

Revocation of Appointment

Tuesday, November 04, 1997

SENATE

Tuesday, November 04, 1997

The Senate met at 1.30 p.m.

PRAYERS

[MR. PRESIDENT *in the Chair*]

REVOCAION OF APPOINTMENT

Mr. President: Hon. Senators, I have received the following communication from the President of the Republic of Trinidad and Tobago:

"THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency Arthur N.R. Robinson, President
and Commander-in-Chief of the Republic of
Trinidad and Tobago

Arthur N. R. Robinson
President

To: Dr. Edmund Chamely

In exercise of the power vested in me by section 40(2)(c) and section 44 of the Constitution of the Republic of Trinidad and Tobago and all other powers thereto me enabling, I, Arthur N. R. Robinson, President as aforesaid, do hereby revoke your appointment as a temporary member of the Senate, made by Instrument dated 27th October, 1997.

Given under my Hand and the Seal of the President
of the Republic of Trinidad and Tobago at
the Office of the President, St. Ann's this 3rd
day of November, 1997.

SENATOR'S APPOINTMENT

Mr. President: Hon. Senators, I have received the following communication from the President of the Republic of Trinidad and Tobago:

"THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency Arthur N.R Robinson, President
and Commander-in-chief of the Republic of
Trinidad and Tobago.

ARTHUR N. R. ROBINSON
President

Senator's Appointment
[MR. PRESIDENT]

Tuesday, November 04, 1997

TO: MRS. NIRUPA OUDIT

WHEREAS Senator Professor John A. Spence is incapable of performing his functions as a Senator by reason of his absence from Trinidad and Tobago:

NOW, THEREFORE, I, ARTHUR N. R. ROBINSON, President as aforesaid, in exercise of the power vested in me by section 40(2)(c) and section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, NIRUPA OUDIT, to be temporarily a member of the Senate, with immediate effect and continuing during the absence from Trinidad and Tobago of the said Senator Professor John A. Spence.

Given under my hand and the seal of the President of the Republic of Trinidad and Tobago at the office of the President, St. Ann's this 3rd day of November 1997.

OATH OF ALLEGIANCE

Sen. Nirupa Oudit took and subscribed the Oath of Allegiance as required by law.

CONGRATULATIONS

Mr. President: It would be appropriate now to offer to Sen. Rev. Burke sincere congratulations on the award of an honorary doctorate degree from the Christ is the Answer University, Hollanvale, Florida and the Spiritual Baptist Theological College. [*Desk thumping*]

GEORGE MICHAEL CHAMBERS (DEATH OF)

Mr. President: Hon. Senators, it is with a sense of deep sorrow that I announce to Members of this House and the national community, the passing away of Mr. George Chambers, Prime Minister of this country during the period March 1981—December 1986. I have here a short release from the Central Regional Health Authority on the death of Mr. George Chambers:

"The Central Regional Health Authority regrets to announce that the Honourable Mr. George Chambers former Prime Minister of the Republic of Trinidad and Tobago died today at the Intensive Care Unit of the Eric Williams Medical Sciences Complex at Mount Hope.

George Michael Chambers (Death of)

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Mr. Chambers was admitted as an emergency at 6.30 p.m. on November 3, 1997 and despite all resuscitative measures he passed away at 2.08 a.m. November 4, 1997. The authority extends its condolences to Mr. Chambers' family and join with the national community in this time of loss."

Members are now free to offer their condolences.

The Minister of Public Administration and Information (Sen. The Hon. Wade Mark): Mr. President, Mr. George Michael Chambers, former Prime Minister of the Republic of Trinidad and Tobago, a devoted son of the soil, a veteran politician and elder statesman, has left us all for a land of eternity.

Though leading a very private life since he demitted public office, his death, nonetheless, represents a loss to this country. I wish to extend the profound sympathy of the Government, to his dear wife and daughter, other relatives and friends who are, at this time, in great sadness having lost their loved one.

As an elected Member of Parliament, Mr. Chambers was a respected representative of the people. Undoubtedly, there are many ordinary and grassroots members of our society for whom his death will be a reason for reminiscing about the times he spent among them. But he also walked the corridors of power and mingled there accordingly, providing confident leadership matching his wits, exuding quiet charm and humble dignity while maintaining simplicity and a peaceable and genteel disposition.

Ushered into this world on October 4, 1928, Mr. George Michael Chambers leaves just one year short of his 70th birthday, thus ending almost seven decades of a life well lived, if one is to judge from his legacy of achievement in service to country and people. The Government of Trinidad and Tobago is disposed to a state funeral to honour and pay final respects to a truly fine gentleman. However, it is the wish of his family that there be no public observance of interment. The Government deeply respects this family decision and desire and stands willing and ready to be part of any other arrangement if indicated by Mrs. Chambers and daughter Andrea.

1.40 p.m.

At a specially convened meeting of the Cabinet today, it was agreed that as a mark of respect on the passing of Mr. George Michael Chambers, former Prime Minister of the Republic of Trinidad and Tobago, flags would be flown at half mast from today until the day of the interment; and further, that a memorial service be planned to take the place of a state funeral.

George Michael Chambers (Death of)
[HON. W. MARK]

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Mr. President, on behalf of the Government and people of the Republic of Trinidad and Tobago, may I again express our deep sadness that we have lost a great man of the people, a great son of Trinidad and Tobago and a true and well-meaning son of this earth.

May he enjoy eternal rest.

Sen. Nafeesa Mohammed: Today the nation mourns the death of the second Prime Minister of the Republic of Trinidad and Tobago, Mr. George Michael Chambers. Mr. Chambers was born on October 4, 1928. He was educated at the Nelson Street Boys' R.C. School, Burke's College and Osmond High School. He was first elected to Parliament in 1966 as the representative of the St. Ann's constituency, which area he served until 1986.

Mr. Chambers held several ministerial portfolios, including the Ministries of Public Utilities, National Security, Finance, Education, Industry and Commerce and Agriculture, Lands and Fisheries. On Monday, March 30, 1981, Mr. Chambers was sworn in as the second Prime Minister of Trinidad and Tobago following the death of the late Prime Minister, Dr. Eric Eustace Williams. In 1973, Mr. Chambers was elected to the prestigious post of Chairman of the Board of Governors of the World Bank and the International Monetary Fund and was Trinidad and Tobago's Governor on the Inter-American Development Bank.

Mr. Chambers will go down in our nation's history book as one of our country's most efficient, reliable, honest, humble, simple and dedicated statesmen. With his unique commonsense approach towards dealing with matters before him, Mr. Chambers has been one of the most successful and efficient Ministers of Finance in the Government of Trinidad and Tobago. As Prime Minister of this country between 1981 and 1986, Mr. Chambers will be remembered for the very firm stand his Government took in the international arena when Grenada was being invaded and the issue of territorial sovereignty was being hotly debated.

Mr. Chambers was a man of the people. As the political leader of the People's National Movement, he was loved by party supporters. He served his constituents with love and dedication. He was a very simple, quiet and unassuming person who had that common touch. He was very affable and approachable; he spoke plainly and he detested pomp and pretence. We know that after the 1986 general elections Mr. Chambers opted for a private life, surrounded by the greenery and the chirpy sounds of nature's wonders with which our country is so blessed.

Mr. Chambers leaves to mourn his dear wife, Juliana and daughter, Andrea. As a young member of the People's National Movement, I am proud to have been associated with this great leader and statesman. It is with deep and profound grief that the PNM joins with the rest of the country in expressing deep sorrow over the death of Mr. George Michael Chambers. To his dear wife and daughter and, indeed, to the rest of his family, we express our deepest sympathies and say that it is from God we came and to God is our eventual return. Thank you

Sen. Diana Mahabir-Wyatt: Mr. President, the Independent Members of the Senate wish to join with the rest of the national community in marking the solemnity of the death of Mr. Chambers. Other representatives have spoken on his career and his political career and the way he will be missed in the community. I would like to say a few words about the man.

I first met George Chambers in 1961 or 1962 when Servol was first set up and they were trying to raise money locally to get Servol going. One of the ways in which we did that was to put on a Christmas dinner and we asked people to get together and organize their offices to contribute in order to get a bowl of soup, piece of bread and a glass of water.

We approached all the ministers and I think that George Chambers was the only minister who not only replied to Servol himself, personally, but also encouraged the staff to do it as a gesture of solidarity with people who had less and who needed more. We were moved by this and I think over the next four or five years he was almost the only minister who continued to respond. He did this sort of caring work in a very quiet and unassuming way; he was generally concerned about people but never looked to have it publicised or get any glory for it.

For a number of years one of his sisters worked with me and I was always struck by the respect and concern that he showed for his aged parents, no matter what the duties of his offices were. After all, being the Chairman of the Board of Governors of the World Bank and the International Monetary Fund and being successively minister of several different ministries did take up a lot of time but he was always able to make time and that always impressed me.

As Sen. Mohammed said, after he left public office he returned to privacy and into a version which was more part of his nature. I hope that his years were happy ones in retirement. He was such a quiet man, such a gentleman, always courteous and someone who was very quietly easy to talk to.

George Michael Chambers (Death of)
[SEN. MAHABIR-WYATT]

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Our condolences join with those of the rest of the community to his family and those of his friends who continued to support him and to be close to him throughout the years.

Mr. President, I thank you.

Mr. President: I join with Members of this honourable Senate in extending my deepest sympathy to the bereaved family and I would ask the Clerk of the Senate to send an appropriate letter of condolence to the family of the late George Chambers. Will Members please rise in silence for one minute as a mark of respect.

The Senate stood.

1.50 p.m.

ORAL ANSWERS TO QUESTIONS

Teak Logs (Exportation)

22. Sen. Prof. Julian Kenny asked the hon. Minister of Agriculture, Land and Marine Resources:

- (a) Could the hon. Minister inform the Senate whether teak logs produced on state-owned teak plantations are being exported from Trinidad and Tobago by Tanteak or any other exporter?
- (b) If the answer is in the affirmative, could the hon. Minister inform the Senate of:
 - (i) the quantities and F.O.B. values of logs being exported;
 - (ii) the destination of the logs; and
 - (iii) the nature of the contractual arrangements with purchasers of teak logs?
- (c) Could the hon. Minister also inform the Senate of any plans or proposals to utilize locally produced teak to maximize value of the resource?

The Minister of Agriculture, Land and Marine Resources (Dr. The Hon. Reeza Mohammed): Mr. President, in response to the question posed by the hon. Senator, I wish to inform this honourable Senate that teak logs produced on state-owned teak plantations are being exported from Trinidad and Tobago by Tanteak. There are allegations which indicate that teak logs produced on state-owned teak plantations are being exported from Trinidad and Tobago by private individuals; these allegations are presently being investigated.

Mr. President, for the year 1997, Tanteak is expected to export, in scheduled quantities, a total of 12,000 cubic metres of teak logs with a F.O.B. value of US \$2.04 million.

The logs which were due for export in August of 1997, were destined for India. The destinations for other shipments for 1997 and thereafter have not yet been stipulated by the purchaser.

The current contractual arrangements are between Tanteak and Silverspear, Public Limited Company (plc), based in Knightsbridge, London, United Kingdom. The contract provides for the supply of teak logs of minimum girth, 60 centimetres measured over bark, and lengths in excess of four metres.

There were several contracts entered into by the previous board of Tanteak, which was appointed by the PNM government, for teak round wood export which were inherited by the new board and which are now being fulfilled. Under the former PNM government appointed Board of Directors of Tanteak, the company exported a total of 24,824 cubic metres of teak round wood logs over the period 1991 to 1996 which generated US \$3.29 million in revenue.

This Government appointed a new board to Tanteak in December of 1996. In 1997, within the first year of office of the new board appointed by this Government, 12,000 cubic metres of teak round wood logs were exported at the value of US \$2.04 million. Therefore, Mr. President, whereas the former PNM-appointed Board of Directors of Tanteak sold 28,824 cubic metres of teak logs for US \$3.29 million or US \$132.73 per cubic metre, the present board appointed by this Government was able to obtain a price of US \$2.04 million for 12,000 cubic metres or US \$170.00 per cubic metre, a difference of US \$37.27 per cubic metre of log.

Mr. President, let me make it patently clear that it is not the policy of this Government to enter into any new contracts for the export of teak logs but to fully exploit downstream viable options that would add value. The contracts which were initiated by the old board for teak round wood logs must be respected. Nonetheless, I am advised that negotiations are on going between Silverspear and the new board of Tanteak in an attempt at reducing the quantity of logs to be exported in 1998 and 1999 to Silverspear.

Other initiatives have been taken by the new board to exploit downstream viable options that would add value. The board is in the process of developing several new product lines, one such product being log cabin material for the

construction industry. In its plans to diversify its sawn wood line of products and to intensify its marketing efforts, Tanteak recently signed a commercial venture agreement with Union International Teak Partners (U.I.T.P.), London, United Kingdom to further add value by producing semi-finished and parquet products. Two shipments of 7,000 cubic metres each of teak are contracted for export in 1998, and two shipments of 7,000 cubic metres each are also contracted for export in 1999.

Mr. President, attempts are being made to streamline and develop the existing sawing and wood processing capabilities of Tanteak to cater to the demands of local manufacturers of wood furniture and other finished wood products. Tanteak also intends to examine and analyse the possibility of introducing high value veneer and glu-lam products as alternative outlets for teak round wood and raw material.

I thank you, Mr. President.

Sen. Prof. Julian Kenny: Mr. President, a supplementary question. Could the hon. Minister indicate to us what percentage of the annual sustainable yield of teak from our forest is being exported. Is it 5 per cent, 10 per cent?

Dr. The Hon. R. Mohammed: Hon. Senator, I would hate to hazard a guess. Would you please provide me with the appropriate time so I can give you the correct answer?

Sen. Montano: Mr. President, I have a question for the hon. Minister. The Minister indicated that under the PNM board the teak logs were being exported at a price that was substantially lower than is presently being contracted for. Would the Minister please indicate the relative average size of the logs, in terms of girth, that was shipped out under the previous board as opposed to this board so a more accurate comparison in price could be made in terms of like with like?

Dr. The Hon. R. Mohammed: Mr. President, my understanding of the wood industry, as far as Tanteak is concerned, is that log sizes in terms of girth for export would, more or less, be similar; be it now or in the past.

Sen. Dr. St. Cyr: Mr. President, would the hon. Minister indicate to us what is the average world price of teak logs on the export market?

2.00 p.m.

Dr. The Hon. R. Mohammed: The price for teak would vary, in that there are different grades of teak. Again, I would not like to hazard a guess as to the

average price of teak in terms of cubic metres of log. Trinidad and Tobago has the highest quality teak in the world. As a matter of fact, we have superior quality teak over the Burmese and Nigerian teak, because of the grain quality. The fineness of the grain provides us with that facility.

So that to respond by way of an answer to the Senator's question, in giving an average price on the international market, I am sorry, I am not prepared to hazard a guess at all.

Sen. Rev. Teelucksingh: May I ask the hon. Minister, since I understand that Tanteak purchases logs from the Forestry Division, is Tanteak up to date in its payments for the logs purchased for export?

Dr. The Hon. R. Mohammed: In answer to the hon. Senator's question, I am advised that the royalties to be paid by Tanteak to the Forestry Division of the Ministry of Agriculture, Land and Marine Resources is in the red to the value of approximately TT \$10 million.

Hon. Senator: That is a lot of wood! *[Laughter]*

Sen. Montano: Mr. President, would the hon. Minister please indicate what is the authority for his statement that all the sizes of the exports are the same between what is being exported now and what was exported earlier?

Dr. The Hon. R. Mohammed: I attempted to explain standards and the hon. Senator's question is a little bit in conflict with the question raised by the hon. Senator, Dr. St. Cyr. The information I gave with respect to log sizes, that is the information that I have received from the management of Tanteak.

Sen. Montano: With due respect, Mr. President, the information that the Minister is providing us is in conflict with information of which I know. I would be grateful if he would come back to this Senate with the verified information and citing his authority as to what was the average size of the logs which were previously being shipped out; what was the cubic metre price under the previous regime; what is the cubic metre price now, and what the relative sizes of the shipments are at present, and the grade.

Dr. The Hon. R. Mohammed: Mr. President, I would humbly suggest to the hon. Senator, with all due respect, that he should submit a new question so that I can adequately answer it.

Sen. Dr. Mc Kenzie: Mr. President, I listened to the Minister's comparison between the prices that the old board received and that received by the new board and I would like to know, whether with time, you do not get more money. Because I am hopeful that if you begin to sell next year, you would get even more money than you are getting this year.

So that the comparison is not just a board negotiation skill; it is with the passage of time and with improving conditions, you get more money for what you are selling than you would have got 10 years ago. If you buy a suit today, the money you paid for it 10 years ago, you would not get a pants. *[Laughter]* So you get where I am coming from.

Dr. The Hon. R. Mohammed: Market prices are dictated by the elasticity of demand and supply. *[Desk thumping]* Secondly, the negotiating skills of any team are a reflection of the price that is finally arrived at. I hope by my simple comments I have answered the Senator's question.

Atlantic LNG Plant (Labour Dispute)

27. Sen. Rev. Daniel Teelucksingh asked the hon. Minister of Labour and Co-operatives:

- (a) Could the hon. Minister indicate the extent to which the Atlantic LNG Plant at Point Fortin was affected by its recent labour dispute?
- (b) Could the hon. Minister also state whether Government has any proposals/strategies for conflict resolution at any of our industrial sites, other than those already established by the Ministry of Labour?
- (c) If the answer to (b) is in the affirmative, could the Minister state what the proposals/strategies are?

The Minister of Labour and Co-operatives (Hon. Harry Partap): Mr. President, I have been advised that the Atlantic LNG plant at Point Fortin was affected by its recent labour dispute as follows:

- (a) the production loss was about three per cent over the period, with 21 man days lost;
- (b) the following actions have been taken since the resumption of work:
 - (i) the Workers Relations Committee has been fully re-established;

- (ii) a formal written grievance procedure has been implemented;
 - (iii) major sub-contractors have been meeting with new workers' representatives;
 - (iv) major sub-contractors have awarded an across-the-board increase of TT \$1.50 per hour per worker; and
 - (v) a one-off payment of TT \$300 has been made to all workers by way of a safety bonus.
- (c) In general, things are going well on the site from an industrial relations standpoint and by October 09, 1997 there was a return to normal productivity levels.
- (d) No financial loss assessment has been carried out.

Government has proposals/strategies for conflict resolution at our industrial sites, other than those already established by the Ministry of Labour and Co-operatives.

Part V of the Industrial Relations Act, Chap. 88:01, provides suitable procedures for the settlement of trade disputes. That notwithstanding, the Ministry of Labour and Co-operatives endeavours to maintain a stable industrial relations climate through continuous monitoring and preventative conciliation. With the recent Atlantic LNG work stoppage, the Ministry held several discussions with the main contractor, Bechtel; several of the sub-contractors and the workers' representatives together with their advisors, with a view to effecting a speedy resumption of work at the construction site in Point Fortin.

Our Government has initiated an arrangement whereby there are non-crisis meetings relating to the oil industry. The hon. Ministers of Energy and Energy Industries; Trade, Industry and Consumer Affairs and the Minister of Labour and Co-operatives, participate in these discussions, as well as top executives from the trade union and the oil companies.

These meetings commenced on March 25, 1996 and, thus far, seven such meetings have been held. The meetings provide a forum for the discussion of a wide variety of topics of mutual interest to the parties, including productivity and pay-related schemes. Such discussions go a long way towards getting parties to have a better understanding of each other's concerns and, consequently, the avoidance of conflict between them.

2.10 p.m.

Mr. President, another mechanism for dealing with conflict resolution is the Minimum Wages Order. In this context, I have referred for the consideration of the Minimum Wages Board, the promulgation of a draft Minimum Wages Order for the construction industry in industrial, commercial and domestic enterprises. Such an order could include coverage of minimum wages and other terms and conditions of employment for affected workers. As a result of such an order, the labour inspectors of the Ministry of Labour and Co-operatives can monitor and enforce compliance of these minimum terms and conditions of employment by all the parties.

On October 07, 1997, subsequent to the resumption of work, labour inspectors of the Ministry of Labour and Co-operatives visited the site of the Atlantic LNG Project at Point Fortin where they met with officials of Bechtel, the main contractor, and some sub contractors. The labour inspectors had an opportunity to view the plant and to examine the existing terms and conditions of employment offered to workers employed with various subcontractors, and to lay the foundation for the continued monitoring of such projects throughout the country.

Mr. President, I should also indicate that at present the Ministry of Labour and Co-operatives is in an on-going process of labour law reform which is aimed at ensuring that Trinidad and Tobago's industrial relations system could meet the demands of the global economy, new concepts of management, collective bargaining and the heightened demands being made by both employers and unions for increased consultation and participation in the industrial relations and development processes.

Concomitantly, the Ministry aims to develop a strong system of protection for workers through the enactment of individual employment law in support of the current collective labour law provisions enshrined in the Industrial Relations Act, Chap. 88:01. In this regard, the Occupational Safety and Health Bill is currently before the Parliament. The Maternity Protection Bill should, with Cabinet's approval, be debated in the Parliament at its next session. Additional work is being pursued in respect of industrial injury and compensation. This Bill, when developed, proposes to replace and repeal the Workmen's Compensation Act. Then there is the Basic Conditions of Work Bill which will address issues of vulnerable workers, including domestic workers.

The labour law reform processes also propose to include work in the following areas:

1. The Termination of Employment Bill which will seek to address the issues and problems currently experienced through a deficient Retrenchment and Severance Benefits Act.
2. The Trade Unions and Employers' Association Administration and Relations Bill which aims to repeal and replace the Trade Unions Act and the Trade Disputes and Protection of Property Ordinance to provide for a comprehensive body of law to facilitate the operations of trade unions and employers associations.

Thank you, Mr. President.

Sen. Mahabir-Wyatt: A supplementary question to the Minister of Labour and Co-operatives.. I just happen to have a copy of the Industrial Relations Act with me. In response to part (b) of question No. 27, the Minister indicated that the Government's proposals and strategies for conflict resolution take into account Part V of the Industrial Relations Act. Part V of the Industrial Relations Act does not refer to terms and conditions of employment except when you are dealing with a recognized trade union and a company. In this case, there is no recognized trade union. I wonder if the Minister could comment on how the machinery to be set up would be dealing with the Act which is quite specific. It deals also with the question of freedom of association, which applies to employers and to trade unions. Secondly, the hon. Minister referred to the Minimum Wages legislation. I was wondering if he could tell this honorable Senate how the Minimum Wages legislation refers to this particular dispute. My understanding is that their wages are already considerably beyond the minimum wage and the industry laws.

Hon. H. Partap: Mr. President, if we refer to (b,) it says:

“Could the hon. Minister also state whether Government has any proposals/strategies for conflict resolution at any of our industrial sites,...”

Not necessarily the plant at Point Lisas.

Sen. Daly: Would the Minister indicate at which sites the provisions of the Industrial Relations Act relating to trade disputes are enforced?

Hon. H. Partap: Would the hon. Senator please repeat the question?

Sen. Daly: Hon. Minister, you said the question referred to other industrial sites. At which of those sites is Part V of the Industrial Relations Act being used?

Hon. H. Partap: I do not know what the hon. Senator interprets industrial sites to mean? I think Point Lisas is an industrial site even though there are already established industries there. I would imagine that is another industrial site. Do you mean construction sites?

Sen. Mahabir-Wyatt: Mr. President, I am a bit confused because, from the answer given by the hon. Minister, it would appear that the Ministry of Labour and Co-operatives is going outside of the ambit of the Industrial Relations Act, to impose a contractual relationship between workers and employers which is not covered by the Industrial Relations Act and may be in contravention with the freedom of association provision of the Constitution. This is why I asked the question.

**Land Surveying Board
(Graduating Surveyors)**

28. Sen. Rev. Daniel Teelucksingh asked the Minister of Agriculture, Land and Marine Resources:

- (a) Could the hon. Minister indicate whether he is aware that graduates in land surveying are subjected to a protracted internship?
- (b) Could the hon. Minister state whether this is contrary to the Regulations of the Land Surveying Board?
- (c) Could the hon. Minister further state when the Land Surveying Board will regularize and implement the licensing procedures for graduate surveyors?

The Minister of Agriculture, Land and Marine Resources (Dr. The Hon. Reeza Mohammed): The Minister of Agriculture, Land and Marine Resources is not aware that graduates in land surveying are subjected to a protracted internship. The internship period recommended by the Land Surveyors Board is 18 months. The perception of a protracted internship period may be due to the fact that the term of office of members of the last Land Surveyors Board expired in 1995.

The new Act was passed and proclaimed on March 14, 1997. The recently appointed Land Surveyors Board under the new Act, was established on August 14, 1997. Consequently, no new licences were granted during the period 1995 to the present time.

The Land Surveyors Board has recently circulated the draft regulations among the professions for comments and it is expected that these comments would be submitted to the Chief Parliamentary Counsel by mid-November, 1997. In the meanwhile, the Land Surveyors Board has taken a decision to continue examination of suitable candidates in accordance with the old regulations. Advertisements for registration and examination have been recently published in the media.

**STANDING ORDERS COMMITTEE
(Adoption)**

The Minister of Community Development, Culture and Women's Affairs (Sen. Dr. The Hon. Daphne Phillips): Mr. President, I beg to move the following Motion standing in my name.

Be It Resolved that the Senate adopt the Report of the Senate Standing Orders Committee (1996—1997 Session).

Question proposed.

2.20 p.m.

VENTURE CAPITAL (AMDT.) BILL

Order for second reading read.

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

That a Bill to amend the Venture Capital Act be now read a second time.

This Bill was passed with a few minor amendments in the other place. The Venture Capital Act, 1994 was proclaimed and brought into effect by presidential order in June, 1996. That Act essentially makes provision for the establishment, regulation and administration of the venture capital industry. Subsequent to the launching of the Venture Capital Incentive Programme in October, 1996, extensive consultations were held in various institutions and professional bodies which have expressed an interest in the goals of the programme.

Arising out of these consultations several recommendations were made to amend the Venture Capital Act in order to accurately describe the objectives of the Venture Capital Incentive Programme, as well as the functions of the administrator. Among other things, it is considered necessary to establish an entity to be called the Venture Capital Incentive Programme to satisfy the financial and managerial needs of the niche market segment of small and medium-sized

Venture Capital (Amdt.) Bill
[HON. B. KUEI TUNG]

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businesses and to ensure that the programme's objectives of encouraging the flow of resources into the small and export-oriented business sectors are successfully achieved.

This programme provides an alternative investment vehicle for investors to make long-term equity investments, while enjoying higher than average returns with a very attractive tax credit incentive. In this competitive global environment, small and medium-sized businesses are in critical need of accessing the right type of capital. They also need to access managerial know-how if they are to survive in this era of reducing trade barriers and formation of trade blocs.

The programme's goals are to increase the levels of employment and to stimulate the creation and expansion of new value added businesses in the non-traditional sectors of the economy. High business activity leads to increased employment and sustained wealth. Additionally, the programme allows various stakeholders to participate directly in Trinidad and Tobago's economic development. The tax credit incentive is a powerful mechanism for changing investors' mind-set against risk financing, bringing capital to a sector that is traditionally at higher risk.

The programme's structure also creates direct link between the fiscal incentive for saving and investment into the productive sectors of the economy. All capital raised must be invested for these five years in the participating small and medium-sized businesses by means of equity. Investors receive tax credits and potential higher returns on their investment, whereas investees receive patient capital and hands-on managerial expertise.

The Bill before this Senate seeks to make the role of the Venture Capital Incentive Programme (VCIP) more transparent and to render some of the provisions of the principal Act less onerous. In clause 3 of the Bill, the words "the venture capital industry" have been deleted from the long title and replaced by the words, "the venture capital companies registered under the Act". This amendment seeks to eliminate the misunderstanding that the Act was intended to regulate the entire venture capital industry as opposed to its true intention of administering and regulating those venture capital companies that wish to avail themselves of tax credits under the Venture Capital Incentive Programme.

In clause 4(a) of the Bill, it is proposed that all references in the Act to the words, "Administrator of venture capital companies" should be changed to now read, "Administrator of the Venture Capital Incentive Programme". The proposed

definition of the expression “Venture Capital Incentive Programme” in clause 4(c) explains the function of the Venture Capital Incentive Programme which is to administer the tax credit granted to investors in venture capital companies and to supervise the establishment, regulation and administration of venture capital companies and qualifying investee companies under the Act.

In clause 5, a new section 2A is to be inserted establishing the Venture Capital Incentive Programme as a body corporate. This is to facilitate the effective administration of the programme. Autonomy is critical to the fast-paced nature of the venture capital industry and as a body corporate the Venture Capital Incentive Programme would be allowed the flexibility in the present economic environment.

In clause 7, it is proposed that a new section 3A be inserted to provide for secondment of officers from the public service. This would allow the programme the ability to secure the services of suitably trained officers from the public service on a temporary basis. Adjustments have also been made to the new section 3A. The first adjustment relates to the period of secondment which is stated to be five years. After considering the fact that during the period of secondment an officer is deemed to remain on the establishment of his ministry or department and is also eligible for promotion *in absentia*, I am of the view that five years is too long to keep a post tied up. Another officer who would have remained in the ministry and is eligible for promotion due to his excellent performance in the post that his seconded officer has left may become demoralized because upward mobility is not possible due to the secondment of the other officer for a period of five years.

Due to the temporary nature of such an assignment or secondment, I think two years is a more reasonable period. During a two-year period a seconded officer should have more than ample time to decide whether he wants to remain on the establishment of his ministry or department, or join the new department or organization to which he is being seconded.

The other area of concern relates to subsection (7) of the proposed section 3A. This subsection makes provision for the automatic secondment of an officer who, being the holder of a substantive office in the public service, has been assigned for duty with the Venture Capital Incentive Programme. Subsection (7) seems to be in direct conflict with subsection (1) of section 3A which requires the approval of the Public Service Commission and the consent of the minister, in cases where an officer in the public service is to be seconded to the service of the Venture Capital Incentive Programme.

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My understanding of a secondment is that it is really the nature of a temporary transfer of an officer from the service of one ministry or department to that of another. Under our Constitution, matters involving the transfer of public officers vest in the Public Service Commission. I would feel more comfortable if the secondment or temporary transfer of a public officer falls under the authority of the commission. For this reason, it is proposed that the offending provision, subsection (7) of section 3A be deleted.

A new section 3B is being proposed which would provide for the annual allocation of funds approved by Parliament. These funds would enable the Venture Capital Incentive Programme to readily fulfil its functions and operate autonomously. The programme must also account annually to Parliament for the money allocated to it in meeting its obligations and discharging its functions under the Act. Proper books and records must be kept by the administrator and the accounts of the programme are to be audited annually by the Auditor General.

2.30 p.m.

Mr. President, the administrator is also required to submit to the Minister, no later than three months after the close of each financial year of the programme, a statement of the financial affairs for that year. Furthermore, the administrator must also submit a statement of accounts, together with the Auditor General's report, to the Minister, whose responsibility it is to lay these documents in Parliament for its consideration.

It is proposed that section 11(1) of the principal Venture Capital Act be repealed so as to render the provisions of the Act less onerous. The new section 11(1) provides for venture capital companies to have, at least, \$500,000 in paid-up equity capital within 12 months from the date of registration. This new provision replaces the requirement that venture capital companies must have and maintain \$500,000 within the first 12 months of registration, and also have and maintain, by the end of the third year of the date of registration, at least \$1 million in paid-up equity capital.

Mr. President, you will observe that an amendment was made in the other place with respect to the proposed amendment to section 11(1), so that the venture capital company will continue to be required to have and maintain, at least, \$500,000 in venture capital. This latter amendment is sound as the requirement to have and maintain the stated equity capital is intended to protect the general creditors of a venture capital company.

This amendment is also intended to facilitate the formation of small venture capital companies with a capital base of, at least, \$500,000. The repeal of section 11(1)(b) of the Act will enable and encourage those venture capital companies with a minimum paid-up equity capital of at least \$500,000 to continue in business under the Act, with the same minimum equity capital at the end of the third year of registration. As a consequential amendment, we are also seeking to amend section 48(k) of the Income Tax Act by deleting the former definition of “Administrator” and substituting the definition in section 2 of the 1994 Act, as amended. As noted earlier, the reference will now be to the Administrator of the Venture Capital Incentive Programme.

An amendment to the Roads and Income Tax Acts is also being proposed so that the word “person” will now be substituted. The effect of this amendment is intended to extend the carry-forward provision for tax credits, not merely to individuals, but also companies. The definition of “person” for the purposes of the Income Tax Act, will now include individuals as well as corporations.

The Venture Capital Incentive Programme allows various stakeholders to participate directly in the economic development of this country. Over the last year, the programme has been fine-tuning its administrative mechanisms which are designed to meet the challenges ahead. Since the opening of the offices of the programme, there has been a steady stream of persons seeking venture capital for their businesses or for the commercialization of their ideas or processes that have been developed.

Currently, there are two registered venture capital companies in Trinidad and Tobago and a more proactive approach is being adopted by the programme in bringing together entrepreneurs and venture capital companies. Public information and outreach projects have been targeted to identify those persons and institutions who can derive immediate benefits from participating in the Venture Capital Incentive Programme. Emerging industries, particularly those associated with Carnival and eco-tourism, in which Trinidad and Tobago has a distinctive, comparative advantage, will be targeted. The opening up of this programme is a bold initiative undertaken by the Government and I have no hesitation in recommending this Bill to the Senate.

Question proposed.

Sen. Elizabeth Mannette: Mr. President, I would like to state at the outset that we have no problem with this Bill. We were committed to the development of

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the venture capital industry in 1994 and we remain committed to the development of that industry today.

I am concerned about one provision in the Bill, however, and I would like to turn the Minister's attention to clause 8. As the Minister read, clause 8 repeals section 11 of the underlying Act. That section had required the venture capital company to raise, at least, \$1 million in equity by the end of its third year. The Minister stated that the repeal of this section was to make the provision less onerous, but he did not state clearly how, after the first year of the Venture Capital Incentive Programme's operations, the Government has determined that this requirement is, indeed, onerous or difficult to satisfy.

If we look at the clause as it stands, a venture capital company can be formed or can exist with TT \$500,000, which is less than US \$100,000. When one thinks of venture capital and the type of industry that we are trying to create, I wonder if a company with funding of only US \$100,000 will really target the type of industries we are trying to target. Perhaps the Minister of Finance would liaise with one of his Cabinet colleagues. I was reading the *Hansard* report of the original debate in 1994, and the Member for Oropouche, the then Shadow Minister of Finance said, with respect to that very provision they are now repealing:

"I am certain that there are many people in Trinidad who can fork out \$500,000 as paid-up equity capital in the morning and by the end of a three-year period can fork out \$1 million."

It is either Mr. Sudama is out of touch with reality, or perhaps he has some of these investors in his constituency and he can refer them to the programme. Nonetheless, we are disappointed that to date only two companies have been formed. We understand that it would take some time for this to be developed and we are willing to be patient, even as venture capital companies have to be patient with their investments.

When one looks at the report of the Venture Capital Incentive Programme that was laid in Parliament, we observe that of the two companies which have been formed to date, one has been formed by a former Government Minister, the Member for Diego Martin Central, and the other by CL Financial, which is a company we know does not hesitate to make bold and aggressive moves. It seems that, perhaps, there is still much to be done to educate the general community and the high net worth individuals who were supposed to be targeted, with respect to the benefits of venture capital companies.

I have also been informed that approximately 60 applications have been received by the office of the Venture Capital Incentive Programme with respect to companies looking for funding. It seems that there certainly is a need, but to date no company has been funded. I do not know if my information is up-to-date. I hope to hear some encouraging words from the Minister, if not in his winding up today, perhaps in his budget presentation, with respect to encouraging entrepreneurial activity in the society and the financing of such activity.

We are told that the programme is targeting entertainment and eco-tourism. I was saddened because there was no emphasis on technological industries, software development, communication technology and so forth. I believe those are the areas in which traditional venture capitalists in other countries have reaped their greatest returns. Certainly, we in this country also have the creativity and the talent necessary to develop these industries. When the Minister of Legal Affairs was presenting the Copyright Bill, she claimed that a number of software developers had contacted her with respect to copyrighting the programmes they had created and developed. So I would like to hear what the Minister of Finance's position is with respect to developing that aspect of the industry with venture capital investors.

It was reported in the newspaper—I do not have the clipping—that the Prime Minister, at the Entrepreneur of the Year award ceremony, indicated that the Government was thinking of creating an entrepreneurship centre. My initial reaction was how would it differ from the SBDC. I do not know if the Minister of Finance can help us, but I would like to encourage the Government, instead of creating a new centre, to put additional funding into the programmes which already exist and to strengthen them. For example, I know that the SBDC has a similar share equity programme which is limited to making investments of up to TT \$100,000 and that is certainly not much money if one wants to develop small and medium-sized businesses.

2.40 p.m.

The final thing I want to say about this Bill and the venture capital industry in general, is that when one analyzes what actually promotes a venture capital by considering the investment climate and the government's attitude towards investment, it is a function of its confidence of the development and the stability of the country. We have many creative persons in this country and they are certainly looking for funding. We need to encourage education that would stimulate

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innovation and new ideas, but I think the Government's primary function at this point—given that the programme has started and it is on its way—should be to ensure that the investment and economic climate is stable and secure to encourage people to put their money at risk.

Sen. Dr. Eastlyn Mc Kenzie: Mr. President, I would like to ask the hon. Minister, why in clause 7, dealing with section 3A(1), an officer in the public service has to get his approval? Why, in addition to the Public Service Commission, does he have to agree for the officer to be seconded? The reason I am asking this is that many times ministers do not agree to release good public servants and I think it robs them of the opportunity to face new challenges, gain new experiences and go into new areas which were not available when they started in their careers. I would like the hon. Minister to give me an answer to that question.

Secondly, I agree with the amendment to have and maintain at least \$500,000 because I am sure the Minister would have considered the limitations of the Tobagonians, and I am not sure that any Minister for Tobago can boast that there are persons who can find \$500,000 in the morning and \$1 million in two weeks. It may give an indication that we can categorize or grade the system so those who cannot afford \$10 million, but \$1 million, to be in a special category. I am not sure this is a wise thing, but the Minister, being the finance person would be able to educate me on it.

Thank you.

Sen. Nirupa Oudit: Mr. President, I think that the Venture Capital Incentive Programme and the Bill we are discussing is a very laudable programme. The principle of venture capital has been used very successfully in a number of countries; in most cases the developed countries and to some extent, the Asian countries. I know it has been used very successfully in Canada, the United States of America and Europe and the value to Trinidad and Tobago can be quite considerable.

Mr. President, as a country, when we are talking about investment and money we tend to focus on the energy sector as the engine of the economy and, indeed, it is. If one looks at what is happening at Point Lisas—and I am referring to a document *Trinidad and Tobago Yesterday, Today and Tomorrow* which was put out recently, this year, by Plipdeco—and I quote “There are on the estate seven ammonia plants operated by three companies and by next year there will be eight

plants producing 9,500 tonnes of ammonia per day which would make us the largest exporter of ammonia in the world. By the end of next year, there will be five methanol plants producing 7,500 metric tonnes per day and that will make us one of the largest methanol producers in the world.” Then there is the LNG plant, iron carbide and so forth, so energy is very big and so is energy investment.

What is significant about these capital intensive energy projects is the high cost of job creation which they bring. As a matter of fact, the cost of job creation in the energy sector is extraordinarily high; it works out to be about US \$2 million per person. If one has a US \$300 million plant to a project, one would probably end up having in the post-construction phase, 150 permanent persons employed. Investment wise, that is a great opportunity for our country, but when one considers that in Trinidad and Tobago there are more than 1.3 million persons, there is need for projects that would employ many more people in the longer term. Pardon me for walking down the energy route, but I am drawing that analogy to illustrate the value of projects and programmes such as venture capital to the country. We can use these programmes to create businesses that employ many persons over a longer period of time and provide for the economy a robust base of small and medium-sized businesses. I am not an economist, but it is well-known that it is the small and medium-sized industries that give countries their economic robustness.

I would like to make three comments particularly on the amendments that are being proposed. The first concerns the reduction in paid-up equity capital from \$1 million to \$500,000 and my question to the Minister is: Is it realistic? I understand it would allow the formation of more venture capital companies, but with \$500,000 one can set up a company making carnival dolls, but one certainly cannot set up a company doing computer software as was referred to by Sen. Mannette. The danger of this is that we can have a number of low-end venture capital companies formed. If we want to be an important player in the global market-place we should not amend our legislation to allow us to be constantly working at the low end of the industries or businesses in the world. We have to think big and we have to act big.

2.50 p.m.

The second point is the issue of our public servants and the many changes that are being made to facilitate them coming over into the programme. I think it is great that people working in the public service should have the opportunity to

work in the Venture Capital Incentive Programme (VCIP). What concerns me though is—and it could mean that I have not understood how the private sector could play a part in this Bill—are we attracting the best people to work in the Venture Capital Incentive Programme? What is being done to do that? I know there are many people in the private sector who are competent and innovative and should be attracted to work in the Venture Capital Incentive Programme. How is that being addressed?

The other issue is that of performance measurement or performance benchmarking of the programme. The Venture Capital Investment Programme has been around for two years and we have had the opportunity to look at its annual report for 1996, which was circulated to the Senate. We have seen a very laudable programme of promotion and education to many other Government agencies and parastatal agencies. What more is being done, Mr. President? There are countries like Canada which has been in this business for 20 years and which, I understand, is helping us with this programme. We do not have 20 years to bring Trinidad and Tobago to the point where we have a number of robust thriving industries.

I have not seen, in the Venture Capital Incentive Programme or in the Bill, anything to address how we are going to ensure, other than promoting what venture capital is about to many people, how we are going to make that transition of encouraging people—who have been traditionally workers for large companies; who have traditionally not been ideas-driven; who have traditionally not been entrepreneurial—to come up with creative ideas to set up industries. What is being done? That, to me, is more crucial and should also be addressed rather than just promoting that venture capital exists.

What we do not want to have happen is that 10 years from now there is a report coming to the Senate saying: A Venture Capital Incentive Programme has been around for 10 years, we have promoted it to everyone but we have not had too many successful projects. There is much more that can be done to make an organization like this successful and this needs to be addressed by the organization. It can be addressed by learning from other countries which have gone through the experience, so that we can have an accelerated programme of venture capital development.

Mr. President, whereas Canada would have taken 20 years, we can take five years. We do not have to make the same mistakes. We do not have to go through the same problems. It is the approach of saying: “Listen, we are going to proactively set up goals for venture capital in our country.” We have two venture

capital companies formed in two years. When are we going to see a plan from the Venture Capital Incentive Programme saying: We are going after 10 projects in five years and this is how we propose to do it? To me, that is the approach that would ensure the success of an initiative like this.

The last comment I have refers to the definitions of non-traditional business by the Venture Capital Incentive Programme. Again, when I read the annual report I see carnival, yachting services, entertainment, manufacturing, general tourism, agri-business, eco-tourism and other services. Again, how did we come up with this list? We are a very small country and whatever businesses we set up have to be export-focussed. We hope that this list would have been derived by the Venture Capital Incentive Programme looking in the wider world and saying: Here are opportunities, here are markets, these are the kinds of potential projects we would like to have here and, therefore, this is the list of projects we will promote for venture capital.

We are interested in carnival, it is good for Trinidad and Tobago but—again, I may be speaking from a point of view of ignorance—how much employment, dollar value, export potential, marketability and market demand is there in that field? I repeat: how much market demand is there? Ultimately, we will only sell what people in the outer world want to buy. Whatever businesses or projects we set up should be determined, not by what we would like to do, but by what people in the wider world would want to buy.

I would like the Minister, maybe in his winding up, to address that list and provide some rationale for its derivation, so that we may be reassured that the potential economic growth areas for Trinidad and Tobago, which have been listed here, are not a wish list of things which we would like to do, but are opportunities for which we have found definite market demand in the rest of the world.

With those few comments, I support the Bill. Mr. President, I thank you.

Sen. Philip Marshall: Mr. President, the whole issue of venture capital and investment in our traditional sectors, as opposed to the heightened activity in the energy sector, is critical to the employment process. My comment on this Bill, really, is to ask for even more. The importance of this Bill in the long term must not be understated. First of all, let me try to make a distinction between an entrepreneur and a small business. An entrepreneur is not necessarily a small business in terms of a limitation of a number of people.

In Barbados, for example, the definition of a small business is an entity that does not employ more than 25 people. I do not know what are the parameters in Trinidad and Tobago, but in this specific Bill, I believe one of the limitations of an investee company, that is, a company in which a venture capitalist would put his money, is, in fact, 75 people. I may be misinterpreting the limitation. If it is the case that a qualifying investee company shall not have more than 75 employees, I would like the Minister, possibly, to review this in the upcoming few years, because of the fact that a successful qualifying investee company can grow from five to, possibly, 500 people in a very short period of time. Let me outline for you, basically, the whole concept of a venture capital company.

There is a qualifying investee company; that is an owner of that company who may have a good business idea, may have a plan, but may not have the money to fund and develop his company which may require considerable research in bringing a product to market. What may therefore happen is that a lead time of two to six years may be needed where he may need equity to grow his product, reputation and market. He may not be able to afford the challenges of a loan from a bank to pay the debt capital and, also, the interest. One therefore has investors, whether it be pension funds or whether there be high-worth net individuals, who are prepared to, in fact, lose their capital. They are prepared to take the risk, with the long-term viewpoint of higher returns, to invest in this company and thereby gain the benefit of the tax incentive. Also, at the end of the period the management would generally have an arrangement with the qualifying investee company that it would buy back shares from the investor.

3.00 p.m.

What, therefore, is the return for the investor is that he invests in a company, the company succeeds and grows, and maybe five or six years down the road, he gets back his capital at several times over what has been put in because of the growth and success of the company. Now, our present enabling environment that makes that attractive is that we have no capital gains tax. That is a very important issue, because it means that the gains of the investor would not be subject to taxation. I hope I am right in that concept. This is why Sen. Prof. Spence had recommended it is so important for us to have debates on the long-term development and economic principles of Trinidad and Tobago.

One of the key issues is always going to be our rate of exchange. Why am I bringing that up? What if a person who is willing to invest is a foreigner who wants his returns in real terms? In other words, if he is going to get repaid his money in

five or six years, he does not want to get the money being increased in absolute Trinidad and Tobago dollars, but when you apply to it, possibly a falling rate of exchange, he really has no gain in very real terms. It is very important, therefore, in terms of encouraging the investment climate in Trinidad and Tobago, from the perspective of a driver of job creation, that we must ensure the basic economic principles and a good fiscal management which the Minister of Finance has achieved with astounding success in the past two years.

Also, good exchange rate management means that investment in the traditional non-energy sectors is realized. If we do not have that, people will continue to put their money in savings abroad in bank accounts, foreign denominated savings accounts, and there would be really no real investment in the real sector that creates jobs, and that is what we need. Remember the statistics, Mr. President. I believe that the energy sector, although it accounts for about 27 per cent of our GDP, only accounts for about 4 to 5 per cent of our employment. So, you can see that the real opportunity for development and growth is with the non-energy sector.

I believe the Minister of Finance himself has said, "Is it not possible for us to try to create an enabling environment where foreign companies or foreign investors—in the same way we manage them to invest in energy projects—invest in manufacturing and agricultural projects in Trinidad and Tobago?" This could well be a vehicle to do this, which brings me back to the point about the limitation in terms of the capital. If the company were to be one involved in communications, software development, and so forth, let us not put any form of limitation on the share capital. Again, I have to be advised as to whether I have interpreted it correctly; whether there is a limitation on what would qualify as an investing company, because some of these companies may need maybe \$5 million to \$10 million of capital to really have the sustainability during this growth period, and during the marketing of their products and services as we are now in a global market-place competing aggressively against outside people.

Just to end up with two or three more points which are important for this project to be realized. The first is, an investor brings not only money; he brings his management expertise and his knowledge. If that investor is, therefore, a non-resident of Trinidad and Tobago, let us make sure that we do not have any barriers in terms of work permits, access to Trinidad and Tobago, and other forms of indirect barriers that prevent him from coming here and overseeing the company in which he is investing, as part of the whole development process, because it is his

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money which is at risk; as well, the planning and approval process. We have heard many comments, even in terms of large companies where a lot is at stake, that we need to improve—the Minister of Public Administration and Information is not here—our cycle time by which planning approval and other issues are required, so that we really can have an attractive enabling environment in Trinidad and Tobago to get these companies off the ground.

I believe the statistics show that in the United States last year, just by way of example, companies that were the subject of venture capital investment and small businesses had a rate of growth of job creation of about 35 per cent; several times that of the average in terms of the national economy. In terms of the attraction to promote savings, whereas our savings rate in Trinidad and Tobago is about 17 per cent of the GDP, certainly, in countries like Singapore, the whole issue of investing in these companies and returns to entrepreneurs, the savings rate of which this would be part, is in the vicinity of 40 per cent because of the very real success in terms of pay back and sharing of risks that programmes such as these have.

I would end this brief contribution by saying that this Bill is of significant import. Do not let us confuse venture capital with small business. Do not, in any way, limit the size of the investment, because the whole objective is to promote growth and opportunity, and provide our people who may have certain knowledge in the intellectual capability, but not the financial capital to move forward. With this brief presentation and comments, I would support this Bill.

Thank you.

Sen. Danny Montano: Mr. President, as my colleague, Sen. Mannette indicated, we on this side support this proposed legislation. We have no difficulty with it. After all, it follows from the policies of the previous administration. In fact, I heard the Minister refer to this Bill as a bold initiative. I think that the bold initiative came with what he described as the parent legislation, which most certainly was a bold piece of legislation.

Mr. President, that initiative came from the policy of the then government which was to diversify and develop the economy at all levels. This represented a departure from the policies that had persisted during the 1950s, 60s and 70s, whereby there was a very significantly controlled economy with a large state-run apparatus. We are now facing a situation where the policy of the last administration, in vernacular, was to “free up” the system and to allow the entrepreneurs in our midst to use their capital and initiative to take their own risks.

The policy of the administration recognized clearly the necessary partnership that links the private sector with the Government. The policy of the then administration was to create an environment whereby the private sector could use its own initiative in the development of sustained growth and employment in the economy.

3.10 p.m.

In order to do that, the policy could not exist in isolation. There had to be a global policy and legislative framework that was clear, simple, easily and quickly understood. It had to be free of intrigue, nepotism and corruption. What we face presently is exactly that. With respect to the contribution of Sen. Oudit, I am also very concerned about the success of the programme. While I support wholeheartedly the legislation before us, what we are concerned for on this side is the ultimate success of the programme. Sen. Oudit is absolutely right, it would be a tragedy that 10 years from now we come back to this Parliament and say that the programme has failed.

Mr. President, the Government of the day must inspire confidence and, the crude propaganda and false explanations confirm the doubts and mistrust that many of us have in this Government. The venture capital programme requires confidence and stability. I would draw the attention of this Parliament to the events of just a short week and a half ago when we had a show of force down Frederick Street. A show of force! In 1997! That is no show of force, that is a show of fear, because what is existing at the grassroots elements of the society is mistrust. At the same time, on that weekend, we heard reports that one-third of the police were going on strike.

Mr. President: I spoke on two occasions about moving away from the issue at hand, please revert.

Sen. D. Montano: I thank you, Sir, but with the greatest of respect, my comments are directly related to the level of confidence in the country.

Mr. President: I think you made your point, Senator. Move on with the debate on the question, please.

Sen. D. Montano: The situation we have here in terms of this legislation is that this legislation requires the assumption of risk on the part of the investor and the investee. In other words, an entrepreneur must find a venture that he feels is a worthwhile idea, he puts up his company, he goes to the investor and he says, "Can you fund me as well?" Now, on both sides one has risk and there is very real

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financial risk. That risk does not exist in isolation. It is entirely relevant with regard to the level of confidence people have in the economy and, this legislation is all about confidence.

What I want to say is that the most apparent yardstick or measure that we have as to the level of confidence in the country is the exchange rate—this has been mentioned by others in this debate—and that is absolutely true. No matter what efforts I have made over the past year to engage the attention and the comments of the Minister regarding the exchange rate, he has steadfastly refused to talk about it. During the budget he said that the budget is no place to talk about the exchange rate. Later on, in a fiasco dealing with the First Citizens Bank, he said that is a client confidential matter with the bank and he is not going to talk about the exchange rate.

Yet, what we have is a situation where every economist in the country is saying that there is no real reason why the exchange rate should be where it is and be as tender as it is, except for the fact of a loss of confidence. Without that confidence, who in his right mind is really going to take the level of risks that we are talking about to make the programme a success? One will find a few situations where qualified investee companies are put together with these venture capital companies, but it will only be a shadow of what it "coulda, woulda, shoulda" been.

Nevertheless, the legislation is good and we support it because we on this side hope for a better future. We hope for a true and upright Government that will bring back the stability that the people in the country really want. At this point, I understand that there are now some 62 qualified investee companies listed with the venture capital programme and they are waiting to be linked with venture capital companies. At this point, no marriage has actually taken place.

Mr. President, what I want to point out to you is something that is absolutely shocking. Earlier this year, as a result of my profession as an accountant, the fact was brought to my attention that retail shops selling men's wear would normally do very good business on Father's Day. On Father's Day of 1997 those shops that existed in areas that were heavily populated by a propensity of Indo Trinidadians did, more or less, the same sort of business as they had done last year, with the same indication and the same large rise in sales. However, it was pointed out to me that those shops existing in the areas that were populated by Afro Trinidadians had done significantly worse than they had done the year before. That is a shocking indictment of the policies and practices of this Government! I ask you, Sir, where are the entrepreneurs?

Sen. Cabrera: Mr. President, I rise under Standing Order 35(1) to point out that under "Contents of Speeches":

"...a Senator shall confine his/her observations to the subject under discussion." What we are dealing with here is an amendment and the Senator is, in fact, in my view, bringing a number of irrelevant matters to the subject of the amendment before the Senate.

Mr. President: The Senator may continue.

Sen. D. Montano: Thank you, Sir. Those facts being true, are a shocking indictment of the practices and the policies of this Government. It is a disgrace. What is the future likely to hold for us? Are these areas that I referred to going to swarm the entrepreneurs of the future or will they be steeped in hopelessness, despair, unemployment? Will they be devoid of the opportunity and, once more, be shackled to commercial exploitation by a class of a different ethnic origin? Is that what we are going to face? Is that going to bring the peace and harmony that we all expect and plan for?

3.20 p.m.

In looking at the legislation, I would have thought that the Minister would have had the opportunity to do more than he has done. I would draw your attention to clause 8 of the Bill that was referred to earlier. I am not quite sure what the Minister means. In clause 8, the one referring to the minimum capital requirement of \$500,000, he said that was for the protection of creditors. If that is the case, Sir, then I suggest that—and we can discuss this at the next stage of the debate—rather than having the requirement of paying \$500,000 in paid-in capital, it might perhaps be changed to \$500,000 in shareholders' equity which would automatically account for any losses that might, in fact, erode the capital base of the venture capital company. But it depends on the intention of the legislation and the Minister.

There were also things that he, perhaps, could have brought to the legislation but has apparently missed. Sir, one of the things is that, while the parent legislation provides for tax credits to be given to the investor, one would have hoped, notwithstanding the legislation as it now stands for the taxation of small businesses, to see a specific legislation brought to deal with the taxation of investee companies. Perhaps they could be given a specific tax break, either a tax holiday or a reduced rate of tax while being administered under the programme.

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The investments into the venture capital companies should be made directly accessible and should qualify under the Insurance Act for insurance companies and pension funds which are, worldwide, the largest investors in venture capital companies.

The other thing I would draw to the Minister's attention is that for some time we have had a peculiar situation where companies which export outside of Caricom are allowed a tax allowance on the basis of their exports. But most companies of this nature that start an export drive, immediately turn to the neighbouring islands in Caricom and establish their markets there before they step outside. I can see absolutely no reason why companies of this sort should not be given the same export allowance for exports within the Caricom area. I would have liked to see that within this legislation brought at this time.

The few points that I have mentioned, I think, would have done a great deal to create the environment within which it would make the prospect of success of the qualified investee companies greater, to reduce the risk, bearing in mind that we obviously have a high-risk environment as is clearly evident with the rate of exchange. Investors must be trying to gain some serious advantage.

In giving the reason for this, I refer to an article written in the *Daily Express* on Monday, November 3, by Dennis Pantin. He talked about the exchange of shares between Royal Bank of Trinidad and Tobago Limited and Guardian Life. What he said in the article was that notwithstanding the huge amounts of money being moved backward and forward, not one single job resulted from that.

Sir, the point really is, the risk of that type of investment is significantly reduced because the market is well known and understood, and the types of returns you can make are also well understood. Barring that, if you cannot make that kind of investment what happens is that the investment capital simply leaves our shores. Therefore, everything must be done to reduce the risk potential to the investor. That is the only way that the success of the programme would really be measured.

Thank you.

The Minister of Finance and Minister of Tourism (Sen. The Hon. Brian Kuei Tung): Mr. President, I thank you, and the Members on the other side, for the support they will give to this amendment.

I would hate to think that the support we are getting from the Opposition Bench is only because a former government minister now has a company registered under the Venture Capital Incentive Programme. [*Laughter*]

Sen. Mark: They cannot oppose it at all!

Hon. B. Kuei Tung: Therefore, they are not in a position—obviously he is not able to make the million dollars in three years—but that is why he has asked for this kind of amendment and that is why the Opposition is supporting this amendment.

We are not going to stop the amendments merely because they will bring a benefit for the Member for Diego Martin Central. As a matter of fact, because he has been a friend and colleague, I am quite happy to see him prosper. I do hope that my efforts in taking these contributions made on the other side—in spite of that, I am still here to move an amendment that will benefit every national of Trinidad and Tobago. [*Desk thumping*]

I think we need to see the venture capital as one of the tools of the trade—if I can use that expression—merely one aspect of the environment we are trying to create in terms of making sure as many people as possible can come into the ground swell of economic growth.

I am sorry to start my winding up with the contribution made by Sen. Montano, but he did admit that he has been goading me to make statements which I am still reluctant to make. He keeps making, what I consider to be, worn statements about how the economy is performing. His comments are critical even in the face of recognized economic growth where all the indicators are performing well. He continues to say that the confidence is not there. I want to ask him that if the confidence were there by his own notion, one could imagine how well we would prosper. We have done reasonably well in the last two years. The economy continues to demonstrate that it is on a growth pattern and we see unemployment dropping to the lowest levels it has ever been in the last two years. We know that there are cycles and the employment rate may change again.

I am really not going to be dragged into a debate about statistics, but I do know from all indications we are going to see an economic growth of about 3.5 per cent by the end of this year, a small increase in the level of savings, a decrease in the level of unemployment and a maintenance of inflation at a very low level. We do not expect inflation to increase over 4 per cent. These are indicators that are proven numbers and not numbers that I conjured up in my mind. I know I hear

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about a lack of confidence but suddenly I am hearing a twist, that the economic fortunes of a particular race are better than those of another.

Sen. Mark: That is a racist statement!

Hon. B. Kuei Tung: I cannot see how a policy can be pursued that will benefit people based upon their —

Sen. Mark: Please apologize to the country for that statement!

Hon. B. Kuei Tung: In essence, I know that the question of the exchange rate—again I have been reluctant to be drawn into the question of the exchange rate—

Sen. Mark: That is why you would be in Opposition for life!

Hon. B. Kuei Tung: The exchange rate as we all know has been floated. It is now a function of demand and supply and it is particularly influenced by the supply of money. If there is a great deal of money in the banks you tend to find that there is a higher demand for US dollars.

My personal feeling—I am not an economist and I am the first to admit that—is that, as the economy improves, the demand for US dollars is going to increase. I feel that in itself is also an indicator that the economy is moving because there could only be demand if the economy is performing way above its expectations. It may also be a cause and a function. We are attempting to address those kinds of problems. This morning I met with the US customs to understand what is happening with respect to the most recent cocaine bust because it was all generated by customs' surveillance. For a change, this Government has ensured that Customs have the tools needed and play a part in the question of drug interdiction in Trinidad and Tobago.

3.30 p.m.

This is something which has been lacking for years because drugs have always been slipping through Customs, mainly because we did not have the correct tools. We are concerned about the exchange rate. We want to allow the buyers and sellers in the market a free market in the true sense of the word; we want to monitor it to ensure that it does not get out of hand, that it does not interfere with our programme with respect to the way we want to curtail inflation, with which we are reasonably happy at this time. We cannot be happy if the exchange rate is going to run away and I will continue to give the assurance to this honourable Senate that we will continue to monitor it every day.

As I said, I see venture capital as just one of the other aspects of our full economic programme to bring as many people into the mainstream. I am glad that Sen. Marshall made the observation that there is a very subtle but distinct distinction between small business and venture capital. The Senator talked about what basis or measurement we should use to define small business, and there are several. There is really no common denominator that can be used. Some people use assets, some use employees or paid-up capital; all sorts of measurements are used. Some people even exclude land and buildings from measurements.

I am not going to give any fixed definition as to what small business is, but I am glad that the Senator indicated that whereas small businesses in Trinidad and Tobago are not given tax incentives, venture capital companies are given tax-favoured treatment deliberately. That is because we want to encourage more and more Trinidad and Tobago nationals to become entrepreneurs. I remember the days when I was a young boy, the word "entrepreneurs" was a bad word; the word "profit" was always associated with entrepreneurs and, therefore, one assumed that it was a bad thing to be an entrepreneur. Today, we begin to realize that the private sector has a tremendous role to play, not only in Trinidad and Tobago but all over the world and, therefore, today we are making amendments to a piece of legislation which will have to be amended from time to time.

I will move quickly to talk about the \$500,000 versus \$1 million. If I had to start this piece of legislation, I would have preferred to start at a low base and build up. It is unfortunate I had to come here and say, "Maybe the base was a bit too optimistic and, therefore, let us go down a bit." I may have to come back in two years' time to say I think it is a bit too low. At least, let it start low and go high, rather than start high, come low and go back higher. I need to make this adjustment because we need to simplify the law so that it does not say one thing for start-up companies and another thing for three-year-old companies and that we start at a base that everybody understands, and that is realistic and achievable. That is why I hoped that Senators would have supported the half a million dollars at this time. Because it started off recently, we are going to reach the first three-year hurdle very soon and some companies which failed to make it under the law would find themselves in trouble.

Whether it should have been actual cash, unpledged assets or equity, I tried to avoid creating such confusion and chaos in the definition and I kept it as simple as possible by saying at least \$500,000 in paid-up equity capital. I think that is reasonably simple in terms of understanding what we are trying to achieve. I am

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not sure if \$100,000 should have been the right amount but even this is a moving goal post because that can move from time to time. Therefore, \$500,000 is a reasonable benchmark for us to start with and, hopefully, we can move on from there if we think it is necessary to increase the minimum paid-up equity capital.

I hope it would be understood, therefore, that in giving this incentive, there are a number of reasons the Venture Capital Incentive Programme will be slow to take off. For one, we are starting with a new concept which is not easily accepted. We have a venture capital administrator whose responsibility is to market the programme to each niche in our economy and whereas we may target some to start with, there is no sector really intended to be excluded other than, maybe, the extraction of natural resources such as oil and gas which were intended to be excluded. Even if we intended to exclude oil and gas, downstream industries which may require smaller levels of capital, as well, were also included.

Even in the petrochemical business, we would have liked to encourage people in the downstream industries. This is really to give seed capital to areas where capital does not come easily. The banks are unwilling and the normal investors are unwilling to go into debt and, therefore, it is as its name suggests—venture capital to get what we described as patient capital. In other words, people are prepared to take high risks for high returns and leave their money but hope that they can marry both capital and management. That is how we were able to go with this type of concept.

It is not that we want to exclude technology companies. On the contrary, we would want to encourage that but at the beginning we had to try to define where we would have the best success first. I had the biannual report which was given to me by the administrator. For 1997, he set himself some goals: development of a strategic plan, development of a procedures manual, the question of hiring additional staff, staff training and development and he wanted to install a computer system. Those are the kinds of things that he had to focus on initially because we are talking about a scratch programme, one where the best way to learn would have been to go on and try these methods as they move on. I do not think that we are going to limit our sights to whether it be the carnival, eco-tourism and so forth. What we want to do is try to encourage as many people to come in, enquire about the programme and see if we can get some benefit coming to people who are looking for this type of capital. We have not had the kind of success.

There is the second reason to which I alluded earlier. Because in the old days we used to have very high tax rates, there was an incentive for people to say, if the

government is going to be putting 70 per cent—in the old days one got up to a 70 per cent tax bracket when one was over \$40,000 chargeable income. I am sure many of us remember those days. Since those days the obverse is changed; now there is a 35 per cent tax bracket which is half the top marginal rate. The opportunity to use it as incentive, therefore, is lost a little but we are hoping that once people have become accustomed to the lower tax rates they would still see the benefits of saying, “At least if I put 70 cents on the dollar, the Government is going to put 30 cents or whatever the case may be.” Therefore, they may feel that there is still an incentive today. That is why I have said this is a part of the programme of incentives to bring more and more people into the entrepreneurial mould. It will take a little while to get off and we hope that we will be patient.

I want to close with just one other comment which was made on the question of the consent of the Minister being required as opposed to just the contract. The Minister of Finance has the responsibility for the Venture Capital Incentive Programme. I have the responsibility as well for making sure that it is properly staffed. What it really means is, if I am going to have someone transferred from the public service to the programme—and it is unfortunate because the programme staff seems to be better paid than those in the public service—I expect, therefore, that people would want to leave the public service and go there on secondment. What that means is that they go across to a programme where they receive a better rate of pay but all benefits and positions remain behind and they may end up literally having two bites of the same cherry. They are able to leave the position and no one can access it or be promoted into that position but they could go across to the programme.

That does not mean that I would want to deny someone the right to move over but I need to make sure, since I have responsibilities for both, that I am not seeing a situation where one falls down and the other one goes up. That is why the consent of the Minister remains critical. It is not meant to be bureaucratic; it is merely meant to be assured that the people who are in the public service do not transfer out and weaken the public service unduly to the benefit of the Venture Capital Incentive Programme. However, we have retained everything else. I am not sure if I heard Sen. Mannette talk about this entrepreneurial incentive but I would undertake to try to find out a little more about it. I have not heard about it but I undertake to hear a little more about it and would be happy to discuss it with the Senator.

Mr. President, this has been a very interesting debate for me. I am sorry that I sounded as though I am doing this for partisan reasons but I am merely doing this

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because I think it is very important to the programme which would have to be knocked into shape, as it were. I ask the patience of Senators that we would monitor the programme and, if necessary, unfortunately, I will be back to make whatever amendments are necessary because this is a new concept which is 27 and 30 years old in some other countries, with which we are now experimenting.

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

3.40 p.m.

Question put and agreed to.

Bill accordingly read a second time.

Bill committed to a committee of the whole Senate.

Senate in committee.

Clauses 1 to 9 ordered to stand part of the Bill.

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

Senate resumed.

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

ADJOURNMENT

Motion made and question proposed, That this House do now adjourn to Friday, November 7, 1997 at 8 a.m. to complete some minor matters and then we will proceed with the prorogation at 10.00 o'clock. [Hon. W. Mark]

Mr. President: Hon. Senators, there is a matter to be raised on the motion for the adjournment as follows: "Transportation problems between Trinidad and Tobago in light of the recent increase in airfare and other relevant factors."

Transportation Link (Trinidad and Tobago)

Sen. Cynthia Alfred: Mr. President, I thank you for the opportunity of speaking on a subject, the nature of which has raised enormous implications for the citizens of this country, in particular, those who reside in Tobago and have to travel frequently to Trinidad. I refer to the recent increase in airfare between the islands of this twin island state. The act of so doing, Mr. President, without apparent consultation with the Tobago House of Assembly, according to Chief Secretary, Mr. Hochoy Charles, in the issue of the *Tobago News*, dated Friday, October 31, 1997, once again raises the question of consultation.

Mr. President, individuals, companies, firms and the general public must take into consideration the fact that the Tobago House of Assembly is the authority put there by the people of Tobago and they must be consulted on matters of importance especially regarding the lives of the people of Tobago. When decisions are made by any authority, the reaction to these decisions by the general public is an indication of how the public regards these decisions. Sometimes the decisions are met with indifference, sometimes with complacency. But when there is an overwhelming sense of emotionalism arising from outrage, bafflement, despair, helplessness and even hopelessness, surely, the time will have come for a serious all-encompassing review of that particular situation.

The views I express here are views which I have received from the general public of Trinidad and Tobago: businessmen, the Tobago Chamber of Commerce, and, of course, from the party of which I am proud to be a member. This goes beyond party politics; this is a question of survival, and survival on fairly equal terms. We need to ask a question and I am sure all of us will be interested in the answer. Not one question but many questions. We would like to know how the Air Transport Licensing Authority arrived at this particular decision. What criteria were used? Are there some guidelines which govern decisions or the determination of increases in airfare? I am inclined to believe that Air Caribbean Limited would have had to satisfy certain conditions in respect of its operations on a quarterly, half-yearly or even a yearly basis in order for determination of its request to be met. The question is asked, we would like to know, was this done? If it was, then we would like to know the answer.

3.50 p.m.

This brings me to a point that was raised by Mr. Trevor Craig, writing in the *Tobago News*, on Friday, October 31, 1997. He said:

“...problems are windows of opportunity cleverly disguised. They are merely challenges to make life interesting, to sharpen or hone our intellects. Problems are placed there to make us develop, to have compassion and empathy, those human characteristics that make for the better life.”

This was the ideal opportunity for the authorities, not only Air Caribbean, but the Tobago House of Assembly and the Government, to get together to improve the situation in relation to the transportation between Trinidad and Tobago.

All transportation between Trinidad and Tobago is an essential service. I hope that no one is going to be facetious and say, as Marie Antoinette did, if they cannot

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travel by air, then the alternative is to go by sea. In her case she said, if they did not have bread, let them eat cake. The cake here is sea transportation. If we believe that there is a nightmare with respect to the increase in the airfare, then we should take a little while and think of the sea transportation. That is not only a nightmare; it is a “daymare”, an “afternoonmare”. But I shall come to that later.

I need to make the point that it is mostly the people who live in Tobago who are disadvantaged. Yes, we have people travelling from Trinidad to Tobago. The people who travel, generally, from Trinidad to Tobago might go on vacation or sometimes for some sort of business, but people who come from Tobago to Trinidad, do so because they have to. There are so many services which are needed in Tobago which we must get from Trinidad. Therefore, the people in Tobago have to travel.

I am reliably informed—and the source from which I got it is an impeccable source and it was also reiterated by the Chief Secretary of the Tobago House of Assembly—that the average wage of a Tobagonian is \$1,200, and I am not talking about people in the public service, and so forth. Out of that \$1,200 per month, if they have to pay \$300 for one return trip to Trinidad, that is one-quarter of their earnings. What is going to be done about this particular situation? Because we are assured that this is only the beginning of other things which are to come. We are informed that this is only an interim decision; that later on the airfare may be increased again. Before that time comes, we would like to see measures put in place. A little later I will give some indication of some of the measures we believe would be able to alleviate the situation.

Whether there is a monopoly for Air Caribbean, we are not sure, but that is not important at this stage. What is important is that, at the moment, Air Caribbean is the only company which is providing a service between Trinidad and Tobago. Of course, that raises the whole question of having one airline operating. As someone mentioned, suppose, for some reason, Air Caribbean decides to go on strike, what happens? So we have to take that into consideration. We would not advocate, if there is a monopoly, or anything purporting to be a monopoly, that this should be broken, but surely, after the required period, some consideration must be given to some alternative. We would like a better service at a reasonable, affordable rate, particularly for the people of Tobago.

Tourism is going to be affected, as well as cargo. The cargo fare has also been increased, with the increase in the air fare. It means that people in Tobago have to bear, not only the airfare, but the cargo fare as well. When one has to pay

increased fare for cargo, it means that whatever goods and services are purchased from Trinidad, the costs are going to be passed on to the consumer. It is a fact that the cost of living in Tobago is higher than in Trinidad, for the very reasons I have mentioned previously.

What can be done? We suggest that certain mechanisms be put in place and I would like to suggest some of them. It was proposed by the People's National Movement that a runway be constructed along the south of the Beetham Highway, East of the National Petroleum office for the domestic transport. This, at first, might sound amusing and far-fetched, but when one considers that the limousine service which was initiated at the airport in 1960, where one paid \$20 per seat—so if the taxi had one person, it was \$20; if it took five persons, it was \$20 per person—over the past two or so years, that service has been taken off. So in addition to paying an increased airfare, Tobagonians have to pay \$240 return taxi fare, because there is one taxi service at the airport—international. So Tobago people do not count.

If a taxi driver decides to leave the international route and goes over to the Tobago terminal and he gets no passengers, then, of course, he has to go way back in the line. But the thing is, when a Tobagonian comes to Trinidad, he goes to the airport—he might be ill; whatever the conditions—he has to travel by air; he must go by direct taxi and has to fork out another \$240 return. So we need, at least, \$540 to travel within the Republic of Trinidad and Tobago. The question of the runway at Beetham is not as ridiculous as it might seem.

It would be instructive, perhaps, to accelerate the introduction of certain other essential services in Tobago.

Mr. President: The hon. Senator has two minutes in which to wrap up.

Sen. C. Alfred: Thank you, Sir.

I said, other, because we do have some essential services. It was also advanced that some of the lottery money could, perhaps, be used to subsidize Tobago's airfare in the same way that the 5 per cent from the health surcharge is used for health.

Finally, it might be instructive to give tax incentives to private sector companies to open businesses in Tobago. In that way, persons concerned would be getting a higher wage and, therefore, the fact that they have to pay more might not be as onerous as it appears.

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Let me wind up by begging the Government, the Tobago House of Assembly and all the players, to get together to try to alleviate the situation between Trinidad and Tobago in respect of air and sea transport. We know the ferry service has not been good over the past few months and it is only by the grace of God that people have survived. We, therefore, ask that something be done expeditiously to alleviate this situation between Trinidad and Tobago, particularly for Tobagonians.

I thank you, Mr. President.

4.00 p.m.

The Minister of Works and Transport (Sen. The Hon. Sadiq Baksh): Mr. President, in response to the issue raised by the hon. Senator, let me begin by stating that the provision of an efficient and reliable mode of transportation between Trinidad and Tobago continues to be one of the highest priorities of the Ministry of Works and Transport. The paramount reason for pursuing this objective is that the affected group continues to be the people of Trinidad and Tobago, two islands, but really one state, one people—and we understand that. Today, we are not about fixing the blame for the past, we are about fixing the course for the future. And, as such, irrespective of the suggestion made by the hon. Senator in terms of the establishment of Pride 11 at the Beetham Estate, I would give it active consideration knowing fully well that it is also part of the manifesto of the PNM, at page 35. I only reiterate that to assure the hon. Senator that all the comments she made this afternoon are of relevance.

It is our wish in the Ministry to take all suggestions to see how best we could ensure a safe, cost-effective and reliable service between Trinidad and Tobago. We must look at this entire issue taking the historical position of the air-bridge between Trinidad and Tobago.

As Minister of Works and Transport, I cannot say that we in the Ministry are pleased with either the air or sea transport link between Trinidad and Tobago. We say so, not only in terms of the airfare, but historically, Tobgonians have had to suffer from poor transportation. The increase to \$300 continues to be of grave concern to the Government but we need to look at it in its entirety. The hon. Senator made mention of the Air Transport Licensing Authority. They are an autonomous body with the responsibility of fixing airfares, designating airlines and ensuring safety, among other things. They did take into consideration a number of factors. In fact, since Air Caribbean started flying the route as a designated carrier between Trinidad and Tobago we have had an erosion in terms of the airfare only

due to exchange control from 1991 to present by 48 per cent. There has been an increase in terms of 50 per cent. When Air Caribbean started in 1991 a fixed airfare was \$200. Today, that return airfare stands at \$300.00.

Mr. President, the hon. Senator made mention of a number of factors. Among the major factors are, whereas, Air Caribbean has provided fairly reliable and on-time service, servicing the route between Trinidad and Tobago, they have not been able to carry all the passengers necessary. From time to time, the number of stand-bys that one sees at Piarco at the end of the day leaves much to be desired. Contrary to reports in the newspaper, Air Caribbean is not the only designated air carrier to Tobago.

When this whole arrangement came in place by a letter of designation in 1992 the intention then was to allow 20 per cent of the travelling public to utilize the services of BWIA and LIAT. Our commitment is to continue to explore all the possibilities. There have been suggestions from a number of areas in terms of subsidy. The hon. Senator made the point that yes, it is critical and crucial and also very important for people from Tobago to come to Trinidad for a number of reasons.

I am informed that passengers represent less than 8 per cent of the travelling public. Notwithstanding that, we in the Ministry expect that Tobagonians coming to Trinidad for essential services should be given all priorities and also should be assured of a safe, reliable and cost-effective transportation mode. But we also need to look back in terms of the era in which we live, and to look at subsidies generally. From a number of quarters people have spoken about subsidies. Do we want to revert to a situation before the 1970s in terms of subsidies? That is a question that will continue to be debated but we are committed to exploring a number of possibilities including, looking at schedule flights, non-scheduled carriers and other airlines making themselves available for the route between Trinidad and Tobago, as one mechanism to ensure that the transportation policy of an open sky between Trinidad and Tobago continues to be in terms of the best interest of the people of the unitary state of Trinidad and Tobago.

In terms of the sea transportation, yes, the torture people continue to undergo on both our boats needs to be looked at. I assure the honourable Senate that we are doing everything possible to ensure that we continue to have a safe, reliable cost-effective sea transportation link between Trinidad and Tobago. Only recently, on July 24, 1997 the Cabinet of Trinidad and Tobago appointed a committee to examine all available options for handling all aspects of sea transport service

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between Trinidad and Tobago. This committee comprised a number of persons representing the Tobago House of Assembly, the Tobago Chamber of Commerce, people involved in the tourism industry and technical officers from the Ministry of Works and Transport. The terms of reference of the committee focussed on the following:

- (a) Examination of all available options for handling the transportation of passengers, vehicles, cargo, and bulk cargo between Trinidad and Tobago.
- (b) Exploring the possibility of local as well as foreign private sector involvement in the provision of the said transport service.

On August 22, 1997 this committee submitted an interim report in which it made proposals for maintaining the integrity of the ferry service; and also during the absence of the *Panorama*. The committee is now producing its final report and it is expected to be placed for the consideration of Cabinet before December 4, 1997. These issues will be the major feature of the final report. On November 4, 1997 we also developed some standards for the ferry service between Trinidad and Tobago. For example, the ticketing system; points of purchase; communication with clients; the public shore-site facilities; and also the delivery of ferry service between Trinidad and Tobago, for example, the market and its growth potential and the number and type of vessels that should be used to provide the service for this market.

4.10 p.m.

They were also required to look at the cost and revenue implications of the ferry service between Trinidad and Tobago; an examination of the economic costs of the desirable service and the practicability of increases in the present fare structure; the possibility of an unsubsidized service; the ownership and operation of the ferry service; the pros and cons and the total private sector and public sector, or mixed ownership and control. These are some of the measures. It would take all evening to give all the details and time does not permit.

There are some new initiatives in terms of the establishment of the port and other services at Toco. A task force to undertake a review of proposals for design, finance, construction, operation and transport of the port of Toco was appointed earlier this year. A project outline has been developed and the terms of reference for the request of proposals have been agreed to by Cabinet. Discussions are currently on the way with the Director of Contracts and the Solicitor General, with

the view of formulating an appropriate draft agreement to be negotiated between the proposers and the Government of Trinidad and Tobago.

In respect of this development, it is to be noted that requests for proposals would soon be invited from the public sector interests. It is my intention to address the problems which are encountered by the citizens of the country that make use of both the air and sea routes. The ministry would continue to analyse the current state of affairs between these two important links for the people of the country.

Thank you.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 4.13 p.m.