

*Leave of Absence*

*Wednesday, April 10, 1996*

**SENATE**

*Wednesday, April 10, 1996.*

The Senate met at 10.00 a.m.

**PRAYERS**

[MR. PRESIDENT *in the Chair*]

**LEAVE OF ABSENCE**

**Mr. President:** Hon. Senators, I have granted leave of absence from today's sitting to the Minister of Works and Transport, Sen. The Hon. Sadiq Baksh.

**FINANCE (VARIATION OF APPROPRIATION) BILL**

Bill to vary the appropriation of the sum the issue of which was authorized by the Appropriation Act, 1995, brought from the House of Representatives [*The Minister of Finance*]; read the first time.

*Motion made*, That the next stage be taken at a later stage of the proceedings.  
[*Hon. B. Kuei Tung*]

*Question put and agreed to.*

**JURY (AMDT.) BILL**

Bill to amend the Jury Act, Chap. 6:53, brought from the House of Representatives [*The Minister of Public Administration and Information*]; read the first time.

**COMMONWEALTH DEVELOPMENT CORPORATION  
(PRIVILEGES AND IMMUNITIES) BILL**

Bill to confer certain privileges and immunities on the Commonwealth Development Corporation, brought from the House of Representatives [*The Minister of Public Administration and Information*]; read the first time.

**EVIDENCE (AMDT.) BILL**

Bill to amend the Evidence Act, Chap. 7:02, brought from the House of Representatives [*The Minister of Public Administration and Information*]; read the first time.

**RENT RESTRICTION (RE-ENACTMENT AND VALIDATION) BILL**

*Rent Restriction Bill*

*Wednesday, April 10, 1996*

Bill to re-enact the Rent Restriction Act, Chap. 59:50 and to validate things done thereunder, brought from the House of Representatives [*The Minister of Public Administration and Information*]; read the first time.

*Motion made*, That Bills Nos. 2, 3, 4 and 5 be taken at the next sitting of the Senate. [*Hon. W. Mark*]

*Question put and agreed to.*

**PAPER LAID**

Eighth Annual Report of the Integrity Commission for the year 1995. [*The Minister of Public Administration and Information (Sen. The Hon. W. Mark)*]

**JUST FRIENDS IN SERVICE (INC'N) BILL**

*Question put and agreed to*, That a Bill to provide for the incorporation of Just Friends In Service be now read the first time.

*Bill accordingly read the first time.*

**FINANCE (VARIATION OF APPROPRIATION) BILL**

**The Minister of Finance (Sen. The Hon. Brian Kuei Tung):** Mr. President, I beg to move,

That a Bill to vary the appropriation of the sum the issue of which was authorized by the Appropriation Act, 1995, be now read a second time.

The Bill also seeks to authorize the utilization of any sums accruing from a reduction of expenditure under certain Heads of Expenditure for the purpose of meeting any liability incurred through increased expenditure under other Heads.

Mr. President, we have already circulated the full details about the variations which I wish to propose this morning and I will attempt, very briefly, to summarize some of these adjustments. This Bill is seeking approval to increase 1995 appropriations by the sum of \$170,964,515 under the following three Heads of Expenditure:

Head 13	Office of the Prime Minister	\$ 8,249,514
Head 28	Ministry of Health	\$ 24,037,153
Head 44	Ministry of Public Utilities	\$138,677,848

As I said, Mr. President, this gives a grand total of \$170,964,515.

This additional appropriation will be met from savings under Head 18—Ministry of Finance; and Head 19, Charges on Account of the Public Debt.

I would like this honourable Senate to note that the total appropriation for 1995 amounting to \$10,163,998,778 will not be increased; and the reasons for providing supplementary appropriation to the three Heads of Expenditure are as follows:

In respect of Head 13—office of the Prime Minister, the increased allocation of \$8,249,514 is to retire advances made from Treasury Deposits to:

- (a) The Betting Levy Board in the sum of \$5,249,514 to meet part payment of the cost of acquisition of the facilities of the Trinidad Turf Club and Union Park Turf Club.

Mr. President, as part of the overall thrust to revitalize the local horse racing industry in Trinidad, a centralized racing complex was established at Santa Rosa Park in Arima and Government agreed to acquire the assets of the Trinidad Turf Club and the Union Park Turf Club being respectively at the Queen's Park Savannah and Marabella.

The value of the assets taken over was \$38,540,273. The Government made a pre-payment of \$7.5 million in 1993 towards the cost of acquisition and the sum of \$8.3 million owing to the Government by the race clubs was also recovered out of the proceeds of the total acquisition costs.

#### **10.10 a.m.**

Cabinet, in October, 1993 agreed that the liquidation of the balance of government's indebtedness with respect to acquisition of the assets of the racing clubs which amounted to \$22,759,629 be effected by semi-annual payments from the 50 per cent of the taxes and other fees which the Betting Levy Board collected, and which is required to be deposited into the Consolidated Fund. Payments began in 1993 and would continue until the full amount has been liquidated. This involves the simultaneous exchange of cheques between the Government and the Betting Levy Board.

I would like to provide some details on the acquisition of the racing club facilities. As I said, the total cost of the assets had been put at and valued at \$38,540,273. If you deduct from that a pre-payment—which I have already mentioned—of \$7.5 million, and also deduct an indebtedness which the clubs had

to the Board of Inland Revenue in the sum of \$6,617,444, plus the indebtedness at the Arima Race Club to the Comptroller of Accounts in respect of a loan plus the accrued interest of \$1,663,200 gives a total deduction of \$15,780,644. That left a net figure of \$22,759,629.

Mr. President, from that semi-annual payments were made in respect of 1994, 1995—and the 1995 payment had been made in 1996—plus a semi-annual payment for which approval is sought in this Finance (Variation of Appropriation) Bill of \$5,249,514 would give a net figure of \$7,008,411 being the balance outstanding to date.

Mr. President, no provision had been made in the 1995 Estimates of Expenditure to meet the semi-annual payments towards the acquisition of the facilities of the turf club. As a result it had become necessary for the Minister of Finance of the previous administration to authorize the withdrawal of the sum of \$5,249,514 from Treasury Deposits on the understanding that this would have been retired. The supplementary provision sought is to bring to account this transaction.

Secondly, under Head 13—office of the Prime Minister, the University of the West Indies, the sum of \$3,000,000 was to meet part payment of arrears to the institution.

Act No. 12 of 1994 provides for the establishment of a Guarantee Fund for the purpose of facilitating certain loans to university students and for matters incidental thereto. Section 4(1) of the Act states:

"As soon as the Fund is established, the Minister shall cause the sum agreed upon by the parties to the Agreement in accordance with the formula contained therein for this purpose, to be transferred to the Fund, and every three months thereafter the Minister shall where necessary, make disbursements to the trustee to maintain the Fund at the level required by the Agreement."

In 1995 Cabinet agreed that funding of \$5.7 million was required for the establishment of the loan fund and since there was no 1995 budgetary provision to meet this expenditure, funds had to be sourced from sums allocated for payment of arrears to the university.

However, late in 1995, funds were urgently required by the university in order to meet commitments for personnel expenditure. Accordingly, the Minister of

Finance advanced a sum of \$3,000,000 from Treasury Deposits to meet part-payment of the arrears to the university on the understanding that the amount advanced would be retired. Again, the supplementary provision sought today is to bring this transaction to account.

Mr. President, under Head 28—Ministry of Health, let me just give a brief explanation. In response to a request from the Ministry of Health in 1992, the National Insurance Property Development Company Limited (Nipdec) and a team of officials from the Ministry of Health visited various health institutions and identified upgrading and maintenance works which were urgently required for the effective provision of health care services throughout Trinidad and Tobago. This was in response to requests for improvements to the health facilities which had over the years deteriorated.

Budgetary funding was not available at that time and consequently the Ministry of Health entered into a funding arrangement with Nipdec, a joint initiative programme, for the implementation of the urgent upgrade works. Work under the Joint Initiative Programme was undertaken between 1992 and 1995. Although work was completed on the scheduled programme, payment for these works remained outstanding on work completed on several projects in both the years 1994 and 1995.

So that payments totalling \$69 million were made by the Royal Merchant Bank and Finance Company Limited to the National Insurance Property Development Company Limited for the projects under the Joint Initiative Programme. However, an amount of \$24,037,153 had not yet been brought to account in the government's books because the Ministry of Health was unable to source funds from within its 1995 allocation in order to bring this sum into account.

Again, Mr. President, it is therefore necessary to provide supplementary funds to the Ministry of Health to bring the sum of \$24,037,153 to account.

Finally, under Head 44—the Ministry of Public Utilities, the provision of supplementary funds in the sum of \$138,677,848 to the Ministry of Public Utilities is intended to retire advances made from Treasury Deposits to the Water and Sewerage Authority (WASA) in the sum of \$137,237,056 as well as the Public Transport Service Corporation (PTSC) in the sum of \$1,440,792 to assist both these utilities in meeting commitments in 1995.

To provide a little detail with respect to WASA, in the sum of \$137,237,056, the 1995 Estimates of Expenditure included a provision of \$57.3 million for the deficit funding of the Water and Sewerage Authority. This provision did not provide for the Authority's indebtedness to the Trinidad and Tobago Electricity Commission, with respect to arrears of payment to trade creditors and other commitments.

During the course of 1995 certain payments became critical and consequently the Minister of Finance authorized advances from Treasury Deposits in the sum of \$137,237,056 to meet the following obligations:

T&TEC	\$102,737,056
Sundry Trade Creditors	21,500,000
Retirees (arrears of salary to monthly and daily paid workers)	6,500,000
Reduction of overdraft	6,500,000

With respect to the Public Transport Service Corporation, the 1995 budget included a provision of \$23,840,000 to fund the deficit of the Public Transport Service Corporation.

On November 22, 1985, the PTSC and a private contractor had signed an Arbitration Agreement to refer a disputed claim for payment by the respondent, PTSC, to the claimant, the private contractor. This contract involved the reclamation of nine acres of land in the Beetham Swamp for the construction of the bus maintenance depot.

These arbitration proceedings between PTSC and the contractor were finally determined on April 27, 1995 in favour of the claimant. PTSC was required in 1995, to pay to the claimant an amount of \$4,940,791 being the amount of the award plus costs and accrued interest. This payment, under the arbitration award, became due within 30 days from August 2, 1995.

No provision had been made in the 1995 estimates to meet this contingency. However, the Ministry of Public Utilities met payments of \$3,500,000 from within its 1995 budget allocation and the Minister of Finance authorized an advance from Treasury Deposits in the amount of \$1,440,792 to enable PTSC to meet the balance of the outstanding commitment. The supplementary funds sought are to bring to account this transaction.

The reasons for the savings under Head 18—Ministry of Finance and Head 19, Charges on Account of the Public Debt are as follows:

Head 18, the Ministry of Finance

Personnel Expenditure (vacant posts without bodies) \$1,100,000

Mr. President, the 1995 provision for this subitem was \$3 million. This provision was not utilized in 1995.

**10.20 a.m.**

Current Transfers and Subsidies

(contributions to Caribbean Development Bank) \$22,827,362.00.

The 1995 provision was \$26,784,300.00 to cover contributions to the Caribbean Development Bank in respect of Development Funds, increase in capital stock and maintenance value. At the end of December 1995, however, only the sum of \$3,932,780.00 was spent—and this was in respect of the sudden increase in authorized capital stock which was actually requested and remitted to the Caribbean Development Bank. So that the unspent balance to this allocation was \$22,851,520.00.

With respect to debt servicing: Interest on overdrafts savings had been realized under this vote due to the substantial liquidation of Government's overdraft with the Central Bank in 1995. The 1995 budgetary provision had been \$175 million while the actual total expenditure for 1995 was \$32.9 million.

Finally, under Head 19—Savings: Charges on account of Public Debt, savings were realized under Domestic Floating Rate Bonds and Floating Rate Notes as interest rates were much lower than projected.

In preparing the 1995 Budget, the prime rate of interest used at the time was 16.5 per cent. However, prime rate of interest fell during 1995, hence the reasons for these savings were no longer apparent.

With respect to transfers of funds between subheads under the same Head of Expenditure, from August 1, 1989, Cabinet delegated its authority to the Minister of Finance to approve transfers of funds provided that they remain between subheads under the same Head of Expenditure. During 1995, transfers between subheads under the same Heads of Expenditure totalling \$730,266,520 had been approved.

I wish to inform this honourable Senate that transfers are approved based on Notes to the hon. Minister of Finance from the respective Ministers who request transfers between subheads. These transfers are requested to reflect the changed circumstances and a consequential re-ordering of priorities.

Explanations for some of the significant transfers between subheads under this same Head of Expenditure have already been circulated to Senators, in this very thick and very voluminous document. I will not undertake to read through the documents in detail.

In concluding, Mr. President, I wish to re-emphasize that the increase in the allocation of the three Heads of Expenditure mentioned above would not increase the 1995 Appropriation already approved by Parliament, as these were met from savings under Head 18—Ministry of Finance and Head 19—Charges on Account of the Public Debt.

Secondly, I would like to re-emphasize that the transfers between subheads under the same Head of Expenditure and which total \$730,266,520.00 is only 7.2 per cent of the total 1995 Appropriation of \$10,163,998,778.00.

Mr. President, with these few words, I beg to move.

*Question proposed.*

**Sen. Danny Montano:** Mr. President, I rise just to make a few passing comments this morning on this Bill. Before I do, I noticed in the newspapers this morning and I heard on the radio that Mrs. Hassanali had a fall and apparently fractured her ankle.

On behalf of myself and my colleagues we wish to send our deepest sympathy and wish her the speediest recovery and return to her duties.

Mr. President, I thank the Minister of Finance for his very clear explanation of the Bill and for its need, and especially for the notes that we received. If I could simplify, perhaps, just a bit. Basically, it is \$170 million coming from two Heads of Accounts going to three separate ministries. Essentially, \$24 million was saved in interest on some floating bonds because, as the Minister indicated, interest rates had fallen during 1995. Furthermore, I think it was about \$142 million that had been saved in interest on the overdrafts that the Government has with the Central Bank. That was achieved because the overdraft had, in fact, been substantially liquidated. The issue then, that we have to talk about this morning is really that of financial management and financial prudence.



What has happened, to explain to the public and to Senators here, is that in essence, it is because of the former administration's management of its cash flows, that it was able to liquidate the substantial debt of the Central Bank and so save some \$142 million in interest. It may be said at some later stage that, in fact, it was merely debt substitution in the short term, long term and medium term or whatever it might be. The fact of the matter, however, is that \$142 million in interest was, in fact, saved and not incurred in any other place. And, therefore, was in fact available to be spent in the other ministries.

The other point that we should note is that the \$24 million that was saved on the floating bonds is very significant because it points to the fact that interest rates that had been rising for the past decade finally began to make a reversal during 1995. The impact of that is very significant to the people of Trinidad and Tobago.

What we began to see in 1995 was a very strong resurgence of the national economy and, in fact, it reflected in a number of things. Employment was going up, the foreign exchange rate was going down, and interest rates were going down.

The foreign exchange rate prior to the election in November 1995 was about \$590—\$592 and is today, after the quarterly instalments have been paid in April of 1996, \$599.80, just a hair's breadth away from the \$6.00 mark.

It was with grave chagrin that I heard the comments of the banker, Mr. John Jardim over the weekend indicating that there is every likelihood that, in fact, the dollar will cross \$6.00. He made no forecast as to when it would, but he said almost certainly that would happen.

I say that with the deepest chagrin but I would like to point out the difference in management and what was happening in 1995 on the very clear path that we were on and the apparent slippery slope that we are on today.

Mr. President, not only would there have been savings on the rate of interests but with the US dollar now costing nearly 2 per cent more than it did a mere five/six months ago, the cost of servicing the capital instalments on the foreign debt has increased by that amount also. It is we, the people in the country, who have to bear that cost. It is therefore relevant to draw to the attention of this Senate the difference in management between the former administration and this administration.

*Finance Bill*  
[SEN. D. MONTANO]

*Wednesday, April 10, 1996*

**10.30 a.m.**

I also point out, Mr. President, that Mr. Jardim in his television contribution indicated that the demand for foreign exchange was very largely a result of the lack of confidence. We would not get into why that lack of confidence exists, but we all read the newspapers, we all look at television and we see and hear what is being done to undermine the very foundations of our society. Mr. President, we look at it with disappointment because not one of us will be excluded from paying that price.

In today's newspapers there are articles indicating that settlements appear to have finally been reached with public servants. Government has agreed to issue the sum of about \$941 million in bonds to public servants. We are very happy that this agreement has been reached. We understand that, in fact, there are still one or two unions that are holding out and we hope that Government will be able to come to some agreement with them.

There are two issues here, Mr. President. The first issue refers to what was said during the months of October and November 1995, outside this Chamber, the rather vacuous rhetoric that public servants could, and should be paid in cash. However, when the Government took its seat it came with a budget with a paltry \$90 million. The public servants, quite rightly, threw it back and said, "that is not enough." Mr. President, what the Government has come back to, is exactly what the People's National Movement was doing previously. That is okay! I am happy that they are completing the policies of the former administration because, again, we all stand to benefit as a result of that.

The second issue, however, is that I have not seen any provisions in the 1996 budget towards the payment of bonds beyond the \$90 million to public servants. Furthermore, those bonds will carry interest, and there is no apparent provision in the accounts for the interest on \$940 million, or whatever it is that would be issued in June. There appears to be nothing at all in the budget and I view that with some concern. Furthermore, without those provisions, what is really taking place? Will the Government just be printing paper? Is that what they will be doing?

I am also happy to see that the issue of merit increases has been dealt with, but again, at this point, we have no information as to what that is likely to cost the Government on an annual basis. Again, I would be rather suspect to believe that there is a provision in the 1996 accounts for that. When one considers that level

of increased expenditure and what is actually taking place in the economy today—the merchants in Port of Spain, San Fernando, Arima, Chaguanas and Couva are saying that they had the worst month of March that they have had for years. If the merchants do not do well it means that the Government would not do well and the collection of income tax and VAT will fall as a consequence of a decline in the retail sales. With the decline in the Government's revenue how do they then propose to fund the increased expenditure? Mr. President, it does not seem to add up.

Another very clear indication as to what is happening is the likelihood of a shortfall in Government's revenue from the new Lotto. The Lotto winnings are a straight percentage of the week's sales. I do not know what is the percentage and I do not know exactly how it works, but what I do see is that there is a drop in the Lotto weekly prizes, except when it is rolled over; it has come down from \$1 million to about \$800,000. That means, Mr. President, that the Lotto receipts are also down by as much as 20 per cent. I do not know what it is on the Play Whe but that is a very significant item of revenue for the Government. The indication is clear, business activities are down and yet they expect expenditure to go up. I do not buy it, Mr. President! What I do buy is either the prospect of a second budget coming right behind the local government elections, or, free paper in the place and by September we would have a national election in an attempt to get rid of the other partners. *[Interruption]* If you like it, do it!

Mr. President, at this point I think I have said as much as I will this morning.

I thank you.

**Sen. Rev. Daniel Teelucksingh:** Mr. President, first of all I would like to join with Sen. Montano in complimenting the hon. Minister for this document which—although late—was given to us. I thank him very much for the explanations. I believe it is the first time we have had explanations on this Schedule. This document has about 115 pages. Again, I, too, thank him very much and compliment him for his foresight in assisting us to understand that document, which is hardly written in layman's language.

I have a few concerns. The first one has to do with that major transfer of \$137,237,000.56 to WASA. This is one of the items that really caught my attention, and I want to share a view on this. What kind of budgeting was done that there should be such a serious shortfall? Why did the projection fall so badly when the budget was originally prepared that in the course of the year social

services and so forth, suffered to the extent that \$137.2 million had to be diverted from the Consolidated Fund to one of the utilities? I am worried about this! One expects that there will be variations within the national budget but to this magnitude, it is terrifying. It is no wonder that the social services—several ministries—in the course of the year have suffered so terribly. We could ask ourselves this question, particularly during this waterless dry season: If \$137.2 million is pumped into WASA in the course of 1995, what are the results?

I have another concern that I would like to share with this honourable Senate. Under Head 18 in the Schedule, the original estimates for overseas travel was \$4 million and I notice within the course of the year it was doubled to \$8 million—if it is a few thousand that is all right, but, Mr. President, to be doubled from \$4 million to \$8 million! I would be grateful if the hon. Minister, in his reply, could tell me what his investigations have revealed in this mass increase in overseas travel.

**10.40 p.m.**

Also, under Head 18, the Minister gave an explanation about the \$20.3 million diverted to BWIA in the course of 1995, if this was Government's liability for 1995 to the new BWIA, I would most respectfully ask what would be Government's liability for 1996? Also, I have noticed that our contribution to the Caricom Secretariat in 1994 was \$11.2 million; in 1995 it was \$18.4 million—for one year that is quite a lot of money for Trinidad and Tobago to contribute to the Caricom Secretariat. I have noticed with interest and I have to compliment the hon. Minister—I wonder what explanation he has; if in 1995 we contributed \$18.4 million to the Caricom Secretariat, how come we are budgeting \$10.1 million for the Secretariat? How is it possible that we could reduce that allocation from \$18 to \$10 million? In fact, if it is acceptable then this is wonderful for us because I have always been concerned about our contribution to the Caricom Secretariat which amounts to nearly \$1 million and more a month, this is what it has been over the years. *[Interruption]*

**Sen. W. Mark:** Mr. President, on a point of clarification. Could the Member inform us which particular section he is referring to?

**Sen. Rev. D. Teelucksingh:** Certainly. Page 110, in the Schedule, Head 47—Ministry of Foreign Affairs.

Mr. President, I want to make a comment, an observation arising out of page 91, Head 43 under URP. About \$58 million in expenses increased to \$63.8

million, but I do not think this is the total URP figure for 1995, I doubt it very much. I bring this to your notice, Mr. President, because I have in my hand a clipping from the *Sunday Guardian* of April 07, 1996 about URP. What are some of these comments shared with the national community: complaints about the Unemployment Relief Programme; allegations of discrimination against members of certain political groups; people being asked to sign membership forms for URP work; charges of alleged manipulation in the URP since the reality is that nepotism, favouritism and discrimination are now rampant in the URP—a primary criterion for URP employment is a party card.

I am tying it in with the item at page 91 under Head 43. In fact, a few days ago this issue was highlighted on one of the television newscasts concerning a political group which accused the Government of not sharing URP jobs equitably. This is a disturbing trend—I am not saying it is true—there are charges from those who were once accused. It is most interesting in this article. People who were once accused of manipulating the URP funds—it is a case of the pot calling the kettle black—I remember the days when the present Government was in Opposition, the most vociferous in the condemnation of the URP system of job allocation—here is an opportunity for the new Government to correct deficiencies of a well-intentioned programme that has been corrupted over the years.

Over the years the URP has been a sort of political harlot. Millions of dollars have been allocated to that programme. I do not think it is the \$63.8 million mentioned in the schedule, it has to be more than that. At one time it was over \$190 million, but that is a lot of money; no wonder URP continues to create so much excitement and interest. This is a national relief programme and not a vehicle to secure political patronage or, to share political favours or a reward for party faithfuls. There is no doubt that the URP needs to be free from party manipulation. Mr. President, hunger, poverty and unemployment must not be exploited by any of our political groups to promote themselves, we have had enough of that in the past.

Mr. President, in this Finance (Variation of Appropriation) Bill, are several matters indicating how onerous and demanding is Government's agenda in responding to the needs of the national community. To name a few matters in the 115-page schedule accompanying the Bill: the upkeep of the judiciary—I have noted national security concerns as personnel, prison maintenance, coast guard, efficiency, defence and police service and also mentioned by the hon. Minister,

health, community development and culture, unemployment, air transport and water supply; from fish market maintenance to mealy bug control.

I want to make a comment here about priorities now that I see part of the agenda exhibiting itself in this worthy document. Mr. President, I want to ask a question about priorities and to most humbly suggest that Government continues to address the social ills plaguing the society—and some came up from this document. The Minister mentioned education in the document; what of the estimated 10,000 children who fail common entrance before they even write the examinations because no junior secondary school was built? As long as we care to remember, there have been no school places so they suffer for life.

Another concern is—and I made mention of this before and I would do so again—the suffering in many villages and towns for lack of water and the \$200 million road taxes to be used only on highways. What about the rural communities that continue to suffer? Mr. President, I am talking about priorities, looking at the various concerns raised in the Bill before us and its accompanying schedule: hunger, poverty, disease and crimes still haunt us.

The national agenda is too challenging for Government to use its precious resources, for example, in pursuing any further confrontation with the media. Allow the press to do its work because you have yours—*[Interruption]* — do it well. There are more urgent matters to attend to and this is my concern, they show up in the Bill today; the media could not ever prevent you from being in Government neither can they remove you. Our tradition of a free press must not be interrupted or determined by any kind of political interference. The Government has made its point about the need for a responsible press. Who says that we do not have a responsible press anyhow? We hope for a self-reforming press with its own ongoing changes within that sector. Life itself for all of us has its self-reforming moments—I say "self-reforming" rather than "politically induced". Today, you may be the darling of the press; tomorrow you may be the damned of the press and the next day the forgiven beloved of the press. Why not? That is part of press freedom—we like it so.

Mr. President, I most respectfully suggest that Government spend more time addressing the issues, some of which arise out of this document before us, issues that count for most in this society and for which the masses are very concerned. The Government must seek to ease the burdens of the people it serves and leave the media to work out its own salvation. In a democratic society as ours, political pressure must never be diverted to undermine the pillars of press freedom, neither

must the media allow itself to be the instrument of any political force nor the agent of any political party.

Mr. President, I close by thanking you for allowing me to say that one of the blessings of this twin-island nation has been a free and uninhibited press. We thank God for that small blessing. I now join with the Members of the Independent Benches and I am certain all the Members of the House to associate with Sen. Montano in extending best wishes to Her Excellency, for a speedy recovery.

Thank you very much, Sir.

**10.50 a.m.**

**Sen. Dr. Eric St. Cyr:** Mr. President, much of the details in these documents relate to tidying up of the annual estimates and should not delay us a great deal. I was particularly interested in pages 20, 24 and 25 of this very bulky document here because there are some interesting policy implications raised by some of the things I see there.

What I did, basically, was to look at those headings which were reduced and those which were increased and put them in matrix form so I could see where funds were being diverted from, and into which areas they were being placed. I think we were fortunate to have a deferral for one year in the settlement of the public servants' arrears, because out of an unused sum of \$148 million, from sub head 12, I see that we were able to deal with some interesting things. I see \$40 million for the—that is on page 24, comparing pages 20 and 24, \$40 million for disaster—I think that should be relief. It is what we used to call DOMA or something like that some time ago. I really would like, in the hon. Minister's reply, to illicit a discussion of what is happening there, because what we see there is the consequence of the breakdown of law and order in the society some years past and how it impacts on the pockets of all citizens.

I also see an interesting number there for BWIA of \$20 million and two very interesting numbers \$42.5 million for First Citizens Bank I, and \$30.5 for First Citizens Bank II, again reflective of the change of a long-term policy which was started in the 1960's and which, I think is in the process of being reversed somewhat at this stage. I am referring to a change from actively promoting by use of the Government, business activity with a local thrust to draw into business members who were not hitherto, very active in business and financial matters. I believe that as well-intentioned as that policy was, and perhaps remains, there is a

moral issue that is raised, in that incompetence and, perhaps, not straight dealing might have led us into some problems and what we see here is a rescue operation at great expense to the state. I am not going to deal with minor issues like increase in rent and overseas travel, I think those probably have interesting explanations.

The second area to which I want to refer is savings in debt servicing, \$142 million and we had a good explanation from the hon. Minister as to why those savings accrued. What I want to do is look at where the savings went and we see that most of them were used to support WASA, but when we go into what WASA used those funds for, they were used to pay T& TEC's outstanding debt. What is very interesting there, is that an existing public utility up to 1995, in the process of being streamlined and put into new management hands, owed substantial amounts to an old utility which has now been substantially privatized.

Two points emerged. Firstly, one hopes that this is the end of these transfers which we cannot really force economic efficiency into. Secondly, the brunt of the cost of both these utilities will now increasingly fall on the shoulders of those who use the services and by implication, I think the rates to the users of these services will inevitably rise. One hopes equiproportionately, because I am hoping that we will see substantial increases in efficiency so that the cost, though borne where the services are used, would not increase to the full extent. With the coming during 1996 of the settlement of the public sector debt, in my view, we could see an upward turn of interest rates, because as substantial amounts of bonds are issued, I know that much of those will be discounted and I could see an increased pressure in the demand for rediscounting facilities and a subsequent increase in the rate of interest. So the savings that we saw on the debt in 1995 probably will not continue to go in that direction.

**11.00 a.m.**

I think we have the benefit of the stock of debt having been reduced so that in net we probably would not continue to save at the same rate, though we continue to enjoy those economies there.

By way of summary, let me make a general comment. We are in the midst of a massive change in economic policy, whereby the utilities are increasingly being put on a market footing. We are moving from public utilities to public utility companies and we are going to see more of the cost of these services borne by individuals and less by way of subsidies and other supports from the Treasury.



Hopefully, we should see a reduction in the tax burden on individuals and with all this we hope we could see some general efficiencies.

The discipline of economics is not as tightly operated as the discipline of accounting where we get exact numbers; and much of what comes through depends on how people react—how they behave following on changes. In my view the new direction is likely to lead us in the preferred direction that the country should go. I am concerned that we do not put too much pressure on the lower income groups who would now be called upon to pay increased utility rates, because if we do, then we have the reminder of our need to pay for those downtown destructions.

Mr. President, these remarks I hope would prompt from the hon. Minister some further discussion on the downtown payments, the payments to BWIA and First Citizens. If we could get an explanation of what they were for and what the implications of those are, I think those would be useful.

I thank you, Mr. President.

**Sen. Philip Marshall:** Mr. President, I would like to thank the hon. Minister of Finance for his very detailed explanation which is appreciated. In fact, this represents about 12,000 pages of photocopies when you take both places. I wish to remind hon. Senators of the recent visit by the Minister of Public Administration and Information to New Zealand where he attended an update seminar on the new view, new in terms of our area but not in terms of New Zealand or Australia, in terms of public sector management.

The point I want to make is that, as we review the whole issue of transfers, we refer to them in some cases as savings, but if we really look at some of the explanations, what we have, Mr. President, is not savings but, in fact, just a tiny variance in expenditure that still has to be incurred. What the savings really represent is just the expenditure to a newer fiscal period in which we have not saved in totality. We have just pushed the expenditure into a new period and therefore it is more of a timing of cash flow variation.

Why this is important is that to pay for this expenditure we must have the revenues. One of the points that I am going to continually make in the Senate is that we must raise the funds, we must control our operating expenses so that we could fund our capital expenditure programmes. The Minister of Finance in his budget speech talked about the importance of our capital projects needed to assist our nation to transform itself to meet the challenges of the new competitive

world. We need to transform not only our practices in the private sector but in the public sector. We cannot do this unless we manage all our expenditures and ensure that we account for moneys under various subheads or ministries in a manner that does not just simply say, this is the money we received and this is where we spent it. What we need to do—and I am sure the Minister of Public Administration and Information, from his seminar would agree—is to produce in tangible, quantifiable terms, the level and quality of goods and services, in terms of output, based upon the consumption of the resources which would represent not only physical resources of people, buildings and time, but naturally, the finance.

I want to keep reinforcing the point that our entire management and measurement of financial performance must not simply relate or be explained in terms of time and variances, but in terms of: Did we get value for our money? Was our productivity, performance and delivery of promised services to the taxpayer what was expected? Did we do that with efficiency and in economic terms so that we did not waste resources that we need to fund the capital transformation expenditure?

I would like to end this contribution by asking each one of us in this Upper House: What would this economy be like without oil and gas? Think about it. How would we manage if we did not have those natural resources to fund the rest of our expenditures? We should almost consider a policy that would say that those natural resources should be set aside to develop capital infrastructure, our education systems and build our roads, bridges, schools and knowledge and, by the way, to fund our social safety net; and our other revenues would be the moneys raised to defer the cost of government and services.

We must bear this whole issue of performance management in our daily lives in every government or private sector organization. It is only when we totally realize our vision every day, whether we do things that add value or not, that we really manage to control costs at every level of the public sector. Remember, Mr. President, as I have said before, what does not create wealth, destroys wealth. We pay for it sooner or later.

I thank you.

**11.10 a.m.**

**Sen. Prof. John Spence:** Mr. President, I would just like to make a few comments based on the last two contributions by my colleagues. What was

indicated here is that we really do need to have a proper discussion and debate on the Government's economic policy. We really have not had this.

I remarked in my comments on the budget that the presentation which was made by the hon. Minister did not set out clear terms of the overall policy. I think we still need to have this. I think it was clear from what the last two Senators said that we need to go into this in some detail and to see whether we agree. For example, Sen. St. Cyr has remarked on the change in the economic scenario which we are putting into effect. Every country in the world that has made this change has also had it accompanied by a greater disparity between the rich and the poor. Sen. St. Cyr has mentioned this. How are we managing our affairs that this would not happen?

Sen. Marshall has drawn attention to the fact that we must produce. If we do not create wealth then we are unable to distribute wealth. If one looks at one of the issues here one would see that there has been a reduction in the payment of subsidies to rice. That means that there is a lower production of rice. That is why the subsidies are lower; lower production, greater importation, change in the foreign exchange balance, loss of jobs and so on.

So, what are we doing? Sen. Marshall made the point about our dependence on oil. I have seen nothing in the last four months to cause me to become any more optimistic that we are making progress in the agricultural sector than we have done for the last 20 years. So, certainly, this is a debate that we need to have. We could do it through Private Member's Motion, which takes a very long time, but I would urge the Government to put onto its agenda for the Senate, a debate on the economic issues and policies, particularly on the thrust on increased productivity in the non-oil sector.

Thank you, Mr. President.

**The Minister of Finance (Sen. The Hon. Brian Kuei Tung):** Mr. President, I thank Senators on the other side for their contributions which, in my view, have been rather thought-provoking for me. A number of issues have come up and, otherwise, they have only been touched in what may be described as a very superficial way. I must admit that they are very thought-provoking.

Let me just start by indicating that this matter before the Senate this morning is really to bring the 1995 books to a close and to indicate the way the accounting entries would end up, in terms of what was approved by the House for the Appropriation Bill 1995, and how eventually those numbers ended up.

In my summary I indicated that there appeared as if there was no more than a 7.5 per cent change necessary in terms of the fact that \$170 million was required out of an approximate expenditure of \$10 billion to bring it to account. In spite of that, it was not necessary to increase the level of expenditure. So that, to some measure, it is merely a question of trying to find the best way to end up, closing those books so that we do not spend more money than was originally intended.

Mr. President, I am going to avoid getting into the 1996 numbers as far as I can. The reason for this is that very soon I plan to bring the Finance Bill 1996 to this very Senate and at that time one would have the opportunity to look at some of the 1996 numbers. I do want to correct a comment that was made by Sen. Danny Montano in which he indicated that there would be a little under \$1 billion to be found for public service debt; and to indicate that that billion dollar figure really is the sum total of the number of tranches we still have to go. The previous administration came up with an approach whereby they would give bonds in five tranches; so that the unions had agreed to accept the mechanisms that were used to settle this debt. It so happened that we have been able to bring the Public Service Association to the table, together with some others—I believe there is just one union that is still outstanding—and they are going to be dealing with that as that is not so large in number.

What it meant is that if for argument sake, the amount of the debt was paid in five tranches, then in 1995 one would get 20 per cent of that total in bonds; in 1996 one would get another 20 per cent and so on for the next three more years. In the case of the public servants, because they had not agreed to take the bonds last year, and because we want to remain fixed to the same timeframe, what we are in essence doing is giving it to them in a four-year timeframe instead of five. Therefore, that figure of approximately \$1 billion is really for the four years and not for one year. So we do not have to find all of the billion dollars, as it were, in 1996, but instead, would have to find one quarter of that for this year, for those who would take it, of course, because there is a range of mechanisms. It is not just bonds; there is compensatory time off, offsetting of debts and so forth.

So, there is a range of mechanisms that have now been made available to all the people who would have been owed, whether it be the teachers, nurses, police, public servants and so on. There is a range of mechanisms that have been agreed upon, one of which was cash. It so happens that cash appears to be the most unattractive of them, merely because we are insisting that if it is cash you must pay tax, if it is bonds, you do not. That is the range of mechanisms that is there.

As I said, as far as the 1996 figures are concerned, I would be happy to provide answers to any questions that may arise with respect to 1996 numbers when I bring the Finance Bill which has to be here very shortly.

Sen. Rev. Teelucksingh raised the question of T&TEC not having been paid over \$100 million by WASA. In 1995, the previous administration attempted to start the re-organizing, as it were, of these public utilities and at the time it was felt, from the notes that I have seen, that WASA was owing T&TEC; T&TEC wanting to get into the PowerGen situation. I am not going to get into the benefits or the disadvantages of whether PowerGen should or should not be there. I think PowerGen and Severn Trent are facts for us and we have to live with them.

**Sen. Jagmohan:** It is a good thing they are here.

**Hon. B. Kuei Tung:** You had better be careful, they are going to replace you soon.

**Sen. Jagmohan:** You could be replaced as well, you are just as vulnerable.

**Hon. B. Kuei Tung:** Because you are the only man who wants a reduction to below zero.

Mr. President, when the re-organizing, as it were, of these utilities started last year—originally, it started before, but what happened is that last year it began to crystallize a bit—it was felt that WASA's debt to T&TEC was going to disturb the viability of T&TEC and in essence, WASA has been so badly mismanaged that they had not been meeting their debts to another utility, namely, T&TEC. So that because T&TEC needed to be re-organized itself, and because its own financial viability was threatened, it was necessary for WASA to meet that commitment of \$102 million; the objective being not to have one public utility threaten the viability of another.

Therefore, it was felt necessary by the Minister of Finance, to ensure that the debt of \$102 million was paid, even though no provision had been made for it. Therefore, in terms of the numbers and the way it all panned out, it was necessary for us to find \$102 million by the hook or the crook to ensure that T&TEC was not threatened.

**11.20 a.m.**

With respect to Caricom, I am unaware as to why the previous administration had to pay \$18 million. I do not have any details with respect to the terms that the

Senator talked about in 1996. I will be happy to provide that and look at it when we come back with the Finance Bill.

I think this Government has to be committed to Caricom. We have no choice about that. We are committed to Caricom. In spite of the fact that it may appear as if we are not getting the kind of benefits that we do from Caricom, merely because there are people who think Caricom is a bit of a millstone around our necks, it is my view and certainly the view of this Government, that Caricom remains a major trading partner for us and we want to see Caricom do well. If Caricom does well, Trinidad and Tobago will do well because we have very good relations in particular with respect to trade with our Caricom neighbours and we have a responsibility, not only because they are our neighbours but we have a responsibility to see them prosper as best as we can.

In the case of the Caribbean Development Bank, many of the funds that are used that we subscribe to, do not flow back to us, but instead to assist the smaller territories to develop. If they develop then we can do more trade with them. We have almost an inter-relationship that is dependent one on the other and we have to see them prosper. This Government, as I said, is committed to remaining a very willing and able partner in trying to push Caricom as best as it can.

Some mention was made of URP. URP in 1995, I think it was approximately \$120 million and not \$63 million. The \$63-odd million that Sen. Rev. Teelucksingh mentioned through you, Mr. President, was really the goods and services aspect. The wage aspect is roughly about \$60 million. So that the total bill for URP is \$120—\$130 million and it runs in that range from year to year.

I will take Sen. Rev. Teelucksingh's word of wisdom and I will refrain from making any comment about the press, therefore, I will not add any fuel. *[Interruption]* Mr. Louis Lee Sing is sitting in the public gallery. He is waiting for you to make a mistake.

I particularly liked Dr. St. Cyr's comments. I have always admired Sen. Dr. St. Cyr's contributions. They are subtle but they are very deep. Yes, there has been a particularly strong shift in that direction in terms of our economy. Again, this Government is committed to achieving certain things.

I thought that in presenting the budget, when I introduced the *Medium-term Policy Framework*, it indicated the kind of economic direction which this Government was going to take. It gave an idea of some of the economic objectives that we set for ourselves. For argument sake, we set a stable exchange

rate and we recognized that the stability of the exchange rate needed stronger investor confidence, we recognized that we do need masses of direct foreign investment and not particularly oil and gas, as Sen. Marshall said. The more investment one gets from oil and gas, the greater the dependency one has on oil and gas and, therefore, one would not be able to diversify the economy by continuing to attract more and more investments into oil and gas. If one chose to ignore exploiting and monitoring one's oil and gas, it means that one would not have the opportunity to find funds to develop the diversification that one desires. It is a bit of balancing and timing act.

In terms of other economic objectives, we talked about a lowering of interest rates. As I said in the budget presentation, I am committed to a lowering of the tax rates as well. I am committed to a fairly transparent approach.

I am now considering bringing in some consultants to assist us in pulling out all the pieces of legislation which give incentives because, in one case, there is a Foreign Development Act and there are fiscal incentives in another Act. Over the years, various Bills and Acts have given rise to several pieces of legislations. Even investors—and one is talking, hopefully, for the non-oil/non-gas investors—need to know precisely what they are entitled to. We must not pretend—the attorneys and the accountants do that—that they need to get local expertise to tell them what they are entitled to. We want to know that the rules are there for them to know and when they get to know the rules then it makes investment decisions much easier.

I will try to put all these pieces of legislation under one comprehensive bill and as soon as I have that, I will be happy to bring it to the Senate again to repeal these hodge-podge bills which have been revived over the years into one piece of fiscal incentive, or whatever it may be called.

With this new economic push, therefore, the question of the financial reorganizing of a number of organizations became paramount. In the case of BWIA, in the case of First Citizens Bank what has transpired is that the Government had to be able to clean up their balance sheets. In the case of the First Citizens Bank, it will take a number of years to clean up their balance sheets because of the size of the financial problems that we had. In this case the bad loans were transferred to a company called Taurus, and I am sure much of this has become public knowledge. In the case of BWIA, in order to bring the foreigners into BWIA the company had to be able to present a balance sheet of things in particular that the Government was going to assume and take them out

of the balance sheet of BWIA—because many of the old debts of BWIA had carried a Government guarantee. Therefore, it was necessary to clean up these balance sheets in order to bring the new organizations, as it were, into being. In the case of BWIA to bring foreign investors, and in the case of First Citizens Bank to merge those three organizations which had, over the years, developed a portfolio that had some problems. Therefore, these sums were merely to bring into account the approach that the Government had been taking with respect to restructuring its balance sheets.

Dr. St. Cyr gave us a word of caution which I think is going to remain on my mind; the question of reorganizing the public utilities. We must be careful that these organizations do not become so reorganized that utility rates become outside the reach of the small man. This Government has already indicated particularly through the presentation of its budget, its concern about the effect that the economic structural adjustment is going to have on the small man and, therefore, every effort will be made to ensure that the utilities are not allowed to become runaway horses as it were, wherein expenses become so great that the utilities will require rates which are not affordable by the average man in the street.

Our approach would be that the utilities in the country need to be monitored very closely. As a matter of fact, only last week Cabinet had approved a monitoring committee made up of five persons to monitor the performance of Severn Trent which is in keeping with the agreements. The chairman of that monitoring committee is one of the Permanent Secretaries in the Ministry of Finance. We chose to go that route as opposed to having an outsider because we want to ensure that some financial discipline is brought into the Severn Trent/WASA arrangement. That five-member team comprises the Permanent Secretary in the Ministry of Finance who chairs it together with two representatives from the Water and Sewerage Board and two representatives from Severn Trent.

Sen. Marshall talked about capital budget. I had given the commitment before and I continue to give a commitment that we will not sacrifice our capital budget. What happened was that I had noticed that there was a trend in budgeting large sums for capital budget but only spending as little as 40/45 per cent of it. I felt we needed to shake up the ministries because the problem had always been and the bottle neck had appeared to be the question of implementation.



Many of the ministries had not developed proper implementation capabilities and, therefore, it did not make sense providing in a budget for a number that you know was not going to be spent. I have lowered the number down to a more reasonable figure in the hope that I will catch the attention of the ministries with respect to how they are doing their implementation.

I am pleased to report to this honourable House that implementation has done much better than it did last year. I am not saying that the technique I used has worked but I will say that during the course of this year, it is this Minister of Finance's intent to monitor revenues and expenses on a regular basis. I do that on a monthly basis, Mr. President. I ensure that the expenditure is contained as far as we can, and if there are going to be any savings that arise I have given this commitment and I am prepared to come back to this Senate and ask for more money for development to increase the capital budget because I am committed to ensure that the capital budget gets as much funds as we can afford.

It is in that context Sen. Marshall, that I will be able to appreciate your comments, particularly with respect to performance management and accountability. It is something that I feel very dear to and I am committed to, and I would like to indicate to the honourable Senate that we are not going to have a lack of monitoring of our expenses merely because the revenues are there. I am going to ensure that expenses are kept to the barest minimum.

**11.30 a.m.**

In particular, I was impressed with the comment that, "the word is not savings, from where he can see it, but instead it appears as though it is a deferral and it is a question of timing." In my case I think that there will be substantial savings where we can get them and those savings would not really be a question of interest rates being lower than they were, but instead that the money was not spent because it should not have been spent, and if it needs to be spent there is proper accountability.

In closing, Mr. President, let me say that—

**Sen. Dr. St. Cyr:** Would the hon. Minister kindly give way? Could you comment on the new subhead: Disaster Relief Fund? Could you give us an idea of how that is intended to work, please?

**Hon. B. Kuei Tung:** Mr. President, I believe that was a commitment that was made before by the previous administration. They gave a commitment to the

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Downtown Owners and Merchants Association wherein there was an interest subsidy that was given to people who rebuilt their properties and who felt that the interest rates were much too high. I do not recall the exact amount of the subsidy but this is the amount of the interest subsidy, in other words—and I will just use this as an example—if interest rates for both bridging and mortgage purposes were going to be as high as 15 per cent, they might have agreed to allow them 8 per cent money and therefore subsidize 7 per cent, with the objective of trying to rebuild Port of Spain. I think the sum of about \$40 million was spent last year in the interest subsidy.

In winding up I thank Members for their contribution. The year 1995 has been a year of a number of changes and I am happy to have been able to close the books. A great debt of gratitude is owed to the officials of the Ministry of Finance and I would like to publicly thank them for their commitment and dedication in assisting me in being able to bring the 1995 books to a close. This Government is committed to providing full, clear and transparent explanations for whatever takes place.

Mr. President, I beg to move.

*Question put and agreed to.*

*Bill accordingly read a second time.*

**Hon. B. Kuei Tung:** Mr. President, in accordance with Standing Order No. 63 which deals with money bills, I beg to move that the Bill be not committed to a committee of the whole Senate and that it be now read a third time.

*Question put and agreed to.*

*Bill read the third time and passed.*

#### ADJOURNMENT

**The Minister of Public Administration and Information (Sen. The Hon. Wade Mark):** Mr. President, before I move the adjournment of the Senate I would like to indicate that Tuesday next we would be focusing on Private Members' business, continuing the debate on Sen. Martin Daly's private motion. If we have time we would begin Sen. Diana Mahabir-Wyatt's Private Member's Bill next Tuesday. The following Tuesday we will get into the Finance Bill.

*Adjournment*

*Wednesday, April 10, 1996*

We are hereby serving adequate notice on Members that next week is Private Members' Day, the following week we would be dealing with the Finance Bill and thereafter a series of matters that have been laid today.

I beg to move that this Senate do now adjourn to Tuesday, April 16, 1996 at 1.30 p.m.

*Question put and agreed to.*

*Senate adjourned accordingly.*

*Adjourned at 11.35 a.m.*