrowing, whether it is through Treasury Notes or Treasury Bills, we are talking about public debt in the country, both foreign and domestic.

If one looks at the total debt picture one would see that the country's total debt at the end of 1991 was TT \$11.4 billion. In 1992, it went up to \$11.6 billion. This is under the PNM and the prudent management of the Minister of Finance. In 1993, it jumped from \$11,600 billion to \$14,690.7 billion. They talk about the so-called float. The Government deliberately took the decision to float. Let us say, give and take, the float was responsible for some drift in the figures. In 1994, the debt went to \$15.6 billion in 1994 and at the end of March 1995, the debt of this country stood at TT \$16.3 billion.

In other words, there has been a serious rise in the level of debt obligation that we are committed to. The population is being actually savagely tied to a debt

Treasury Notes Bill
[SEN. W. MARK]

Tuesday, June 20, 1995

package without their consent, involvement and participation. Their representatives in Parliament on the Opposition Benches, when they call for accountability, supervision, and transparency to ensure that that burden is reduced or significantly brought down, the Government simply ignores the cries of the Opposition.

We believe that in a period where the Government, as I said, is selling out all of the nation's main foreign exchange earners for a nest of pottage, we, on these Benches, are predicting that the Government's domestic debt stock and debt-servicing obligations will worsen in 1995 and beyond, given its practice of assuming responsibility for repayment of some of the guaranteed debt in respect of state enterprises and public utilities.

This Bill is not as innocent as it looks. We have the responsibility of ensuring that the Government is able to provide to this Parliament with some appreciation of how it will ensure that the country has the capacity to address these commitments which it is seeking to impose on the nation at this time. When Nucor, Arcadian Corporation, Enron, Amoco, Unocal and other companies located in the Free Zones are granted these massive concessions and exemptions, the question which arises is: how does the Government intend to service its accumulating debt? This is a very worrisome question. It is a disturbing question to us on this side.

On the one hand, the Government is seeking to underwrite, subsidize, through concessions and exemptions, a number of foreign based enterprises or foreign corporations and, at the same time, the population of this country is being called upon to pay more taxes. This is what the Minister of Finance told the whole population a few months ago—prepare for tax increases in 1996. We are subsidizing these corporations and the Government is borrowing money. This is the irony of the whole situation.

Today, we are being asked to approve a bill that will allow the Minister of Finance to raise \$2,000 million. This same Government, under the Minister of Finance, recently granted Arcadian Corporation tax exemption where it would not have to pay corporation tax and customs duties for the next five years. Why must the poor and oppressed in this country carry this excessively heavy burden? What is in those deals for the Ministers? Why the country has to carry those burdens? The Government is coming to tax me and seeking my approval to borrow money and, at the same time, it is asking me to dig deeper in a pocket that only has holes.

The Government is giving away the nation's patrimony via concessions and exemptions. Nucor is getting gas for us 70 cents per 1000 cubic feet. T&TEC is buying gas at US \$1.10. Nucor is located in a Free Trade Zone. It does not have to pay any corporation tax, value added tax, withholding tax; and pays peppercorn rates for electricity and water. An infrastructure which cost the country \$6 billion—Point Lisas—they are benefiting from that, and this Government comes here and tell us that it wants support for this Bill.

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

Motion made, That the hon. Senator's speaking time be extended by 15 minutes.

Question put and agreed to.

Sen. W. Mark: Mr. President, not many people are lucky as Dr. Lenny Saith. I saw on the newspapers, and I am going by the records. I was shocked. In any civilized and democratic country, Dr. Lenny Saith would have had to resign. Look it here in the *Express* of Sunday June 18, the eve of Labour Day: "Settlement for Saith's Rema Loan". Mamaguy! If one owes a bank in this country \$1,000 or \$10,000 it would want to expose that person just as how Mr. Gift was exposed.

3.10 p.m.

Mr. Gift owed \$500,000; they took him to court, but the Deputy Prime Minister of the country, chairman of the party of the PNM and Minister of Planning and Development got a \$30 million write-off and poor people are rioting for food in this country. Yet he remains the Minister of Planning and Development in this country. In any civilized and democratic country, Dr. Lenny Saith would have had to resign. But this Government has no integrity. They are no role model for this nation whatsoever, and the sooner they call an election in this country the better it is for the nation of Trinidad and Tobago. Let them get out—go! They come here today and tell us they want us to support a Bill which has no provisions to deal with this Government's unlimited borrowing appetite.

I want to say that we are very disturbed about this Bill. We have difficulties in certain aspects of this Bill. If you go back to clause 3(2), it says:

"The Minister may borrow further sums for the purpose of paying off at maturity, Notes issued under subsection (1), by further issue of Notes."

So he is getting a guarantee to lift the ceiling to "one thousand million."

Treasury Notes Bill
[SEN. W. MARK]

Tuesday, June 20, 1995

He wants to amend the Treasury Bills Act so he could get another thousand million. Yet still, he has the authority to borrow further sums for the purpose of paying off.

We believe that the Government has to come to this Parliament and provide us with a plan. We have to know how this Government intends to spend this money. We need to get these things because we are going to be in debt forever if we continue the way that we are going. This Government, like the previous one and the PNM for 30 years, has accumulated billions of dollars in debt. What do we have to show for it? We have 20,000 young people leaving the school system in a few weeks time who would join an army of close to 110,000 people out there to come and harass you and me, because the PNM Government has no plans for these young people—none whatsoever.

We are saying that we have to do something about this arrangement. We are saying that the Government must tell us what kind of mechanism it is going to put in place to ensure that this arrangement is not abused and we are clear that this Government has the capacity to abuse its authority.

In spite of what the hon. Minister, of Finance may say about his Government not going on a spending spree, all we have to do if you want to get an example of what he was saying earlier, is to look at the spending spree that they went off on last week Wednesday; free rum; free roti; \$1,000 to come down to Port of Spain; free transport; free jersey, and they told the URP workers to take a day off, with taxpayers' money. That is how they got 2,000 people round the Parliament and intimidated the Opposition. I say that is a sign of fascism. It is a sign of a dangerous trend developing in our country, because if we had brought 10,000 people as we are capable of doing, there would have been a civil war outside there. We have the capacity to mobilize 50,000 people. They know that.

So the PNM is on freeness. If this freeness could take place merely on a motion of no confidence, what would happen if the Minister of Finance, who is leaving office to go to First Boston and work as soon as he is finished—what do you think he is doing? He is going to listen to Manning. When Manning says, "sign cheque", you sign cheque; or "sign warrant", he signs warrant, because he does not care—he gone—and it is people like us and our children who have to inherit this mess. Everything is U. S. for him. He would be gone, but I have to live here. I am not going America to live. I was born here and I will die here. I am fighting the PNM right down. If it is guerilla warfare they want, we are giving them that too. We are fighting them right through. I am not going anywhere; I am staying right here.

So as far as we are concerned, we are saying that the Minister of Finance has to give us some kind of commitment today that he is going to establish a mechanism in this piece of legislation to ensure that we are able, as a Parliament, to monitor and to supervise the borrowing appetite of this Government and the activities of the Ministry of Finance. We have been calling for a parliamentary committee to supervise the activities of the Ministry of Finance, and of course, the Central Bank. We already said the Central Bank has to come under parliamentary scrutiny. The Central Bank is a law unto itself in this country. We have called for legislation to monitor the activities of that Bank, but the Government ignores us. The Minister of Finance needs to be monitored as well. He is not infallible and he has made many mistakes in his life already.

We, on this side, would like the hon. Minister to ensure that the borrowing practices of the PNM Government come under parliamentary scrutiny and supervision. That is what we are arguing. Because the question about mopping up excess liquidity in the system, who can argue against that? Who would say, for instance, we must not control the inflationary levels in the country? Who would argue against making sure our foreign exchange rate is stable? What we are arguing is that we want transparency, accountability, responsibility and scrutiny. That is what we are asking for. Because when we get into Government, shortly, obviously, these are things that we may have to implement. We will have to issue instruments which are more creative and more diversified. But what we want to ensure is that there is democracy in our country. We want to see the deepening and the strengthening of the democratic process in our country and the Government of Manning—the Manning regime—I told people who are waving balisier they do not understand the difference between the balisier of the '60s and the balisier of the '90s.

I am saying, as far as we are concerned, the Government has to be held accountable. The hon. Minister of Finance has to provide us with mechanisms to ensure accountability, transparency and responsibility. We would also like the Minister to come with some kind of plan. We need to have some projections. In other words, the Government has to do some forward and strategic planning so that we would know if we are signing a blank cheque so that at any point in time they can go on the open market and issue a bond or issue treasury notes and mop up \$1 billion, or to borrow \$500 million, we have no way of knowing if they are going to open 15 more URP projects simply because they want to win a local government election.

Treasury Notes Bill
[SEN. W. MARK]

Tuesday, June 20, 1995

We have no way of monitoring the Government and that is the point that we are making. When the UNC assumes the mantle of Government, those are institutions that we are going to establish. We want to establish those institutions in Trinidad and Tobago. That is what we want to do.

3.20 p.m.

We want to tell the hon. Minister that it is extremely difficult for us on this side to digest this piece of legislation without the necessary safeguards being provided. We would have a difficulty in supporting this measure, so we would like to suggest an amendment which we would like the hon. Minister to support.

We want to suggest an amendment to establish a machinery to ensure that there is sufficient supervision and monitoring of the activities of the Ministry of Finance. The dapper Minister of Finance sometimes slips into dreams. When he went to Guyana some time ago he told the whole world that he wanted the trade union movement to disappear and that he wanted the World Bank to come to this country to ensure that the trade union movement disappears.

In winding down, I want to tell the hon. Minister, the First Boston potential employee, the disappearance of the trade union and God's face he shall never see. If anybody had any doubts about the vitality, strength, commitment, longevity and capacity to organize and mobilize the workers of this country, yesterday in Fyzabad demonstrated that the workers are still fighting and at the end of the day they are going to ensure that the Minister's dream of the trade union movement disappearing would never materialized in this country.

It is very unfortunate that my colleague, having made that statement, came back and said that he was being facetious. He cannot be facetious on serious matters. One cannot place mark with foolishness.

Mr. President: You are in your last minute.

Mr. W. Mark: Mr. President, we would like to indicate to the hon. Minister that we would like to have machinery established in this Bill. If we cannot get that machinery to monitor, supervise and police this Bill, it would be difficult for us to lend our support to this measure at this time.

Thank you very much, Sir.

Mr. President: Hon. Senators, before I call on Sen. Mansoor, I do not know what I have to do again to remind Senators of the Standing Order which says that the conduct of a Member of the Senate or the House of Representatives cannot be

raised except upon a substantive motion for the purpose. All I am going to do in future is to authorize the Hansard Editor to excise any references to the conduct of Members of the House of Representatives or the Senate from the records of contributions made. I am not going to say it anymore.

I know Members cannot at times resist the temptation to be sort of critical of the Government, but we have to adhere to the Standing Orders. I am accountable to the Parliament for the observation of the Standing Orders and I would have to abide by it.

Sen. Mansoor.

Sen. Michael Mansoor: Mr. President, the hon. Minister of Finance has been telegraphing the introduction of this Bill for quite a few months. Certainly, I did not envisage that I would be minded to give any discordant expressions of fear when he did, in fact, introduce the Bill. I thought that I would be able to give unreserved whole support to the Bill. However, that is not so.

Up until about six months ago, any dispassionate observer would have had to give the Government of the day, and indeed, the Minister of Finance, top marks for the economic management of this country.

Indeed, in my contribution to the Budget debate in late 1994, I was full of praise for the Minister in the way he had managed the macroeconomic indicators and, indeed, I was very pleased to see that in the latest *Review of the Economy* by the Central Bank, that an overall surplus of some \$27.6 million has, in fact, been recorded—an achievement which this country has not seen for the better part of a decade, if not more.

Mr. President, up until November of last year, I certainly felt that things were being managed in a fashion that could illicit nothing but praise, but it seems to me that within the last few months, the Government, in a very funny kind of way—and to use the vernacular—has lost its virginity because of three factors which no one could really wish away.

The first is the divestment of two major enterprises on terms that many of us found difficult to accept at the time, and I dare say with the passage of time, would find it even more difficult to accept.

The second is one which I personally assented to, but was a measure which I believe would cause us quite a bit of difficulty in the years to come, that was the introduction of the bills to pay public servants, which I believe would add some \$2.5 billion of expenditure over the next few years to the public purse.

Treasury Notes Bill
[SEN. M. MANSOOR]

Tuesday, June 20, 1995

The third—a development of more recent vintage—is the promise of full employment which, however desirable in social terms, gives anyone who has to take a dispassionate view of the economy of this country a cause for worry. It is a promise which we would all wish to see fulfilled, but it is a promise which, with the the way things are today, and to be practical, is very difficult to satisfy and fulfill.

The reason I have to express a rather discordant view today is because I have had to wonder, within the last 48 hours or so, whether or not the approval that is being sought by the Government to borrow an additional \$2 billion is in any way tied to this promise to full employment. I have to worry about that because it just seems strange that these two developments should occur within minutes of each other.

I worry because when I first heard the Minister speak about this particular Treasury Note Bill, I formed the impression that these treasury notes would be issued by the Central Bank on the advice of the Central Bank and they would not constitute what would be, in effect, additional borrowings of the Government.

When one saw that the Minister is effectively seeking to borrow \$1 billion by way of treasury notes and a further \$1 billion by way of treasury bills, one could not but wonder whether or not we were being asked to sanction a new and higher level of borrowing to fulfill promises which, with the best will in the world, no one can satisfy without making economic chaos.

Mr. President, I have a sense of disquiet about this Bill which I would not otherwise have had because of these three developments which have in the last six months or so caused me personally, and I am sure many of observers, much disquiet and worry.

3.30 p.m.

Clause 10 (1) of the Bill states:

"The Minister shall determine—

- (a) the form, issue and recording of Notes;
- (b) the currency of issue;
- (c) the denomination of Notes;
- (d) the method of holding Notes;
- (e) the rate and payment of interest;

- (f) the method of payment of interest and principal;
- (g) the dates of maturity of Notes."

If, as the Minister has suggested in the introduction of this Bill, the purpose of these Treasury Notes is to control liquidity, why should the Minister be the one to determine the time of the issue? Should it not be the Central Bank on its own advice? It is distinctly possible that a Minister of Finance, let us say in an election year, would have cause to borrow \$2 billion—\$1 billion under the Treasury Notes, and \$1 billion under the Treasury Bills—for purposes which those who follow him would find very strange.

We have had experiences of this in this country. I remember very well in 1987, the incredible remarks which, were made about what was done a year ago. The same thing happened in 1992. We were told that those who preceded us spent more than they should have spent. Indeed it was a former Governor of the Central Bank who found himself in difficulty—one of the finest public servants this country has ever seen and perhaps will ever see—because of what was hindsight and considered to be excessive spending in an election year.

I ask that clause 10 be reviewed very carefully. I fully agree with the Minister that we need a mechanism other than the reserve requirement to deal with movements in liquidity, but I have grave difficulty in accepting that the Minister, by way of borrowing, should be the one to trigger the introduction and the issue of Treasury Notes. In fact, if it is that a Minister uses the financing that comes from Treasury Notes in order to fix the roads, in fact, it would have very limited impact upon liquidity. The purpose for which the Treasury Notes are being introduced today would be totally negated because the money would come into the coffers of Government and it would be immediately spent with neither long term nor short term impact on liquidity.

In addition to these Treasury Bills and Treasury Notes, there is another form of government financing which is the overdraft which the Government holds for the Central Bank. It is therefore possible for the Government to have an overdraft balance of \$2 billion with the Central Bank, and it would be possible in addition, for them to have \$1 billion by way of Treasury Notes and another \$2 billion by way of Treasury Bills. When one adds it all up, it is a significant amount of money.

I totally disagree with Sen. Wade Mark when he said that the debt of the country was increasing in the fashion which he described, because if I look at the figures they say very clearly that in terms of US dollars, the borrowing of the

Treasury Notes Bill
[SEN. M. MANSOOR]

Tuesday, June 20, 1995

Central Government has in fact been reduced. We know that certainly this Minister of Finance is using his best efforts to limit the amount of borrowing exposure of the country as a whole, but the reality is that when the pressure is on, if the Minister can be mandated by his Cabinet to go out and borrow, as it were, free sheet, under the terms of this new legislation, that Minister of Finance, however noble his intentions would find himself in grave difficulty.

I am not speaking about the present Cabinet or this Minister. I am saying that the history would show that on every occasion that we have had a new directorate, that directorate has said unequivocally that borrowing powers with the knowledge of the Central Bank have been exceeded and used in a fashion not consonant with the best interest on this country.

I suggest to the Minister that the wide powers which he anticipates that he would have under section 10 be reduced, not because of this Minister's proclivities to borrowing, but because it is very important that we do not, as it were, put temptation in the part of the weak. All governments in times of election face the temptation of spending more on the current account than they otherwise should. That is a fact of history. No one government is opposed to the other. It is a temptation that is there.

I suggest to the Minister that he considers the amendment which I have tabled that he should only use direct market operations on the advice of the Governor of the Central Bank, because the reason for these Treasury Notes is to mop up liquidity which becomes excessive or otherwise, in the opinion of the Governor of the Central Bank.

I am aware that another Independent Senator has tabled another amendment which, perhaps, seeks to do the same thing in a different way. I really believe that it is very important that these amendments be considered because they would give the Minister of Finance the ability to say to his colleagues in Cabinet, that he cannot spend that money because he cannot get the approval of the Central Bank. Perhaps, the Central Bank would have a more dispassionate view for economic circumstances notwithstanding the vagaries of election this year or otherwise.

I recommend that this amendment be considered and adopted. I would go further to say that it is not an insignificant matter. The stock of local debt is about \$5.5 billion which at the present time is a little less 20 per cent of GDP. If by the stroke of a pen we give the Government the ability to borrow a further \$2 billion, what in fact we are doing is allowing the Government under this Treasury Notes Bill and the amendments to borrow a further \$2 billion which is about 7 per cent of GDP. That is a significant amount of money in our circumstances.

What could very well happen is that we could move from \$5.5 billion which I believe the figure was at the end of 1994, to \$7.5 billion all within the law, but all to our chagrin because we have to pay the bills in the end. It is very clear to me that the involvement of the Central Bank is absolutely necessary in terms of determining when to borrow by way of Treasury Notes and Treasury Bills, because the Central Bank would be able to say that the Notes would be issued only if there is no increase in overdraft or vice versa. That type of management is absolutely essential.

If this Senate approves this Bill, totally unamended, I think that we would be not faithful to the objectives that the Minister mentioned, not necessarily in 1996, but may be five years later, or on the other hand another Minister of Finance who is unaware there is no such thing as a free lunch.

I end by saying I fully agree with the objectives of this new Bill. I have some difficulty with the reasons and rationale for increasing the borrowing limits under the existing Treasury Bill legislation and I really believe that the involvement of the Central Bank should be put into the law. It is not good enough to say that the Minister may delegate to the Central Bank or he may not. That is what we afraid of. One also has to remember that it appears contemplated in these two amendments, the issue of Treasury Notes and Treasury Bills in a currency other than Trinidad and Tobago dollars.

3.40 p.m.

I do not know whether that is right or wrong, but it appears that means that we would be allowing Treasury Notes and Treasury Bills to be issued in US currency or in yen, I do not know. The power which we give Ministers in these two Bills is a very significant power and one which I would like controlled by the Central Bank, which theoretically should have a very dispassionate and very realistic view of our economic affairs.

Mr. President, I thank you.

Sen. Martin Daly: Mr President, my contribution would be relatively brief because Sen. Mansoor has expressed my misgivings extremely well. The only reason I seek to add a few words to what he has said, is that I, too, have proposed an amendment in addition to his, and indeed, I believe that there is room for both amendments. I will confine my remarks basically in support of the amendment which I am proposing.

We have had a very unusual spectacle this afternoon and that spectacle is very simply this. The Minister has described the intended operations concerning these

Treasury Notes Bill
[SEN. DALY]

Tuesday, June 20, 1995

Treasury Notes in one way but the Bill does not describe it that way at all. In fact, the Bill is completely at odds with what the Minister has told us. That is very serious, Mr. President and the purpose of my amendment is to try to correct that. The Minister has told us that the day-to-day management of these Treasury Notes will be left to the Central Bank, this is really a trading operation which the Central Bank will be going into; a trading operation on which it may make a profit or a loss. Generally, he has sought to tell us that this Bill is really seeking to introduce a new operation into the life, so to speak, of the Central Bank. This Bill, in the form in which we have it, simply does not describe that operation.

Moreover, I would not pursue this for very long in the light of the amendment I have just raised, but in order to make the link. The Central Bank has its own statute and its mission statement, so to speak, and its functions are defined in the Central Bank Act. I have a little difficulty—although I am going to try to get around it—in the Central Bank being given an additional function, namely this new trading operation—on which I emphasize it may make a profit or a loss—by way of legislation that does not amend the Central Bank Act to place that new function of the Central Bank where it properly belongs, namely in the establishment incorporation and stated functions of the Central Bank.

Mr. President, basically I understand the need for this legislation and indeed I think the financial sector would be very grateful that the Government is not contemplating a further increase in the reserve requirements, because of what I am told, is the effect of that on interest rates and other things. I accept that the objective of the Government is a good one and indeed, insofar as one gets information about other liberalized economics, it appears that it is a very important instrument to have in the hands of the Executive. I do not question the objectives of the legislation but there is this complete absence of any link in the legislation spelling out that this is a responsibility of the Central Bank. I find that very disturbing indeed. I would find it disturbing under normal circumstances, but there are some statements in circulation at the moment which suggest that one is really right to be disturbed about the things that Sen. Mansoor has expressed in the course of what he has described as his discordant note.

It is not part of our function to get into the direct confrontations that apparently we are now about to have over the next period of months, but I think it very important to put my contribution in this setting. For most of the first three years of the life of this Government, commentators have written about the—I am not saying whether I accept it or I do not—old PNM and new PNM and the different economic principles that seem to be being applied now by the present

Government as distinct from its predecessors. I think, we are moving into a new area of commentary and we are seeing, quite clearly, some divergence within the Government in its political arms between the prudent PNM and the not so prudent PNM. In fact, because I want to use the language of leniency and because I follow the commentators so carefully, I would content myself by describing the division this way; the prudent part of the Government and the "so so" prudent part of the Government. I would not put it any further than that. Apparently "so so" has now become a term to express criticism laced with leniency. I would content myself by describing the dichotomy that way.

Whether the dichotomy exists in this Government or in the political party that forms this Government or some other Government, whether of the same party or some other party, we have to sit back a little distance away from the direct confrontations of the politics and ask ourselves whether this Bill will sufficiently safeguard us from those who are only so-so prudent. That is my concern.

Therefore, I would not only support the amendment proposed by Sen. Mansoor, that this borrowing must be done supported by the written advice of the Central Bank, but the purpose of the borrowing must be defined in the statute. The Government should have no difficulty with that because the Minister has said what is the purpose of the borrowings. It is for that reason I am not content merely to support Sen. Mansoor's suggestion that the borrowing be done on the written advice of the Central Bank. I want to spell out the purpose and that is why I have introduced an amendment spelling out the purpose as "the promotion of favorable monetary credit and exchange conditions in the economy of Trinidad and Tobago".

Mr. President, I did not dream that on my own, that is the mission statement of the Central Bank; it is the description of the Central Bank's overall purpose that is to be found in the Central Bank Act. Therefore, I would recommend it, not only as an important safeguard, to state the purpose of the borrowing, consonant with what the Minister has told us, but to do so in language which makes a direct link to the overall objective of the persons who would be charged with the day-to-day management of these Treasury Notes. Quite frankly, whether an amendment is accepted in the form in which I propose it or not, I will not—because of my fear of "so so" prudence—be able to accept this legislation for myself without some clear statement in the Bill which describes the purpose, consonant with the presentation of the Minister. It must be stated in there, consonant with the presentation of the Minister. It does not have to be the language which I borrowed from the Central Bank Act, but it is a safeguard and a limit which must be placed there.

Treasury Notes Bill
[SEN. DALY]

Tuesday, June 20, 1995

Sen. Mansoor has described for us how each succeeding Government blames the last one for what has gone before in the final month's of a Government life. Indeed, in his very first budget the present Minister of Finance made a speech in fairly strong language about the imprudent relationship which had developed between the Government and the Central Bank in the last year of the life of a particular Government. I did not have time to get the phrase but it was something as an over-easy lending policy or words to that effect.

3.50 p.m.

Mr. President, I cannot always strike the ball as delicately as my colleague, Sen. Mansoor. One has to understand that in any Cabinet—I am speaking in theoretical terms—there are one or two Ministers of Finance and 15 or 16—in bigger countries more—of the other colleagues, all of whom are concerned about their constituencies and their political careers and all of whom will have a certain common interest. Interestingly, the Minister of Finance could depart from what he has said is the purpose of this borrowing requirement. I think it is very important to place these safeguards in the legislation.

I am making a brief contribution in this debate, but there are some other matters which I would like to raise. It appears sometimes that certain agencies do not understand that one's criticism is laced with leniency. I really would like to hear from the Minister, in his winding up, something about who in the Central Bank will be the traders. I do not want their names, I want to know what department, what their qualifications are and what their experience is, to be the traders of this new instrument.

I am particularly concerned about that because the global economy has done many things. It has produced many works of friction about the pressures, the break-downs and so forth which traders have because of the type of decisions they have to make and the conditions and the furious pace under which they have to make them, particularly in markets where one can work for 24 hours because as one closes another one opens.

I raise this because from the outside looking in, the experience of these potential traders in these conditions is not usually apparent to me. I raise it because these Treasury Notes which will be managed daily by the Central Bank are going to be issued in foreign currencies as well as local. Without anyone taking personal offence, I think it is important for us to know that there is a group of persons who have the requisite qualifications and experience to embark upon the day-to-day management and trading of these new instruments.

Mr. President, I am also very concerned about another departure which this Minister is making from some of the prudent policies in which he has engaged us. I notice that fiscal agents will be among those who can sell these new instruments. I would be very happy if there was a wide variety of persons able to sell these instruments. I am very concerned that any company or corporation without any qualification or any limit, and without any capital adequacy requirement—about which we heard so much—can be responsible for the selling of these instruments.

I raise that because if one looks at clause 8 of the Bill, there are not only fiscal agents who, I emphasize, may not only be banks, non-banks, or licensed financial institutions that have capital adequacy requirements imposed on them as a result of the Financial Institutions Act, but it could be any company or corporation. I believe in some cases it can be, not only foreign banks, but foreign corporations that may be approved by the Minister.

In clause 8 (2) of the Bill, one of the responsibilities of a fiscal agent is to promptly pay interest on a Note when due and principal sum at maturity. I do not know if, without any kinds of qualifications or capital adequacy requirements or other things establishing the track record and bona fides of these fiscal agents, when the time comes they would be good for these obligations.

I emphasize I have no problem if there will be a wide variety of persons able to sell these instruments in addition to the licensed financial institutions. I have a little difficulty accepting that any corporation or company without—I do not see any provisions for regulations or anything of the kind—maybe some kind of background check—and I emphasize any kind of capital adequacy requirement or putting up a bond, like what insurance companies have to do with the supervisor, can be a fiscal agent. There does not seem to be any requirements for backbone for these fiscal agents. That is a matter which concerns me, particularly as it does not appear to me, at the moment, that any regulations will deal with that.

I draw attention to the fact that on page 11 of the Bill, a fiscal agent includes:

- "(c) a domestic or foreign corporation or company designated by the Minister;
- (d) a foreign bank .."

I am not so worried about the foreign banks because capital adequacy and so forth is pretty well international and I imagine that the persons who have to administer this Bill will not designate foreign banks that are not subject to legislation similar to ours.

Treasury Notes Bill
[SEN. DALY]

Tuesday, June 20, 1995

What about foreign corporations? I would not like a "Maxwell". I am always very concerned about who are admitted to our "Island Paradise", whether we are admitting them in a free zone, whether we are admitting them offshore or onshore, I am always a little concerned that we keep out the "Vescoes" and the "Maxwells". I am sometimes tempted, and I yield to the temptation on this occasion, to say "summits". We had "summits" that had not been very "summitous", if I can put it that way, when the time came to pay their obligations. It appears that sometimes we forget this, particularly when we read recent pronouncements in the direct political field. One gets very concerned and I think it is important to remind the population that we have had summit of disasters when it comes to paying people's interest and principal when due.

Also I would like the Minister to explain a little more precisely what is meant by clause 1(d), that is, the determination of the method of holding Notes. I am not sure that I understand exactly what is involved in that.

Mr. Chairman, I do not know whether Treasury Notes will be issued in a foreign currency in the equivalent of, whether the legislation will take care of the fact. I do not suppose the Government wants to be issuing Notes when the conversion is made, it would want to be issuing Notes—for example, \$10,151.21. I do not know if the legislation takes care of that.

Mr. President, to sum it up, I would have much difficulty with this Bill unless the language of it is brought into line with what the Minister has told us are its objective and how he said the Government intends to have it administered. I hope that these matters can be clarified in the winding up so that it would resolve my difficulty.

Thank you very much.

The Minister of Planning and Development (Sen. The Hon. Dr. Lenny Saith): Mr. President, I rise to make a very short contribution, merely to indicate to my colleagues, especially Senators Mansoor and Daly who raised the matter, that this continues to be a very prudent and responsible Government. We would ensure that we continue the policies and programmes of the last three years because they are bearing fruit, as we can all see, and they will continue to bear fruit.

4.00 p.m.

In the circumstances, I just want to signal that the Government will have no difficulty in accepting Sen. Daly's amendment if it would satisfy Sen. Daly, that

there is in the legislation language to ensure that prudence does, in fact, take place.

In respect of Sen. Mansoor's amendments, we are just checking with our lawyers to see whether Sen. Daly's amendment would, in fact, cover that matter. If it does not cover it, we would also be prepared to consider those amendments at the committee stage.

Thank you, Mr. President.

Sen. Kamla Persad-Bissessar: Mr. President, just two short points, with your leave, that concerns me, and Sen. Daly in his contribution, did allude to one of those and that is with respect to clause 6 which is on page 3 of the Bill, which says:

"The Minister may designate a financial institution, corporation or company, a Fiscal Agent."

Then there are duties of the Fiscal Agent. He may sell notes.

I would ask the Minister to tell us when the Fiscal Agent is selling these notes is he entitled to remuneration? How is that remuneration going to be fixed? Obviously he is not going to be selling notes out of the goodness of his heart, so that he must be making some money from it. If it is otherwise, please tell us.

If it is, then that the Fiscal Agent will be making moneys from the selling of these notes and the holding of the registers of the notes, then it becomes really crucial that we consider the fact that the Minister is going to be able to designate to a corporation or a company, and Sen. Daly himself has pointed to one of the difficulties with respect to what he called, backbone, that is that they had the funds, and so on.

My concern goes a little further. If it is that the Minister can designate a corporation or a company, we need to see that there is some kind of safeguard, some kind of check, to prevent any kind of conflict of interest; to prevent any kind of underhand dealing or corruption, as it were; that it is not that this is going to be used to give out this particular kind of duty to the "boys" or to "friends."

The clause says financial institutions can be designated as Fiscal Agents. The financial institutions are, as defined and as licensed under the Financial Institutions Act, 1993 which would contain safeguards and regulations for the whole licensing of the financial institutions. However, when we look at companies, and corporations, we have some difficulties with that.

Treasury Notes Bill
[SEN. PERSAD-BISSESSAR]

Tuesday, June 20, 1995

We would respectfully ask that companies and corporations be deleted from that clause 6, and instead only the financial institutions be designated as Fiscal Agents. Unless the Minister can show us that there may be difficulties in allowing only the financial institutions to do that, we would have difficulty in supporting this as it stands.

I am saying, private companies, fly-by-night companies can be set up, as we know, today for tomorrow. They can be set up in a very short period of time. When they are private companies there is no disclosure such as with public companies on the stock exchange. Even when there are disclosures on the stock exchange, there are other difficulties that arise.

There is a matter that was, in fact, filed in the High Court only on Friday, where restraining orders and so on, were granted. That was a company that was set up; certain dealings took place on the stock exchange; matters were brought to the attention of the stock exchange and of the Minister to do certain things; those things could not be done.

What would happen if then you set up a private company to be able to come into and act as a Fiscal Agent? We are asking, as I say, to delete private companies and corporations and leave only financial institutions as those properly to be designated as Fiscal Agents. If that is so, we are also asking the same be done at page 6, because we are also amending in this Bill that is before us, the Treasury Bills Act, and again, Fiscal Agent is being a person that can be designated by the Minister.

Government and Savings Bonds Act is also being amended. Again, that definition of a Fiscal Agent is being put in to include companies and corporations. So that in all of those we are asking for the deletion of companies and corporations and retaining only financial institutions as being those properly to be designated to act as Fiscal Agents.

There was another clause which gave us some difficulty, and that is the clause that my colleague alluded to, on page 2, which states:

"The Minister may borrow further sums for the purpose of paying off at maturity, Notes issued under subsection (1), by further issue of Notes."

That, in itself, is fine, but when we go back and look at the main part of this clause, which is 3(1) it says:

"The Minister may borrow money in Trinidad and Tobago -

- (a) in such sum or sums not exceeding in the aggregate one thousand million Trinidad and Tobago dollars; and
- (b) such further sum or sums as may be specified by resolution of Parliament."

So that in the first part of the clause a limit is set, that is to say the limit of one thousand million Trinidad and Tobago dollars. Any further sums has to come back to Parliament for resolution. But then we come to 3(2) and there is no such limit whatsoever. It states:

"The Minister may borrow further sums for the purpose of paying off at maturity..."

There is no limit set; there is no requirement that for this further sum he would come back to Parliament. It is our respectful view that that subclause should also be deleted and the problem of getting further sums would be covered by 3(1)(b), because he can come back to Parliament for further sums. Why does he need 3(2) then to say that he can borrow any sum for the purpose of paying off at maturity?

It seems to me that he is giving a *carte blanche*, as it were. After having properly set limits in the first part of the clause; the subclause is saying, "look, you can come borrow any sums of money." There is no restriction; no limit within the statute, and further no restriction in terms of coming to Parliament for it, as he would have done in 3(1)(b).

This is being provided in this Bill that is before us, but the provision goes further, because when we come to the schedule of this Bill, we are also going to be amending the Treasury Bills Act, and when we amend the Treasury Bills Act, a similar provision is being given, for the Minister to borrow further sums for the purpose of paying off at maturity, Treasury Bills.

So that he is asking, as I say, also in the Treasury Bills Act to be able to come to borrow any further sums without any restriction and without any coming back to the Parliament. Therefore, having dealt with it in 3(1)(a) and 3(1)(b) of the Treasury Notes Bill, it is my respectful view that 3(2) should be deleted. In the schedule, similarly, should be deleted, on page 6, part B, (2)(1):

"The Minister may borrow further sums..."

If it is that the Minister feels that it is necessary and he can show us why it is necessary for him to be able to borrow further sums without a limit, without coming back to Parliament, then he would have to tell us why. If he can give us

Treasury Notes Bill
[SEN. PERSAD-BISSESSAR]

Tuesday, June 20, 1995

an explanation, this subclause then should be further amended to say that he can borrow further sums for paying off at maturity, but come back to Parliament or fix a limit.

This reminds me of the retroactive type of provision that was attempted in last week's legislation that was before the House. There must be a limit.

4.10 p.m.

The Government cannot be allowed to state, first of all, in the main clause that it may borrow \$1,000 million. A limit is fixed in the main part, but thereafter, as if it were, it then say the Minister can come back for any further sums. That cannot be right, and it must be deleted if we are to give support to this Bill.

Mr. President, just those two short points and I thank you.

Sen. Eric St. Cyr: Mr. President, I just want to make two or three brief remarks. The first concerns the matter that the hon. Minister, in his gentlemanly way, has put to us that on the basis of a recent review by the IMF team, there is excess liquidity in the system and any prudent country must move speedily to correct that.

I would argue that if this is the case, as indeed it is from the evidence he has adduced, then the measure before us must first and foremost be a monetary issue not a fiscal one, and the proper authority to manage this must, therefore, be the Central Bank.

I would go a little further and—with no intention whatsoever to be mischievous—say that the very excellent record of the Minister of Finance over the last three years, at this time when in our experience over the last two or three decades, we have slipped by spending rather more in an election or pre-election year, we should assist our dear Friend, the Minister, to maintain his record of prudence by, as a Senate, helping with the appropriate constraints.

If I may say, thirdly, I have been thinking of the numerical count in this body—the number on one side and the number on the other—and I have concluded that whereas on the Government side one might abstain for strategic reasons, and on the Opposition side one might abstain again for strategic reasons, I do not think any Independent Senator should abstain on any matter because an abstention, really, counts in the other direction.

Back to the Bill before us, Mr. President. I fully support the Treasury Note, as providing a medium-term instruments of monetary management, but in my view, the fiscal agent must be the Central Bank, and we must state it so unequivocally.

I do not support the increase in the Treasury Bill limit from \$1,000 million to \$2,000 million because in, it I see the danger of runaway expenditure being financed from this source or from Central Bank overdrafts which would simply be dealt with by the issue of Treasury Bills.

With those two remarks, Sir, I hope that I have discharged my responsibility, fairly and bluntly with love in my heart.

Sen. Rev. Daniel Teelucksingh: Mr. President, I just want to raise a few questions. From the enlightenment of more knowledgeable colleagues on this matter, I remember the story of Columbus. We have been told that Columbus had two logs, one for himself and one for the men.

I have been reading the Bill a few days now and I get the feeling that the specific purpose, the true and real purpose of Government's seeking a further \$1 billion, somehow or the other is hidden somewhere. I am left with suspicions that this Bill conceals and disguises Government's real motives for sourcing such vast sums.

The question I think should be answered is: How would this money be used? The country needs to know. Is there a plan? Where does this fit into the 1995 budget? Is this a supplemental budgetary requirement unfolding before us but somehow or the other disguised? Is this a disguised mid-year budgetary support?

Mr. President, a question I asked myself last weekened was about the new term "treasury notes". Is this really another form of bonds? Why this new borrowing instrument rather than the traditional use of the word "bonds"? I asked myself: Is this another technicality designed to deceive?

I would like to ask the hon. Minister—because from time to time in this country we have had the floating of bonds to the tune of several millions: What is the total to date of Government's domestic debt in terms of the floating of bonds, and most recently, the payment of teachers by way of bonds? How does Government plan to repay such bonds with interest? I am using the word "bonds" but also including the new term "treasury notes". Whether they be treasury notes or bonds, how does Government plan to repay such bonds and notes with interest upon maturity?

I see a vicious circle in clause 3(2):

"The Minister may borrow...for the purpose of paying off at maturity.."

What bothers me is that a clause like that means that one is borrowing in perpetuity. This is the name of the game. The Government floats bonds, it is

Treasury Notes Bill
[SEN. REV. TEELUCKSINGH]

Tuesday, June 20, 1995

issuing Treasury Notes, and when maturity comes, according to clause 3(2), the Government can borrow to pay.

Mr. President, now we intend to add to the domestic debt a further \$1 billion in the form of treasury notes, and I think we need to ask the question: Even within this short period of five years, as indicated in the Bill, can we pay this with interest?

I would like to ask the hon. Minister to address some of these questions in his response.

Thank you very much, Sir.

Sen. Prof. John Spence: Mr. President, my comments would also be very brief. I would really like to raise a couple of questions that I do not think have been raised as yet in the debate.

Before doing that, I would like to say that I agree with the amendments that have been proposed by Sen. Daly and Sen. Mansoor, and I also agree with the points that have been raised about the prudent way in which the Minister of Finance has been managing our affairs to date.

The points I would like to raise are these: Even if we accept the amendments which are being proposed by Sen. Daly and Sen. Mansoor, what happens with the money that comes in as a result? I think that, really, is the question, because, it would seem to me that if that money is in any way spent, it goes back into the economy and we have not achieved the objective of decreasing the liquidity. It must mean that the money must be held in some way. That is the difference, I believe, in the reserve account, although I agree that is not, perhaps, the mechanism one would want to use because of the effect on the interest rates.

I think it is extremely important, not only for the reasons given with respect to spending in an election year and so forth, quite apart from that—I am not addressing that issue at the moment—it seems to me, not being an economist but a layman in these matters, just using common sense, I would like to know what are the Minister of Finance's views on that score. More importantly, what is the background of this new legislation? In other words, why is there liquidity in the system? That really is what I would like to know. I would like to know from the Minister of Finance his view as to why there is this liquidity.

It seems to me that what is happening is that the investments that we had expected are not taking place. The investment, particularly of the local private sector is not taking place. Again, just using common sense rather than economic

theories and so forth, it would seem to me that we are constantly being told that the rate of saving is too low in Trinidad and Tobago.

4.20 p.m.

It does not match that of the developed countries. How can it be that at the same time we are saying our rate of savings is too low and we are faced with excess liquidity? Something is basically wrong. In spite of the good management, the incentives and the correct macro economic policy that the Government has been pursuing, we have excess liquidity. Clearly something is missing. This is what I would like to be discussed before we finish this debate because this is the underlying cause or necessity for this system of managing liquidity.

It would seem to me that somehow we have not particularly convinced our local investors to have the confidence in our affairs that they would invest and use that money. To some extent there may be a deterrent in the high interest rates. We will wait to see whether the recent small increase will have an effect on investment, therefore reducing liquidity. I suspect that it would not because the cause must be more fundamental than that.

Just to comment on the interest rates, is it not possible—I know we are in a system of deregulation and non-government intervention—in some way to influence the banks to reduce their spread of interest between deposits and lending? Is this not something that we should be addressing by way of legislation? We do not seem to be able to do it by way of persuasion. If it is the case that we are not having investment because of the high interest rates and we are then faced with a problem of liquidity, where we must then have special legislation in order to mop up, we are going around in circles.

Apart from the issues that are being discussed and the points that have been made in the amendments, I agree with the point that Sen. St. Cyr has made with respect to the increased borrowing, not on the notes but the previous system of borrowing, I hope that he would match this with an amendment because I do not think it is good enough to say that this should not be the case. I think it is our duty to table appropriate amendments in order that the issue may be addressed. I would certainly support an amendment to that effect.

I really think at some stage we have to get down to the fundamentals. We are having these instruments because we do not have direct government control over the system. We are having an open market system and we have to invent devices for introducing some controls because we would then recognize that the completely open system would not really work.

Treasury Notes Bill
[SEN. PROF. SPENCE]

Tuesday, June 20, 1995

I honestly feel that the Government has to get down to the task of doing not just saying that they are a facilitator and therefore it will happen. It will not happen. In this regard, I am not suggesting that necessarily the Government must do the investing. It means that they must go further than saying they are the facilitator. They must go to the extent of devising a programme, a plan or a course of action. They must give leadership to the private sector as to how it should manage its affairs; where and how it should invest and how the investments would pay off.

In other words, there must be a policy and a programme which the private sector could follow because it is perfectly clear that the private sector on its own is not doing it with the Government as a facilitator. The private sector responds but really the Government is not facilitating properly because they still have too many controls. I do not for a moment believe that it would be any different if all the controls were removed. Clearly the leadership is needed. If that means more government then it has to be more government. It does not have to mean less investment, but it certainly means clear guidelines, paths, opportunities and the rest being outlined by the Government.

Thank you.

The Minister of Finance and Tourism (Hon Wendell Mottley): Mr. President, so as to set the record straight, Government does propose to accept the amendment to clause 3 (1) to substitute the words "the Minister" with the words "for the purposes of promoting monetary credit and exchange conditions most favourable to the economy of Trinidad and Tobago, the Minister on the written advice of the Governor of the Central Bank." I believe that would solve some of the concerns expressed by the other side and which in words of Dr. St. Cyr would possibly give some assistance to the Minister of Finance in difficult times ahead.

Let me assure the Senate that the Government remains a prudent government. It would be foolhardy to believe that a government would not have an eye to re-election, but in this Government and the Cabinet there is sufficient weight of interest and knowledge to ensure that we stay on course. If it were the situation contemplated that the other side might win the election, one might understand that we might become loose, but the certainty of winning the election and having to manage again is the greatest safeguard that we could have.

Mr. President, the facts are that we have continued to borrow prudently. Our clear statement in the budget back in November and long before any problems developed on the international capital market, is that we had no intention of going

on to the Eurobond market for commercial borrowings in 1995, and that such international borrowings as we would have, would come through the IDB and World Bank. Then we stated clearly in the budget how much money we were going to borrow on the domestic market. We have completed this programme this year somewhat in advance of our normal programme, but that advance was to do liquidity mopping up operations. I think where Members opposite may get the greatest comfort in this regard is the situation as regard borrowings from the Central Bank. I think Sen. Mansoor or Sen. Daly commented about the capacity of Government to borrow through these different mechanisms. In 1990, the Government had loans amounting to \$1.5 billion from the Central Bank; by 1992 that had grown to \$2 billion. In 1993, it came down to \$1.3 billion; in 1994 to \$890 million. I am happy to report that as of June 1995, the Government's borrowing from the Central Bank was zero.

4.30 p.m.

Sen. Dr. St. Cyr: Mr. President, could the Minister give way? If what the Minister is saying is true, then there is no need to increase that limit from \$1 billion to \$2 billion. *[Laughter]*

Hon. W. Mottley: Mr. President, the facts are, that we want to use that as a liquidity operation on the Treasury Bills side and on the Treasury Note side, so that we would have some room on the short-term end, because we could only recycle old paper that we have now. We need also on the Note side—which is the one to five year—a spread of interest of maturities to attract different sectors of the financial community.

On the issue of how this system is to work, it is contemplated that the Central Bank would be delegated this function entirely, and it is now clear with the amendment that we are prepared to accept, that they would initiate it. For instance, right now because it is generally agreed that there is \$75 million, moneys sloshing around that we need to mop-up, on passage of this Bill the Central Bank might issue a combination of either Notes or Bills to the tune of—shall we say—that \$75 million. The Consolidated Fund would be increased by that amount, once the moneys come in.

That money would not be appropriated because the Appropriations Bill, the Budget had no sight of that and, therefore, it would not be available for expenditure by the Government. In fact, although it would come to the Exchequer account, it would be shunted across to the Central Bank as a segregated account, ultimately, to allow for repayment at maturity. That is clearly how the system

Treasury Notes Bill
[HON. W. MOTTLEY]

Tuesday, June 20, 1995

works, Mr. President. By not having sight of this the Appropriation Bill, we would not be allowed to spend it, unless, of course, we came to the Parliament and then Senators would have oversight of that, in the sense that we would be then be coming for a Supplementary Appropriation.

It is clearly contemplated then, that once the amount is raised the Central Bank would stay in the market and will be buying and selling these Notes and Bills on a daily mop-up or daily injection operation to keep liquidity at the level deemed by the Central Bank to be a proper discharge of monetary management. The facts are that in this new environment, prior to April 1993, there was a degree of lag in the system, but since April 1993, the exchange rate could change overnight, therefore the Central Bank must have an operation that is very flexible and would lend itself to intervention if we are to have some proper control over the level of the exchange rate.

Sen. Prof. Spence asked some very interesting question about liquidity, the source of the liquidity that what it represents. The information available to us is that there is a considerable inflow of long-term US dollar investment into Trinidad and Tobago, especially in the energy sector. There are large sums flowing in by the Enrons and so on of this world into Trinidad and Tobago. There is also evidence of large inflows by Trinidadians and Tobagonians who, it would appear, are bringing back their ordinary business. This is happening to such an extent that the Central Bank has reported that the US dollar accounts in the private commercial banks in Trinidad and Tobago now approximate or even exceed the official US dollar reserves of the Central Bank and the official system.

That accounts for a fair amount of the constant injection of liquidity into the system. We have been mopping-up much of this liquidity by these very sizable bond issues. No sooner had we completed this last bond issue raised by Citicorp, just a matter of weeks after, we find ourselves with an additional \$75 million to be mopped up. Of course that is the supply side, perhaps Sen. Prof. Spence was referring to the demand side and I will address that in a few minutes after Sen. Mark's question.

Sen. W. Mark: Mr. President, on a point of clarification. Could the Minister indicate to this Parliament whether his Ministry has undertaken any investigation to determine the excess liquidity in the system? What relationship exists between that excess liquidity and the possibility of money laundering in the economy of Trinidad and Tobago? Has the Government done any investigative work in that area, apart from the two points raised earlier, to determine whether drug money has now invaded the economy?

Hon. W. Mottley: Mr. President, the Government has money laundering as a major area of concern but both the Central Bank and international agencies have stated that at least, as of yet, money laundering is not of epidemic proportions in this economy. We are not seeing in what we see as the balances here major drug money laundering or anything of the kind. It represents foreign investment and inflow moneys that ordinary Trinidadians and Tobagonians may have held overseas that they are bringing back. We may argue that the moneys held overseas may have been done illegitimately, under the old exchange controls conditions, but citizens are now committed and they are bringing that money back into Trinidad and Tobago to finance their ordinary investments and commerce. As of yet, the Government has no major concern about money laundering but it is, of course, a matter of constant surveillance. We have the Central Bank, as well as some of the agencies of the Ministry of National Security keeping a constant eye on that problem.

Mr. President, on the demand side, yes there is, as of yet, insufficient demand for some of the liquidity that is being created and the Government recognizes and is setting about to deal with that. Much of the work of TIDCO is aimed at promoting investments, both foreign and local, in the domestic economy. We are seeing some benefits in tourism, in terms of new investments in hotel construction that is taking place. I also think that we have reached a very interesting stage with our manufacturers, in that the manufacturers have been urged to get out there and export. They have responded to that call in large measure much to their credit. However, as they have exported, they have used up the machine time they have available to them the successful ones have gone on to first, second and third shifts—and they have discovered that they have not necessarily always been low-cost exporters. What they need now—and we have been hearing strongly from the manufacturing community—is to heavily invest in new plant and equipment, with the latest technology that would give them the capacity to largely increase their exports further, and at the same time bring down their cost of production. The manufacturers are just at that point right now.

The Government recognizes that and is considering incentives that would benefit the manufacturing and agricultural communities that have responded in this way. They have gone out and successfully exported and have now come back to say that in order to make those exports permanent and successful they need these further steps and assistance from the government to ensure our long-term success. The Government is aware of their having taken on the export responsibility. We have assessed their requirements and we would be coming

Treasury Notes Bill
[HON. W. MOTTLEY]

Tuesday, June 20, 1995

shortly with measures to assist them in that regard. That, Sen. Prof. Spence, would then allow them, under more favourable conditions, to be using much more of this liquidity in the financial system, to convert it into hard investments that will serve their long-term survival benefit. At the same time the Government will be sweetening the pot for them to take those steps now and use that liquidity for productive purposes, rather than for consumption purposes, which is the real risk. That is where we are, Mr. President.

Sen. W. Mark: Mr. President, could the Minister indicate how soon the Regulations that are supposed to give effect to the Anti-Dumping and Countervailing Duties Act will be brought to this Parliament, so that local manufacturers and producers could be given some degree of protection and shelter in Trinidad and Tobago.

Hon. W. Mottley: Mr. President, there is an amendment to the Anti-Dumping Act that was taken to Cabinet on Thursday of this week, and I have been informed that the Regulations have been completed and would be laid in Parliament within the next few days.

A question was asked about the Central Bank and this trading operation and what risks are there, because Central Banks or individual traders have been known to go and take huge risks and so on. That is true, Mr. President. The Central Bank is organized in departments and it does have some experience, because it does now trade the Treasury Bills; that is the short-term instruments. The Central Bank will have to beef-up its trading capacity in that department and its whole operations staff would have to be considerably beefed-up as this aspect of the Central Bank's life assumes larger and larger importance. To that effect the Central Bank will, very shortly, be making new announcements about promotions and so on within the Central bank and strengthening and supervision of this operation's capability within the Bank.

There were also questions about the agencies. Mr. President, the agencies have no policy capability, these agents, for the purpose of this Bill are merely administrative, that is they act on behalf of and issue the bonds and are agents for payments. In other words, these are purely administrative responsibilities being given to these fiscal agents.

4.45 p.m.

In any event, I am signalling that the Central Bank would still like to exercise control and, therefore, will contemplate giving these fiscal agencies to financial intermediaries over which the Central Bank has some power and control as well

as the newly to be formed SEC that will have the capacity or some controlling power over the corporations, like the traders and so forth but will operate under the new legislation, the Securities Bill which is still before a Joint Select Committee of both Houses. That is where most of those corporations are referred to.

Mr. President, I think I have answered most of the concerns raised by Senators on the other side.

Sen. W. Mark: Mr. President, I think my colleague had raised a question about these companies that will be designated as financial agents. What are the possibilities of conflicts in terms of paper companies emerging in order to take advantage of that kind of arrangement? Does the Minister foresee any serious difficulties arising?

Hon. W. Mottley: Mr. President, I do not see any difficulty because, at the end of the day, there will be some oversight from the Central Bank and from the new SEC as to who they are and why they should be appointed. I really do not see any particular problem, and one must not exaggerate the role of these agencies.

I beg to move.

Question put and agreed to.

Bill accordingly read a second time.

Bill committed to a committee of the whole Senate.

Senate in committee.

Clauses 1 and 2 ordered to stand part of the Bill.

Clause 3.

Question proposed, That clause 3 stand part of the Bill.

Mr. Chairman: There is a suggested amendment by Sen. Daly to clause 3.

Sen. Daly: Mr. Chairman, there is a proposed amendment by the Government that has been circulated, so I would not propose my amendment.

Sen. Huggins: Mr. Chairman, the amendment proposed by the Minister of Finance to clause 3 (1) is as follows:

"Substitute for the words "The Minister", the words "For the purposes of promoting monetary credit and exchange conditions most favourable to the

Treasury Notes Bill
[HON. R. HUGGINS]

Tuesday, June 20, 1995

economy of Trinidad and Tobago, the Minister on the written advice of the Governor of the Central Bank".

Mr. Chairman: The amendment has been circulated.

Question put and agreed to.

Sen. W. Mark: Mr. Chairman, we would like to ensure that there is some monitoring of this Bill and I am certain that the hon. Minister would be conscious of his limitations and we believe that the Parliament ought to have some kind of monitoring role to ensure that the Bill is properly supervised and the operations, particularly as is stated in respect of the borrowing of moneys and the appointment of fiscal agents, are kept at a certain level so that people could feel a bit secured and reassured that there is no chance of abuses emerging and, at the same time, there is not a situation where the Government can use the present Bill to create instability in the system in Trinidad and Tobago.

4.50 p.m.

So we are calling for the establishment of a parliamentary committee to monitor and supervise the work of this particular Bill that is before the Parliament. We believe that the Government is interested in democracy and strengthening this process and I do not see the Government having any serious difficulty in supporting this amendment that we have proposed.

Sen. Dr. Saith: Mr. Chairman, the Government's position on joint parliamentary committees is quite clear and we will not support the amendment.

Question put and negatived.

Sen. W. Mark: Mr. Chairman, before you move from clause 3, I think Sen. Persad-Bissessar has an amendment.

Sen. Persad-Bissessar: Mr. Chairman, we are respectfully asking on page 2, that clause 3(2) be deleted or be limited in some way. That is the clause where the Minister may borrow further sums, where no limit is set and no monitoring.

Mr. Mottley: The ceiling is the relevant matter. You cannot borrow above a certain amount.

Sen. Persad-Bissessar: But they are disjunctive, you see, because you have 3(1) and then 3(2). If you want to make them conjunctive, then there should be a word to make that conjunction. But they are disjunctive, in my respectful view, as they stand. Because 3(1) stands on its own and then there is 3(2). They are disjunctive.

Sen. W. Mark: Mr. Chairman, if there is a ceiling, as has been pointed out by the Minister, then this particular clause is redundant. We would like it to be deleted, and I do not think there is any problem with that; to ensure that there is no misinterpretation.

Sen. Persad-Bissessar: In any case, the statute would achieve that purpose because 3(1)(b) already gives the power for further sums to be borrowed and then come for resolution. But 3(2) is just saying borrow anything with no limits or specifications. They are disjunctive.

Mr. Mottley: That is a provision currently obtaining in the Treasury Bills operations and it is a re-cycling operation that you must have, and so long as you do not exceed the ceiling—for instance I just told you that the Treasury Bills are at nine hundred and something and the ceiling effectively caps that, so that you cannot borrow in excess of the ceiling. But this provision allows one to recycle. There is an exact provision that now obtains in the Treasury Bills market.

Sen. Persad-Bissessar: But you see, you are also seeking to amend Treasury Bills, to put in that as well. If you look at page 6, you are repealing section 2 and substituting the following section, and (2) says:

"The Minister may borrow further sums for the purpose of paying off at maturity..."

So within this very Bill you are also seeking to amend the Treasury Bills Act.

Sen. Dr. Saith: My understanding of how these things work is that Treasury bills and the Treasury notes are money which are short-term and therefore you need to borrow and pay back, and you borrow and you pay back, so that you keep recycling the money.

Sen. Huggins: Mr. Chairman, all that section is really doing is re-enacting the provision that now exists in the Treasury Bills Act, by repealing section 2 and re-enacting certain parts of section 2.

Sen. Dr. Saith: Page 6 is a repeal of the existing Act.

Sen. Daly: But, Mr. Chairman, there is a fundamental drafting difference. The old 2, if you look at the Treasury Bills Act, says:

"The Minister may from time to time issue further Treasury Bills for the purpose of borrowing such sums as may be required to pay off."

There is a fundamental drafting change. One can readily see that under the old drafting, the issue of further Treasury bills would still be subject to the ceiling on Treasury bills. But for some reason the draftsman has left out the words, "issue

Treasury Notes Bill
[SEN. DALY]

Tuesday, June 20, 1995

further Treasury Notes." So if this is going to be consistent, it ought to say: "The Minister may, from time to time issue further Treasury Notes for the purpose of paying off at maturity, Notes issued." Why have they made that fundamental change?

Sen. Huggins: But they have "further issue of Treasury Bills." Are we on page 6?

Sen. Daly: I am on page 2, which is what Sen. Bissessar is on, "borrow further sums." I understand the debate to be that the Opposition does not want the Minister borrowing sums in excess of the overall limit under the ceiling under which it may issue notes. They do not want more money being borrowed on top of that, and I am pointing out there is a fundamental drafting change. Because if this is to follow the line of the old Treasury Bills Act, then why have they left out the words, "issue further Treasury Notes for the purpose of paying off at maturity?" Why have they left out the words, "issue further Treasury Bills?"

Sen. Dr. Saith: Are you suggesting that it should read: "The Minister may issue further notes for the purposes of paying off at maturity...?"

Sen. Daly: I am asking why the drafting change? I always say I am not a parliamentary draftsman, but there is a fundamental change here.

Sen. Huggins: No, but this is the same thing, because if you read the thing, you will see that:

"The Minister may borrow further sums for the purpose of paying off at maturity, Notes issued under subsection (1), by further issue of Notes."

It is just that has been re-formulated, but it is really by the further issue of notes.

Sen. Daly: I see. I accept that.

Sen. St. Cyr: There is a comma there after "maturity" before "Notes" which should come out.

Sen. Dr. Saith: Can we take out both commas and will that solve the problem?

Sen. St. Cyr: Yes.

Sen. Dr. Saith: Commas out. *[Laughter]*

5.00 p.m.

Sen. Persad-Bissessar: Why do you need to borrow these further sums to pay off at maturity? What has happened with the first set of moneys that you borrowed?

Dr. Saith: It is a recycling of issue. Even if you were to pay off, you then have to borrow to put back.

Sen. Persad-Bissessar: Therefore, you are going to issue further notes.

Dr. Saith: That is what it says, by the further issue of notes.

Sen. Persad-Bissessar: Under the \$100,000.

Dr. Saith: Yes.

Sen. Persad-Bissessar: Once the ceiling is there, and you would give us that assurance. That was our concern.

Sen. Huggins: Your concern is now dealt with, I take it, sufficiently so that we can move on?

Question, on amendment, put and agreed to.

Clause 3, as amended, ordered to stand part of the Bill.

Clauses 4 and 5 ordered to stand part of the Bill.

Clause 6.

Sen. Persad-Bissessar: Mr. Chairman, on the question with respect to corporations and companies, we have asked for this to be deleted.

Sen. Huggins: That was dealt with in the course of the winding up, but my learned Friend was not present.

Sen. Persad-Bissessar: With all due respect, we were in the Chamber.

We are not totally satisfied with the explanation that was given with respect to that. You are saying that the control would come from something else. This is what I understand with respect to corporations and companies. *[Interruption]* But it is not here. There is nothing in this Bill that says that.

Sen. Daly: Mr. Chairman, there is something I did not understand in the winding up. Clause 8(2) affects the ability to have corporations and companies as fiscal agents. Is the obligation to pay only administrative? Does that mean that the agent is going to get the "crossed not negotiable" cheque of the Central Bank made out to the investor? Or, is that money going to be first lodged with the fiscal agent. I do not want an unregulated fiscal agent to get his hands on the money. This can only work if he is getting the "crossed not negotiable" cheque.

Dr. Saith: Look at clause 8(3).

Sen. Daly: Yes, but who is making the credit? Is the fiscal agent responsible for the credit and he first gets the money, then he writes his cheque? *[Interruption]* It is all right if he is going to get the "crossed not negotiable" cheque of the Central Bank as a conduit. *[Interruption]* We cannot go back to the dark days where any old body can hold funds in an account for as long as they like, buy a few shares and—

Dr. Saith: A partnership account.

Sen. Daly: No, he would be wrong to hold it in a partnership.

Sen. W. Mark: Mr. Chairman, the Minister of Finance had indicated in his contribution that the stillborn SECC, probably it will be born in 1996, we do not know, but what he was telling us today is that the Central Bank and the SECC would be responsible for determining these fiscal agents and to monitor their operations.

Those are just words, Mr. President. The SECC does not exist and the Central Bank is a law unto itself. Nobody monitors the Central Bank. We just cannot take the Minister's word today. We have received so many assurances from this Government and all have come to nought. We really think this is a very serious one, Sir.

Sen. Dr. Saith: One assurance that you can take is that you are not going to win the next election.

Sen. Persad-Bissessar: Mr. Chairman, it is not simply a question of assurances. It is that when we make law in this Parliament the law should be clear with provisions in the statute. It should not depend on what is reported in *Hansard* because we cannot take that to the courthouse. We cannot live by that. It is what is in the statute.

With respect to the Minister, it must be in the statute. If that is going to be the control then it should be stated within the statute.

Mr. Mottley: These agents, would, in fact, be issued their cheques. The Central Bank would give them a list of names with a total amount and say, "Pay these people".

Sen. Daly: Mr. Chairman, we really have a problem because that is going back to the bad old days of any old body chosen by the Central Bank who, incidentally, are no longer liable in negligence. We have removed the liability and negligence of the Central Bank, so we are going back to the bad old days of these

deposit-taking companies taking people's money and going bust. *[Interruption]* It really does not matter. Are you putting funds of the investor in the hands of the fiscal agent so that he has control of the money, whether to transmit or to pay? What I am resisting is going back to the bad old days where it just goes into the hands of some operator, who is not regulated, and who goes bust while he has the funds to pay the list. He and the lists disappears to wherever.

Prof. Spence: Mr. Chairman, could I ask Sen. Daly whether he could formulate an amendment?

Mr. Mottley: There are two ways of dealing with this. What, obviously, the Central Bank is trying to avoid is itself being involved in the day to day payment of every Tom, Dick and Harry. I quite understand why it is that one cannot have every Tom, Dick and Harry. Therefore we have an oversight here by saying that if there are financial intermediaries in good standing who the Central Bank would delegate. In other words, the Central Bank would say, "I give Republic Bank, but not Bank of Commerce". And, the Securities Exchange Commission would say, "I give the Stock Exchange, but not Mottley Trading" or whatever it is. In other words, how do we, at this level in the Parliament, dictate so that we give the Central Bank the opportunity to delegate this administrative function to those who are in good standing. *[Interruption]* Yes, and the financial intermediaries are regulated and it is contemplated that certain kinds of corporations would be regulated by the SECC. Those are the two people who we want to pass it onto.

Sen. Persad-Bissessar: With respect, this is what we are being told but it is not in the statute.

Mr. Mottley: We take your point, therefore, we are trying to see how shall we—

Sen. Persad—Bissessar: Deal with it here.

Mr. Mottley: —tighten it.

5.10 p.m.

Sen. Persad-Bissessar: Mr. Chairman, my respectful view is that the way to get around it is to delete "corporation or company" and leave "financial institutions". They are properly regulated under statute. They must go through certain procedures for licensing.

Sen. Daly: It may be that when we come to do the Securities Industry Bill we could put a provision in to amend this to say "financial institutions or corporation regulated by the SECC" but we cannot anticipate.

Sen. Dr. Saith: Let us take out "corporation."

Sen. Huggins: No. What about if we put after "company" regulated under any law?

Sen. Persad-Bissessar: That would be too wide because if a company is set up under the Companies Ordinance, is it then regulated under the Companies Ordinance, under law? We would still come back to square one.

The only way out of this, in my view, is to delete "corporation or company." When we set up the SECC and the other legislation, in those we can make provisions.

Sen. Prof. Spence: That way of doing it does have the advantage as you do not have the interregnum in which you could, in fact, designate the company and you do not yet have the new Bill.

Suppose a new Bill does not come into being for another few years?

Sen. Persad-Bissessar: It will be a financial institution under the Financial Institutions Act. That is what it says. The interpretation section is there.

Hon. Mottley: Later on we will come, after we have passed the Securities Industry Bill. I do not want to bring back this Bill. I would give the Securities Industry Bill the power to anticipate that.

Sen. Persad-Bissessar: In the same way you have amended the Treasury Bill and the others.

Sen. Daly: Mr. Chairman, Sen. Dr. Saith has a point which is, that if we limit it to financial institutions we would exclude insurance companies. So it would have to be amended to read "financial institutions and insurance companies and we would have to amend the definition.

We cannot take any short cuts. We cannot go back to those Summit days. Summit coming again.

Sen. Persad-Bissessar: Regrettably, Mr. Chairman, we would not support the inclusion of insurance companies because there are certain insurance companies which are set up as companies limited under the Companies Ordinance.

Presently, I would like to inform you, as a fact, we have great difficulties recovering moneys from several of them on behalf of clients who have won their matters in personal injury cases. So there are several of those companies which at the moment are in financial difficulties.

Sen. Dr. Saith: We have indicated we may want to use financial institutions or companies abroad—investment companies to issue these notes. How would we cover that?

Sen. Persad-Bissessar: Those seem to be foreign ones you have dealt with elsewhere. You have not mentioned anything about foreign in this one. When you came to amend the Development Loans Act, which gives Government the power to borrow internally and externally, there was talk about domestic and foreign. When we get to that particular clause then we could deal with it. This one does not necessarily say you can go domestic or foreign.

Sen. Dr. Saith: The Notes can be issued by the Central Bank or somebody designated by the Central Bank. The designation was a fiscal agent. The Central Bank may want to designate anyone of the big investment banks to issue these Notes to US investors. How do we capture that?

Sen. Daly: Let us say a foreign bank on the assumption that those banks have similar legislation.

Sen. A. Mark: Sen. Daly, the US banks?

Sen. Daly: I do not know.

Sen. Capildeo: I think we are going to have to wait for the SECC. I do not see any way around it.

Sen. Mansoor: For the advice of the Government, I am almost certain that a local financial institution can make a payment to a foreign holder of these Notes. It is a simple transfer. There are instructions and a local financial institution may be able to do that over night. We do not need to designate foreign bankers as their paying agent.

Sen. Dr. Saith: You may want to designate the agent that puts it out.

Sen. Mansoor: I am saying that Republic Bank or Royal Bank or any bank can make a payment to somebody's account number in a certain place, so you do not need a foreign agent.

Sen. Dr. Saith: I suggest that we take it out and deal with it under the Securities Industry Bill. For the moment there is enough flexibility to get things started.

Sen. Mansoor: Do you need to say financial institution in good standing?

Sen. Dr. Saith: No.

Sen. Huggins: So it will simply read "a Minister may designate a financial institution a fiscal agent."

Question put and agreed to.

Clause 6, as amended, ordered to stand part of the Bill.

Clauses 7 to 9 ordered to stand part of the Bill.

Clause 10.

Question proposed, That clause 10 stand part of the Bill.

Sen. Mansoor: Mr. Chairman, I withdrew my amendment but on looking at it again, I am wondering whether or not we do need to put into 10 (1) "subject to clause 3(1)." If we just say the "Minister shall determine" it would, perhaps, be not in agreement with what we said in clause 3.

We need to say subject to clause 3, and then the "Minister shall."

5.20 p.m.

Sen. Dr. Saith: I think the suggestion is made by the legal people that you say "the Minister on the written advice of the Governor of the Central Bank shall determine".

Sen. Daly: We want it subject to the purpose—subject to this Act.

Sen. Huggins: I have difficulty with utilizing all that wording in clause 10 (1), as was utilized in clause 3 (1), because it really does not make sense. Clause 3 (1) talks about the Minister borrowing. I understand the Minister is borrowing for the purposes of promoting. Having made a determination to borrow, clause 10 (1) is really saying that if you have agreed to borrow \$10 million, you will determine the denomination of the currency of the issue.

This does not take us any further in promoting monetary credit. You do not just say "subject to this Act" when it really means nothing. If it is we want to say that "the Minister will determine the form and the currency of issue on the advice of the Governor of the Central Bank", that makes some sense. To say "subject to this Act" really does not take it any further.

Sen. Mansoor: I have in mind a situation where, let us suppose the Minister of Finance wants to borrow \$10 million or the equivalent of that and the Governor of the Central Bank says borrow in TT dollars, it is just not consistent.

Sen. Dr. Saith: He cannot do that under clause 3(1).

Sen. Mansoor: I agree. Essentially, I am saying that clause 10 (1) does not make sense in the light of clause 3 (1). It is not consistent. In other words, having agreed that the Governor of the Central Bank has a role in this matter, it is only consistent to have his role all the way through subject to it.

Sen. Huggins: What I was suggesting to get your point is simply in clause 10 (1) to say, "on the advice of the Governor of the Central Bank".

Sen. Mansoor: As a layman it seems to me to say that "subject to clause 3 or in accordance with clause (3)" would be a simpler way of doing it. That is my respectful view. I am not schooled in these matters.

Sen. Mahadeo: Mr. Chairman, as I see it if you say "subject to the Act", it is all encompassing because the Act will be incorporating all the powers of the Minister throughout the various sections, so that whatever is in there would give him that same power to determine all these other things that are in clause 10 (1).

Sen. Daly: I am very suspicious at the resistance. It looks like we want to leave a little loophole there.

Sen. Dr. Saith: The legal advisory tells us that in making the determination to borrow, it must be done on the basis of the fact that it is for prudent financial management, and it must be done on the written advice of the Governor. We got to that point where the prudent financial issue has been taken into account. The Governor has approved. We now have \$10 million to borrow. This now says how the \$10 million should be done in terms of currency. The suggestion is that we may strengthen it by saying, 'the Minister, on the written advice of the Governor of the Central Bank, shall determine the currency...' and the rest of it. There is no need to go back to prudent financial management because that would have been covered already in the first decision. Does that make sense?

Sen. Mansoor: That is fine.

Sen. Dr. Saith: Could we agree that it is, 'the Minister on the written advice of the Governor of the Central Bank shall determine?'

Question on amendment put and agreed to.

Clause 10 (1) (d).

Sen. Daly: I agree with the Minister. If it does not mean anything I could propose that we delete it.

Sen. Huggins: Mr. Chairman, I think what it means is that there are certain invitations at times which restrict exactly who are the beholders of these notes.

Treasury Notes Bill
[SEN. HUGGINS]

Tuesday, June 20, 1995

For example, it cannot be held by individuals or children but only by corporations. That is what it is intended to address. This is similar to the provision in Chap. 71:41 section 8 (e) of the Government Saving Bonds Act.

5.30 p.m.

Sen. Daly: I will not pursue it, Mr. Chairman.

Amendment withdrawn.

Question, on amendment, put and agreed to.

Clause 10, as amended, ordered to stand part of the Bill.

Clause 11 ordered to stand part of the Bill.

Clause 12.

Sen. Persad-Bissessar: I have asked for outlines which are consonant with what we have done before. That is with respect to pages 8 and 9 of Clause 12, which is in fact the Schedule. C7(1)(b) states:

"... a financial institution, corporation or company designated by the Minister."

That is the same fiscal agent so we are asking likewise that "corporation or company" be deleted. We are asking that it be deleted on page 11 as well. However, page 11 is a little different. Because of the nature of this Development Loans Act, which is purported to be amended, they may want to keep the word "foreign".

We come back to the difficulty with the words "corporation or company" that we had before.

Mr. Chairman: What do you want to delete on page 11?

Sen. Persad-Bissessar: "Corporation or company" in (c). It means that we will have to delete all of (c). Would you make a suggestion? How would you get around "corporation?"

Mr. Chairman: Delete the whole thing.

Sen. Dr. Saith: But that is there now, is it not?

Sen. Persad-Bissessar: Whether it is there or not, they are purporting to amend and it is within their purview to either take out or put in accordingly.

Sen. Dr. Saith: There was no problem before, why is there a problem now? We had a problem because we were paying out and all the rest of it, but that is not a problem.

Sen. Persad-Bissessar: Mr. Chairman, the same person will be designated fiscal agent. They are setting up the same situation. They are creating a fiscal agent and giving them certain powers and they are now defining who is a fiscal agent. They did not have fiscal agent before.

Sen. Dr. Saith: We did not have it before?

Sen. Persad-Bissessar: Well, let us see. Look at 71:04.

Sen. Capildeo:

"Fiscal Agent' means any domestic or foreign bank, corporation or company appointed by the Minister to be the Fiscal Agent ..."

Sen. Persad-Bissessar: I am saying that the fact that it was there already does not mean that it is good. *[Interruption]* Please bear me out. We have difficulty with "corporation or company" and we have gone through that already. We have even mentioned that putting in a foreign bank would be difficult. A domestic corporation or company would present the same difficulty as we would have in the Treasury Notes and Bills.

Sen. Huggins: It cannot be avoided in this Bill. This is to facilitate the borrowing externally. If we have to borrow externally, we have to use foreign corporations.

Sen. Persad-Bissessar: But my problems are not with "foreign" but "foreign corporations".

Sen. Dr. Saith: As I understand it, the reason we spoke about it earlier is that an agent, in the case of a note, would be authorized to pay people back. Therefore, we want to make sure that they were people who were able to pay. In this portion, they are not paying anyone. These are just people who are raising money for the Government and the Government would have to pay them.

Sen. Persad-Bissessar: Is that what the fiscal agent will be doing under the Development Loans Act?

Sen. Dr. Saith: Yes.

Sen. Persad-Bissessar: He is just going to borrow the money? When he borrows it, what will he do with it?

Sen. Dr. Saith: He lends it to the Government.

Sen. Persad-Bissessar: Is there no time when it passes through his hands?

Sen. Dr. Saith: The risk then is to the investor. It is a different transaction completely.

Sen. Daly: Is the Government saying that it is taking it out of this Bill, but not out of the Development Loans Act?

Sen. Dr. Saith: Yes.

Sen. Daly: There is no payment. The risk is not our people's risk?

Sen. Dr. Saith: No.

Sen. Daly: Well, they can lose. It is all right.

Sen. Persad-Bissessar:

"The Minister may, upon such terms and conditions as he may deem fit, authorize a Fiscal Agent ... to make payments on bonds, to exchange for any bond delivered to it ..."

So if he is going to make payments in bonds, how does the money work?

Sen. Dr. Saith: With development bonds, as I understand it, one can go to Citibank or Royal Bank and say: "I want to raise \$480 million and they take the responsibility of putting that out, guaranteeing it and giving you a cheque for \$480 million. When you are ready to repay, you repay the bank its \$480 million plus interest. It is a different transaction altogether.

We are deleting the words "corporation or company" on pages 8 and 9 and leaving it in on page 11.

Sen. Capildeo: Sen. Persad-Bissessar has a point. I wonder if Sen. Saith can explain again. Section 8 of the original Development Loans Act says:

"The Minister may, upon such terms and conditions as he may deem fit, authorize a Fiscal Agent or Agents to make payments on the bonds, to exchange for any bond delivered to it by a bond holder or any bond which is mutilated, destroyed, stolen or lost, a bond or bonds of equal value and otherwise to act in connection with the service of the bonds."

So, will the arguments that apply to (1) and (2) not apply?

Sen. Huggins: No.

Mr. Mottley: [*Inaudible*] appoint the fiscal agents who tend to be banks of high repute.

Sen. Capildeo: The arguments that were used in (1) and (2) arise here again because the fiscal agents can make payment.

Sen. Dr. Saith: No one will put money on a bond issue floated by say, Daly and Co., if it is not a reputable institution.

Sen. Persad-Bissessar: When things are going good, they are going fine. The problems come when difficulties arise—when the business or company goes bad. We will lose.

Sen. Huggins: Mr. Chairman, we cannot accept that position. We can go on with this *ad infinitum*.

Mr. Chairman: The question is that clause 12 be amended by deleting the words "corporation or company" from clauses 7(1)(b) and 8.A.(b).

Question, on amendment, put and agreed to.

Mr. Chairman: Sen. W. Mark, do you have an amendment you want to move here.

Sen. W. Mark: There is a new clause, Sir. We would like to get the support of the Government that a report be submitted on an annual basis so that Parliament can be kept abreast of the amount of moneys that have been borrowed, both in terms of domestic and/or foreign currencies, and the appropriate or accompanying rate of interest.

We believe that the Minister has the authority to do certain things, so the Parliament ought to be kept informed, by a report, of what is taking place under the Act. That is one of the ways of making the Government accountable to Parliament, which is the agency responsible for legislative expenditure.

I believe that this is a very reasonable amendment and I do not think that the Government should have any great difficulty in supporting such an amendment.

5.40 p.m

All we are asking is for a report to be submitted by the Minister, specifying what has been borrowed, whether it has been borrowed in domestic or foreign currencies and the accompanying rate of interest. *[Interruption]* No, we do not want to file any question, we want a report so we could debate it.

Mr. Mottley: Mr. Chairman, the Central Bank is obliged to report on its operations in its Annual Report which is tabled in this Parliament. It already does so in relation to its capital market operation, both primary and secondary. As this

Treasury Notes Bill
[HON. W. MOTTLEY]

Tuesday, June 20, 1995

open market operations becomes a greater part of the Central Bank's operations, it will be specified in detail in its Annual Report.

In addition, administratively, Members would have access to the QDB of the Central Bank which will give further details on a more up-to-date quarterly basis on its open market operations.

Sen. W. Mark: Mr. Chairman, is the Minister saying that we should be able to get the information specified as we have requested? We do not ever rely on the Minister's assurances but for purposes of this Session, if the Minister is telling the Parliament that the Annual Report of the Central Bank would so reflect our concerns, we await the next report of the Central Bank.

Mr. President: Sen. W. Mark, have you withdrawn your amendment?

Sen. W. Mark: Yes, Mr. Chairman, I reluctantly withdraw.

Amendment withdrawn.

Clause 12, as amended, ordered to stand part of the Bill.

The Schedule.

Sen. Mansoor: Mr. Chairman, the Schedule as I understand it, deals with the amendment to the Treasury Bills Act and I refer to the clause on page 5 of this manuscript, where we are repealing section 2 of the existing Treasury Bills Act and putting in the words, "The Minister may borrow in Trinidad and Tobago".

5.45 p.m.

I am wondering whether or not the same (2) should not apply here. It is the same matter we are dealing with. "Subject to the Governor of the Central Bank and prudent financial management", to paraphrase. I think that amendment with respect to Treasury Bills is just as necessary. I am suggesting that the same formulation we used with respect to clause 3 (1) of the Treasury Notes Bill be incorporated into the amendment for the Treasury Bills Act.

Mr. Mottley: Cash flow management.

Sen. Mansoor: It is not a development loan.

Mr. Mottley: Treasury Bills are extremely short term and sometimes there is need to have some flexibility because there may be quarterly tax payments.

Sen. Mansoor: Having regard to the point that Sen. St. Cyr made, that we are doubling our capacity to borrow. I mean, \$2,000 million is 7 per cent of the GDP.

Mr. Chairman: The Schedule is part of clause 12.

Sen. Mansoor: I beg your pardon. I did not understand that.

Sen. Dr. Saith: Instead of borrowing from the Central Bank, the Government may wish to use its—

Sen. Mansoor: I stand advised, but with respect to Treasury Bills which are less than one year, I thought it would have been necessary. I am less concerned about it because there is a limit and it has to be rolled over within a year.

Mr. Mottley: With Treasury Bills there are more parliamentary oversight.

Sen. Mansoor: I think the Minister of Finance has to be able to say that he needs advice from the Central Bank on this matter. For the purpose of consistency, there should be a distinction between Treasury Notes and Treasury Bills. The way we have inherited it, there may be two different formulations.

Mr. Mottley: I would be more concerned about the Treasury Notes. Dr. St. Cyr, what are your views on this in terms of your experience with the Central Bank, in terms of requiring the Central Bank's Governor to authorize an issue of Treasury Bills?

Sen. St. Cyr: I was more concerned with fiscal expenditures which did not have proper authorization and to the extent that raising the limit on Treasury Bills issue could facilitate that. The case for raising the Treasury Bills limit would be where monthly fiscal operations had got to such a high level that \$1 billion no longer enabled you to even-out your cash flow. I do not know that we have got to that point yet. At one stage when it was exceeded I think it was on the basis of bad management, but it has now very correctly been brought back in line and I think we should stay there.

Sen. Dr. Saith: Are you saying that the limit is the problem?

Sen. Prof. Spence: Sen. St. Cyr, the question was whether the Central Bank should also advise—

Mr. Mottley: On the issue of Treasury Bills.

Sen. St. Cyr: I do not think so. I think that is a matter of how the tax comes in and what warrants must be issued to pay salaries month by month. Those are Ministry of Finance's concerns.

Sen. Mansoor: M. Chairman, I would bow to the—

Treasury Notes Bill
[MR. PRESIDENT]

Tuesday, June 20, 1995

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

Senate resumed.

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

Mr. President: I know everybody is anxious to get home but this is very uncontested business. There are three private bills for second reading and there is need to appoint committees.

SECONDARY SCHOOLS FOOTBALL LEAGUE (INC'N) BILL

Question put and agreed to, That a bill for the incorporation of the Trinidad and Tobago Secondary Schools Football League and for matters incidental thereto, be now read a second time.

Bill accordingly read a second time.

Bill referred to a special select committee of the Senate chosen by the President as follows: Sen. Stanford Callendar (Chairman), Sen. John Rahael, Sen. Hydar Ali, Sen. Kamla Persad-Bissessar.

SISTERS OF ST. JOSEPH OF CLUNY (INC'N) BILL

Question put and agreed to, That a bill for the incorporation of the Congregation of Sisters of St. Joseph of Cluny be now read a second time.

Bill accordingly read a second time.

Bill referred to a special select committee of the Senate chosen by the President as follows: Sen. John Rahael (Chairman), Sen. Andre Maloney, Sen. Rev. Daniel Teelucksingh, Sen. Kamla Persad-Bissessar.

**TRUSTEES OF THE PORT OF SPAIN CHAPTER (AMORC) (INC'N)
(AMDT.) BILL**

Question put and agreed to, That a bill to amend the Port of Spain Chapter (AMORC) Incorporation Act, 1966 be now read a second time.

Bill accordingly read a second time.

Bill referred to a special select committee of the Senate chosen by the President as follows: Sen. Deodath Ojah-Maharaj (Chairman), Sen. Jean Elder, Sen. Rev. Daniel Teelucksingh, Sen. Junior Barrack.

Adjournment

Tuesday, June 20, 1995

ADJOURNMENT

The Minister of Planning and Development (Sen. The Hon. Dr. Lenny Saith): Mr. President, I beg to move that this Senate do now adjourn to Tuesday, June 27, 1995 at 1.30 p.m.

Just to avoid any confusion, next Tuesday is Private Members' Day and I would leave it up to the Senators on the other side who have their list of Motions to decide what matter should be taken up on a Private Members' Day.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 5.57 p.m.