

*Leave of Absence*

*Tuesday, October 20, 1998*

**SENATE**

*Tuesday, October 20, 1998*

The Senate met at 1.30 p.m.

**PRAYERS**

[MR. PRESIDENT *in the Chair*]

**LEAVE OF ABSENCE**

**Mr. President:** Hon. Senators, leave of absence has been granted to the following Senators: Sen. Philip Hamel-Smith during the period October 13—24; Sen. Selwyn John during the period October 20—28; and Sen. Dr. Eastlyn Mc Kenzie during the period October 16—23.

**SENATORS' APPOINTMENT**

**Mr. President:** Hon. Senators, I have received the following correspondence from His Excellency, 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, T.C., O.C.C.,  
S.C., President and Commander-in-Chief of the  
Republic of Trinidad and Tobago.

\s\ Arthur N. R. Robinson  
President.

To: MR. DAVE COWIE

WHEREAS Senator Philip Hamel-Smith 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, acting in accordance with the advice of the Prime Minister, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, DAVE COWIE, to be temporarily a member of the Senate, with effect from October 13, 1998 and continuing during the absence from Trinidad and Tobago of the said Senator Philip Hamel-Smith.

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 12th day of  
October, 1998."

## "THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency ARTHUR N. R. ROBINSON, T.C.,  
O.C.C., S.C., President and Commander-in-  
Chief of the Republic of Trinidad and  
Tobago.

\s\ Arthur N. R. Robinson  
President.

To: MR. VINCENT CABRERA

WHEREAS Senator Selwyn John 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, acting in accordance with the advice of the Prime Minister, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, VINCENT CABRERA, to be temporarily a member of the Senate, with effect from October 20, 1998 and continuing during the absence from Trinidad and Tobago of the said Senator Selwyn John.

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 16th day  
of October, 1998."

**ARRANGEMENT OF BUSINESS**

**Mr. President:** Hon. Senators, there is a third warrant and appointment to be made. I seek your permission to come back to this at a later stage of the proceedings. Is that okay?

*Agreed to.*

**SESSIONAL SELECT COMMITTEES  
(APPOINTMENT OF)**

**Mr. President:** Hon. Senators, in accordance with Standing Order 64, I wish to appoint the following members to serve on the following Sessional Select Committees for the 1998/1999 Session.



*Dr. Maxwell Phillip Awon (Death of)*  
[MR. PRESIDENT]

*Tuesday, October 20, 1998*

passed away suddenly on Sunday afternoon last. Dr. Awon was a distinguished obstetrician and gynaecologist and served in the House of Representatives during the period 1966—1976 and as a Minister of Health from 1967—1971, and Minister of Local Government from 1969—1971.

Dr. Awon was involved in quite a number of community affairs and after his departure from the Parliament, was involved in many associations where he was affiliated and made his mark. Of particular interest would be some of the areas in which he was involved—there are too many and, therefore, I would just highlight a few.

He was very involved at one time with the Stick Fighters Association of Trinidad and Tobago where he was Manager. He was also involved in the National Carnival Commission, the National Bandleaders' Association and also at a later stage, a Carnival bandleader. He was also very involved in other community affairs, including the Orchid Society, the Horticultural Society, Family Planning Association and a host of other associations that, as I said, are too numerous to enumerate. He was also involved in private business where he was Chairman of a large number of private sector companies.

I wish to place on record, our very sincere condolences to the bereaved family of the late Dr. Awon and I have asked the Clerk of the Senate, on behalf of the Senate, to send an appropriate letter of condolence. Members who may wish to pay tribute can do so now.

**The Minister of Public Administration (Sen. The Hon. Wade Mark):** Mr. President, the Government wishes to join in expressing sincere condolences to the Awon family on the passing of Dr. Maxwell Awon.

Mr. President, Dr. Awon lived a full and active life and was involved in many areas of national development. Apart from serving as a Member of Parliament for the Arima constituency for the period 1966—1976, he served with distinction as both Minister of Health and Local Government. His interesting life included his active participation in the Trinidad and Tobago Cadet Corp, membership in the Second Battalion of Trinidad volunteers during World War II and an honorary commission as a Major in the Trinidad and Tobago Regiment.

Mr. President, in the field of culture, he was closely associated with the growth and development of Carnival and was himself an unrepenting masquerader. His multifaceted life took him through medical studies, politics, culture, sailing, teaching and contact with the grass roots. In fact, he was even named "Father of the Year" in 1976.

*Dr. Maxwell Phillip Awon (Death of)*

*Tuesday, October 20, 1998*

In paying tribute to Dr. Awon, I wish to thank him for the efforts which he made during his tenure on earth, to improve the quality of life of the people in Trinidad and Tobago. May his soul rest in peace.

**Sen. Nafeesa Mohammed:** Mr. President, it is with great sadness that we on this side pay tribute today to a former parliamentarian and Health Minister under the People's National Movement government. Dr. Maxwell Phillip Awon was one of this country's most experienced and distinguished obstetricians and gynaecologists. He was a past pupil of Queen's Royal College and, indeed, St. Mary's College. He attended the University of London where he obtained his BSc. degree in Economics and later the University of Ireland where he obtained his doctor of medicine, and subsequently, specialized in obstetrics and gynaecology. He worked in several prominent hospitals in the United Kingdom, and in Trinidad and Tobago we know that for a number of years he carried out a private practice as a gynaecologist in the Woodbrook area.

Apart from his medical career, Dr. Awon had a long and colourful political career with the People's National Movement. He served in several offices within the PNM and moreso, in the Toco/Manzanilla and Arima constituencies. He was, in fact, the Member of Parliament for Arima between the period 1966—1976. During the period 1967—1971, he served as Minister of Health and for a period as well, he served as Minister of Local Government. He was a prominent businessman and as we all know, he spent many years as a Carnival bandleader. He was also an avid lover of stick fighting.

As a child of the PNM, I have had the good fortune to share many a spirited conversation with Dr. Awon. He was an elder of the party who was always so willing to share his thoughts and wisdom with us. Dr. Awon died at age 78 at about 2:30 p.m. on Sunday afternoon on his way back to his boat from Tacarib where he had an estate and, in fact, had been planting some teak and mahogany trees. At the time of his death he was in the company of his daughter and some family friends.

The fact that Dr. Awon spent his last hours in this world tilling the soil is a reflection of the true mettle of the man. He was a humble man who served this country in many fields of activity and who has left a legacy behind.

We, of the PNM, extend our deepest condolences to his entire family, especially to his daughter, Susan Awon-Chee, who was with him at the time of his death. As it is often said, it is from God we came and to God is our eventual return. Thank you.

**Sen. Prof. John Spence:** Mr. President, I first knew Dr. Maxwell Awon some 50 years ago at Queen's Royal College. I have followed his career over the years, and by a strange turn of fate, for the last six weeks or so, was associated with him on a committee which was planning the Caribbean Academy of Sciences, Science and Technology meeting. He was roped into this function, willingly served, and was extremely helpful in that capacity.

Dr. Awon was a very unassuming person, a bright and intelligent person, who clearly from his career, was interested in many things apart from his profession. He always had a deep interest in his profession and during the last few weeks we discussed research work which, even now, he was undertaking as part of his private practice. I think we have lost a good friend and somebody who has contributed greatly to the country. We extend our condolences to his family. May he rest in peace.

*The Senate stood.*

#### OATH OF ALLEGIANCE

*Senators Vincent Cabrera, and Dave Cowie took and subscribed the Oath of Allegiance as required by law.*

**1.50 p.m.**

#### APPROPRIATION BILL

Bill to provide for the Service of Trinidad and Tobago for the financial year ending on the 30th day of September, 1999 [*The Minister of Finance*]; read the first time.

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

*Question put and agreed to.*

#### PETITIONS

##### **Request for Hansard—Kieron Thomas**

**The Minister of Public Administration (Sen. The Hon. Wade Mark):** Mr. President, I wish to present a petition on behalf of the Chief State Solicitor of No. 82—84 Queen Street, Port of Spain in the island of Trinidad.

*Petition read.*

*Question put and agreed to, That the petition be granted.*

*Petitions*

*Tuesday, October 20, 1998*

**Request for Hansard—Anthony Garcia**

**The Minister of Public Administration (Sen. The Hon. Wade Mark):** Mr. Deputy Speaker, I wish to present a petition on behalf of the Chief State Solicitor of No. 82—84 Queen Street, Port of Spain in the island of Trinidad.

*Petition read.*

*Question put and agreed to,* That the petition be granted.

**2.00 p.m.**

**APPROPRIATION BILL (BUDGET)**

*Order for second reading read.*

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

That the Bill to provide for the Service of Trinidad and Tobago for the financial year ending on September 30, 1999, be read a second time.

As everyone is aware, this is a money bill which was approved in the other place on October 14, 1998. It provides for expenditure of \$13,721.3 million. This includes capital repayments as well as sinking fund repayments, under the various heads indicated in the schedule to the Bill.

This Bill establishes what I have defined as “A Platform for Progress, Security for All” the people of Trinidad and Tobago and is designed to strengthen our social and economic infrastructure. It takes into account, not only domestic conditions, but also the international environment as it affects us.

The year 1998, so far, has been characterized by continued volatility in the global market following on the Asian financial crisis which erupted in 1997 and subsequently spilled to other regions of the world. The result has been a slow down in growth in both the developed and developing countries, with a subsequent dampening of consumer demand on major commodity prices.

This Government is by no means oblivious to the shake-ups which have been evident at the international level and we fully appreciate the fact that we are not immune to the global financial crises. We also are aware that in developing our own financial and capital markets, due care and attention must be taken in designing an appropriate regulatory framework. This framework will seek to

discourage the proliferation of speculative flows which, if left unregulated, can destabilize any economy very quickly.

In addition, we will put the necessary emphasis on strengthening our domestic economic base, including the diversification effort. We will further enhance the environment necessary to attract quality direct foreign investment which has been the mainstay of growth in our economy. To complement these efforts, we will work with all of the stakeholders to increase our external competitiveness.

The sound economic base which we have built has helped our economy to remain stable amid the international crises. Nonetheless, we will continue to be ever alert to the financial problems still sweeping the international arena and are prepared to take the necessary corrective action to keep the economy on course.

Just last week, the Director of the Western Hemisphere Department of the International Monetary Fund described the Trinidad and Tobago economy as being "on very solid ground". There are good reasons for such a statement. Let me illustrate this very briefly.

Despite the challenges posed by soft oil and petrochemical prices, the Trinidad and Tobago economy is expected to achieve a rate of growth of 5 per cent in 1998, the highest annual rate in 18 years. This is a projection of the Central Statistical Office, the official source of gross domestic product data for this country. Please note that I am not quoting the Central Bank of Trinidad and Tobago. I am quoting the Central Statistical Office which, as I said, is the official statistical collection agency for gross domestic product in this country.

We acknowledge that oil and gas will continue to feature prominently on our economic landscape for some time to come. In recognition of this fact, special emphasis is being placed on improving the institutional and incentive framework that would attract further investment into this sector.

Over the last three years, we have succeeded in attracting over US \$4 billion in foreign direct investment, primarily into the energy sector. We are the second largest US investment partner in the Western Hemisphere, second only to Canada. We are now established as the leading world producer of petrochemicals and we are also positioning ourselves to become a major energy exporter in the Western Hemisphere by the year 2002.

While the energy and the petrochemical sectors remain the foundation of the growth process, the non-petroleum sector continues to gain momentum annually.



Over the last three years, non-oil gross domestic product increased from \$13,350 million to \$15,463 million: an increase of just under 16 per cent in real terms. The heightened economic activity that we have been experiencing has led to the creation of 45,200 new jobs over the last 30 months with the result that the unemployment rate fell to 13.4 per cent at the end of June 1998. This represents the lowest rate of unemployment in this country in the last 14 years.

**2.10 p.m.**

Mr. President, we contained inflation rate to about 5 per cent by July 1998. This increase over the 1997 level of 3.8 per cent was induced largely by unusual weather conditions which severely affected domestic agricultural production.

On the fiscal account, we generated a surplus of approximately \$39 million despite a loss of some \$850 million in oil revenue brought about by the sharp reduction in oil prices. This was achieved through significant improvements in collections from VAT, corporation and individual taxes, import duties and motor vehicle taxes. These higher revenue collections reflected stronger collaborated work among the various revenue-collecting agencies as well as the buoyancy of a growing economy.

The country's gross foreign reserves increased significantly. By June 1998, it amounted to US \$1.1 billion which is equivalent to four months of import covered. In addition, we reduced the external debt service ratio to 10 per cent and we expect to lower it even further over the medium term.

Mr. President, by any standard, we have managed the economy well despite the financially trying times in the last nine months and we intend to improve on this performance. I can assure you that the International Monetary Fund's director's advice that we should avoid complacency in pursuing economic reforms has not fallen on deaf ears. We would ensure that sustainable economic growth with meaningful job creations, further diversification of the economic base, continued strengthening of the balance of payments and containment of inflation remain our imperative.

Mr. President, these objectives could be achieved only in a stable macro-economic environment and such an environment necessitates that we encourage and reward the savings and investment efforts through an appropriate interest rate structure and the development of our financial and capital markets. We must continue along the paths of fiscal and monetary disciplines if we are to further

strengthen the balance of payments and contain inflation. We must continue to strengthen our economic competitiveness.

Our emphasis, therefore, would be on further structural reforms, particularly in the areas of tax administration, and finance and trade with a view to strengthening these systems to meet the increasing demands which are being placed on them in this new environment.

Mr. President, we intend to strengthen our tax administration with the primary focus in the new financial year on compliance and enforcement. We expect that the operations of the financial and capital markets would be deepened and better regulated to the modernization of the pension system and the introduction of revived legislation. Furthermore, it is necessary that we continuously improve the competitiveness of the Trinidad and Tobago economy if we are to attract the desired level of investments from both domestic and external sources, increase the level of economic activity, generate the required new jobs and strengthen our balance of payments.

Mr. President, much work has been done in refining our economic strategy and laying the foundation for moving the economy into the new era. We must now focus great attention on aggressively reforming the social infrastructure and this includes health, housing, education and the social security sectors. We intend to provide an efficient and affordable health care delivery system of which the nation could be justifiably proud. This objective does not mean simply pumping more money into the sector, or pulling numbers from the air or from a hat. It requires among other things, efficiency and effectiveness for moneys spent, therefore, as part of our strategy to achieve an efficient health care system, we would advance the health sector reform programme in the new fiscal year with emphasis on the construction and upgrading of physical facilities.

In addition, we would develop further, the local capacity to perform cardiac surgery on children in Trinidad and Tobago. We would also initiate a programme early in 1999 which would enable patients to purchase pharmaceuticals directly from pharmacies at prices significantly lower than the regular price and I do not mean the import of sub-standard, expired, or other drugs. It means taking advantage of the purchasing power which we have through NIPDEC by ensuring any savings which NIPDEC can acquire would be passed on to the consumer.

Mr. President, I also propose to exempt such items as artificial joints, artificial limbs, pace makers, hearing-aids, crutches, surgical belts and trusses from the payment of custom duty and value added tax.

Mr. President, an equally urgent challenge which must be addressed, is the need to provide adequate housing accommodation to the nation, as part of our overall strategy in this area is to encourage home ownership by occupants. Government therefore proposes to sell to *bona fide* occupants through long-term mortgages of up to 50 years at very concessional interest rates, all suitable rented accommodation owned by the National Housing Authority.

I wish by means of explanation to indicate that there is no compulsion on any occupant to purchase these houses. It merely means that we are acting as a facilitator to allow families to achieve the one minimum goal in their lives which is the purchase of their own home. Additionally, the Trinidad and Tobago Mortgage Finance Company Limited would introduce a tiered interest rate structure which ranges from 0—8 per cent for lending to low income earners. In other words, there are some people who would be allowed to pay no interest.

In order to assist the Trinidad and Tobago Mortgage Finance Company Limited in pursuing these strategies, I propose to amend the necessary tax legislation to allow the company to issue tax-free housing bonds to generate funds for lending to first-time home owners.

A critical component of our reform of the social infrastructure is the restructuring of the education system. This we must do if we are to eventually develop the required human resource base which would ensure the further development and prosperity of our beloved country. One of the more far-reaching measures we would implement in this direction is the elimination of the double-shift system at the Junior Secondary level. This is the major part of the secondary education modernization programme which would begin in the new fiscal year and continue over a four- year period.

Another pivotal reform measure would be the establishment of local school boards which would be established in all Government schools and is intended to engender broad-based participation at the local and community levels in the education process.

Mr. President, given the critical role of post-secondary education in the development of our human resource base, we intend to introduce a number of initiatives which would make tertiary education more accessible and affordable to a wider cross section of the population.

In an effort to eliminate the anomaly between interest rates on student loans provided by the Government and the private sector, I would seek to transfer to the

banking sector the management of the Government student revolving loan facility. In addition, I propose to subsidize the rate of interest on student loans up to a maximum of 10 per cent and increase the limit on the loan from \$80,000 to \$100,000 annually for a maximum of five years.

Furthermore, I propose to broaden the coverage of the mortgage interest deduction of \$18,000 per annum to include tertiary education expenditure. This facility could be utilized by either the taxpayer for himself, or for his or her children. I propose also to eliminate import duties in value added tax on all computer hardware, software and accessories as well as grant 150 per cent tax deduction on investments by businesses in the education, training, and retraining of their employees.

In order to encourage the private sector in the education process, the Government proposes to introduce incentives for private sector participation in the provision of educational facilities and programmes. These incentives would be developed during the course of the new fiscal year. Additionally, I propose to equip every school with the equivalent of one computer per class.

Mr. President, it is not the Government's intention to just put a computer in every school on a willy-nilly basis. It is rather obvious that in order to make the most effective use of computers in the classroom, the necessary supporting infrastructure which includes security and technical personnel must be put in place if they are to maximize the benefits from this technology.

Mr. President, in the 1998 budget I indicated this administration's intention to undertake a comprehensive reform of the pension system in Trinidad and Tobago. Work on the first phase of the reform programme which entails the modernization of the National Insurance System and its harmonization with the old age pension system is nearing completion. The National Insurance System is riddled with a number of deficiencies and if this situation is not addressed urgently, the system would become marginalized and almost, if not completely, irrelevant.

In order to address some of these deficiencies, I propose to increase the current insured earning ceiling from \$1,000 per month to \$3,600 per month and introduce a new earning class system while retaining the current total contribution rate of 8.4 per cent. For those persons earning \$1,000 or over per month, this would result in increases in contributions from the current level of \$6.45 per week to \$7.28 per week up to \$22.68 per week at the highest level of insured earnings.

Mr. President, I wish to point out that for those persons earning below \$1,000 per month, there would be no increase in their contribution level. I propose further to increase the benefits payable under the system. Pension payments would increase from the current maximum of \$388.00 per month to \$423.00 per month up to \$1,055.00 per month for the highest level of insured earnings. These adjustments are subject to an actuarial review. What this means is that current National Insurance retirees would receive higher pensions than they do at present at no additional costs to themselves. A number of other benefits including maternity, sickness, employment, injury and medical expense benefits would also be increased.

Mr. President, these are the minimum adjustments which must be implemented at this time. The system would have to be reviewed on a more frequent basis if it is to be made relevant and meet the needs of the people it was designed to serve.

In the case of the old age pension system, I propose to consolidate the food subsidy with the pension payment to increase the income qualifying ceiling under the old age pension from \$416.00 per month to \$620.00 per month and to increase the old age pension payment for the third consecutive year to \$620.00 per month. These measures would ensure that all senior citizens over 65 years of age would have, at least, a minimum monthly income of \$620.00. We intend to review this level in due course.

Furthermore, Mr. President, the details of the pension plan for Government daily-rated employees are currently being worked out among the parties. While we address the concerns of our senior citizens, we must not lose sight of the need to nurture the spirit of enterprise of our young persons. This administration is of the view that micro enterprises in small businesses can make a significant contribution to our industrial development, the creation of employment opportunities particularly among our youth. To realize this potential, we would provide the necessary infrastructure and support mechanisms. To this end, Government plans to establish an enterprise development support system designed to mobilize, develop, and expand the small business sector in Trinidad and Tobago. The key objective of the programme is to increase the number of small businesses which are successfully owned and managed by persons between the ages of 18 to 35 years. The programme would provide funding of up to \$150 million and Government would seek to encourage credit unions, co-operatives, banks and other financial institutions to participate in the programme.

**2.25 p.m.**

Mr. President, as part of the programme, I propose to subsidize the interest rate on financing provided to micro and small sized businesses by non-governmental financial institutions. For businesses sourcing loans up to \$250,000, Government's subsidized interest rate will be 4 per cent. For businesses sourcing loans between \$250,001 and \$500,000, the Government's subsidized interest rate will be 5 per cent.

In addition, I propose also to allocate \$30 million to the Small Business Development Company to finance lending to micro-enterprises. It is estimated that approximately 4,000 aspiring entrepreneurs could benefit from access to these loans. Further, I propose to exempt from tax the interest income on loans extended under the Small Business Development Company regime.

Mr. President, the agricultural sector is considered of strategic importance to the national economy in view of its contribution to the country's Gross Domestic Output, its contribution to employment and the importance in providing food security. In order to increase output, attract higher levels of investment and introduce new technologies into the sector, we will institute a new agriculture incentive programme. Implementation of the programme will provide a much needed catalyst for increasing production in this sector, promoting agriculture as a viable industry, ultimately increasing farm income and enhancing the standard of living of the rural farming community.

This Government is committed to the total development of our sister isle, Tobago. Moreover, we are determined to strengthen the relationship between our two islands. In this regard, I wish to advise hon. Senators that since the budget statement was presented in the other place, the Ministry of Finance has commenced discussions with officers of the Tobago House of Assembly (THA) on the probability of allowing the Assembly to source grants and loans from external sources for development purposes. The Tobago House of Assembly has submitted its proposals, which we are presently viewing, and we will continue the dialogue at all levels. We believe it is only with continuing dialogue that progress can be made on this issue to the mutual benefit of all.

Mr. President, in addition to the foregoing initiatives, I propose to introduce a number of other fiscal measures that will compliment our economic policy thrust. In order to promote on-shore oil production, I propose to introduce a new royalty formula on a field by field basis, which will eliminate royalty payments at a production level of five barrels per day, per well. In an effort to strengthen the

competitiveness of the local insurance industry, I propose to amend the necessary legislation which will allow local insurance companies to issue foreign currency denominated insurance products.

Although the economy is performing creditably, we must continue to exercise financial restraint. I have always maintained that the \$20,000 registration fee on foreign-used cars was far too low. It was really a concession at the initial stage to allow a wide cross-section of the population to own cars. In addition, given the influx of foreign-used cars, values in the domestic used car market have collapsed dramatically. The time has come, therefore, to review this situation and to institute greater equity into the used car market. I propose, therefore, to increase the rate of import duty on new cars, both diesel powered and gasoline powered, and to increase the special registration fee on locally assembled foreign-used vehicles.

These measures are aimed at curbing demand, while at the same time, reducing congestion on the nation's roads and lowering the level of environmental pollution. It is intended, as well, to rationalize the used car market. I propose to reduce the business levy to a quarter of one per cent—the level at which it was first introduced. I also propose to increase the threshold for exemption from business levy from \$150,000 to \$200,000 per annum. In addition, all new business will be exempt from this levy for the first three years after commencement of their operations.

In an effort to facilitate the small business and micro-enterprise sector, the value added tax threshold will be increased from \$150,000 to \$200,000. As part of our tax administration reform programme, I propose that taxpayers earning \$50,000 or less per annum, whose sole source of income is from office employment, should not be obligated to file a tax return with the Board of Inland Revenue. This does not, however, exempt the taxpayer from the payment of income tax.

In concluding, let me turn to some of the fiscal assumptions underlying the budget estimates. We expect our revenue collections in the 1998/1999 fiscal year to amount to \$11,528 million, based on an oil price of US \$14.10 per barrel. This is higher than the \$11,140 million budgeted for 1998. I know that many concerns have been raised with the issues of both the budgeted oil price and the level of revenue which we expect to collect.

I take this opportunity to reiterate that our budgeted oil price was arrived at only after extensive discussions with both local and international experts. Indeed,

we expect oil prices to remain soft in 1999 and have, therefore, based our budget on an even more conservative figure than the US \$14.51 for Brent crude, which is being projected by the International Monetary Fund. It is also well-known that our Galeota crude is of a quality that attracts a price that is higher than that quoted for Brent crude. In this scenario, we believe that our budgeted oil price of US \$14.10 is a realistic one.

Mr. President, in the case of revenue collections, we estimate that our collections this year would be better than that of the previous year for a number of reasons. We expect that the expenditure likely to be incurred by oil companies in their exploration and development activities would not be as large as that of last year. We expect also that oil production levels would be somewhat higher. Given the projected buoyancy in economic activity and the measures instituted to increase administrative efficiency in tax collections, we expect higher revenue collections from corporation tax, PAYE, value added tax, import duties, land and building taxes, the sale of state assets and dividends from state enterprises.

Our total recurrent and capital expenditure programme for the new fiscal year will amount to \$11,437 million dollars. This excludes amortization payments and sinking fund contributions which are treated as financing items in Government's fiscal operations. Our expenditure programme includes a Public Sector Investment Programme of \$1,122 million which will focus on the continuation and advancement of programmes and projects for developing agriculture. It will also include upgrading and expanding the roads, bridges and drainage network; water and sewerage systems; social and community services and housing; and improving services in education, health and public administration.

Mr. President, given our revenue and expenditure forecast, we expect to generate a fiscal surplus of \$91 million. Our borrowing programme for 1998/1999 will amount to \$3,226 million, and of this amount, \$1,256 million will be in the form of a US dollar bond issue, while \$665 million will be sourced from the International Multi-lateral Institutions; \$1,305 million will be sourced from the domestic financial market. I wish to advise hon. Members that these borrowed resources will be used in part to retire \$2,608 million in amortization payments. I want to reiterate that I have confidence in the validity of the figures provided by the public servants in the Ministry of Finance. My role is to manage the economy.

Finally, this Bill is not just about fiscal deficits and surpluses, nor numbers; it is about putting in place the necessary policies and measures that will build a better Trinidad and Tobago. It is about laying down the platform for progress and



ensuring the well-being of all our people. It is about security for all in the new millennium.

Mr. President, I beg to move.

*Question proposed.*

**Sen. Danny Montano:** Mr. President, before I begin my contribution, on behalf of my party, my family and myself, we would like to send our deepest sympathies to the people of the Caroni area and Aranguez for the terrible flooding they had to endure over this weekend. I know that my colleagues on this side will make something of that later on, but I would like, with your leave, Mr. President, to convey our deepest and heartfelt concerns and sympathies to the residents of that area.

We have just had the beginning of the debate in this Chamber, and let me assure those on that side at this point that the debate in this place is not going to end as it did in the other place. *[Laughter]* Allow me to say that we noticed with some chagrin that the hon. Minister of Planning and Development has decided to come here, obviously to complete the contribution on which he sat very hastily last week. He is very welcome, because we on this side take our responsibilities to convey what we have to say to the people of the country very seriously. We are not here to play childish and silly games. *[Desk thumping]* It is the opinion of the people that will matter in this issue, and let me assure them that whether we are on this side or that side, we will always ensure that we execute our responsibilities fully and responsibly.

This is the fourth budget statement of the hon. Minister of Finance, and with the greatest of respect, I would have thought that by now he would have improved. With some dismay, I have to say that he is not improving. The quality of the contribution is deteriorating. We are facing a situation where the budget statement has deteriorated to the point of being a political speech. We got no review of the economy, no review of the numbers from last year, the economic activity in the past year, we got no macro-economic targets or projections, no economic expectations. In fact, the economic content of the budget statement is close to zero. *[Desk thumping]*

**2.40 p.m.**

Mr. President, I understand what the Minister is doing. In the other place when he was called upon very hastily to wind up, this is what he said about the budget. With your leave, I quote:

“The real issue that the people of Trinidad and Tobago are concerned about is how the budget is going to improve the quality of their lives over the next year given the global financial circumstances that face this country. That is the issue.”

Mr. President, what the Minister did was, he spoke directly to those issues. He spoke to the people in the street but he did not speak to Parliament. He did not speak to the business community; he did not speak to the banking sector; he did not even speak to the energy sector. Those of us who would like a little more information were left in a complete, utter vacuum. [*Desk thumping*]

The Minister had three opportunities to explain his budget, to lay down the foundation of his assumptions on which it is based. He says he is not the nation's bookkeeper and I accept that, but he is responsible for the nation's bookkeepers and must give us some information, some reasons, as to how these numbers have been arrived at. As he says, do they just come out of thin air, does someone just snatch them and put them in a document and say these are the numbers? We have no information. The Minister was asked specific questions in the other place as to how and why some of his numbers were included in the document. I would like to repeat that because I would like to have the Minister's responses. [*Desk thumping*]

Mr. President, the revenue on the registration of foreign used cars, in 1997 was \$101,995,000. The projection for 1999 is \$152 million—50 per cent increase, when everybody and the entire media and that sector of the society are screaming at the Government saying it has pretty well snuffed out that industry. So in the face of the recognition that you have put a serious imposition of taxes on the commodity in the foreign used car industry, the Minister is expecting that the people of the country are going to continue spending, will pay the taxes and increase the revenue by 50 per cent. Mr. President, that seems a little optimistic, something like the price of oil the Minister estimated last year. Is that what we are facing? On what basis is the Minister saying that the revenues will, in fact, increase, or are we, in fact, going to face \$100 million shortfall in that line item by itself?

Mr. President, in the collection of VAT—a subject that is close to my heart—the revenue that was received in 1997 was \$1,623,953,217. In 1998 it was \$1,653 million. In 1999 the budget estimate is \$2 billion. But let me read something for you, Sir. According to the *Quarterly Economic Bulletin* published by the Central Bank of June 1998:

“Collections from indirect taxes also increased by 57.2 per cent to \$1,048.4 million. This reflected an 87.4 per cent increase in value added taxes which was mainly attributable to the importation of equipment to service the Atlantic LNG project.”

Mr. President, that statement is not exactly clear in itself but it certainly seems to suggest it is a non-recurring, non-repetitive item of revenue. Certainly, we know that the fact is that plant is due to start up in June of next year. Therefore, it does not seem likely that the kind of revenues that might have been received in that quarter can be extrapolated over the next 12 months. The Minister was asked about that in the other place and he made no response. So we have some difficulty with that.

Particularly, in the collection of VAT, the statistics show that from the time it was instituted in 1990 it has not crossed 4.4 per cent of gross domestic product at market prices. What the Minister is saying here, at \$2 billion, based on the projected GDP for next year, it is 4.8 per cent. In truth and in fact, if you bring it back down to 4.3 or 4.4 per cent which has been the norm over the past eight or nine years, in fact, revenues come out to about \$1.7—\$1.8 billion. So it is very likely that the Minister has a shortfall there of \$250 million, but he has not dealt with the economic issues to tell us how and why his estimates might be reasonable. We do not know. We are sitting here in a vacuum.

We go on. Line item 06/002, Profits from State Enterprises 1997, \$283.9 million; 1998, \$98 million; and 1999 the budget is \$383 million. In other words, it is \$100 million more than what was realized in 1997. In the face of the comments the Minister has made about the prospects of global recession and what we might be facing here, I find that an extraordinary statement. The sum of \$100 million increase is nearly 40 per cent more than 1997. How? Who is that coming from? The Minister gave no explanations and he has been asked.

Line item 07/004, Custom User Fees: revenue for 1997 nil; 1998, nil; the projection for 1999, \$141 million. Mr. President, can anybody in this room tell me what a custom user fee is? Is this a new item of revenue? We have had no

explanation. Maybe it is perfectly reasonable, maybe it is perfectly justified but the point is, we have had no explanation for it. None, and the Minister has had three opportunities to explain the budget to the citizens of this country. For the second time we on this side are asking the question.

Mr. President, the other thing is water improvement rates: 1997, nil; 1998, nil; 1999, \$81.6 million. Mr. President, is that a new tax? If it is water rates, I thought the Water and Sewerage Authority was the organization charged with the responsibility for receiving water rates. If it is water rates that is ostensibly for WASA, what is it doing in the Minister's budget? It begs the question, it is not a small number. It is \$81 million.

Mr. President, I go on. Surplus from the sale of petroleum products: 1997, \$24,000; 1998, \$53,000; 1999, \$12 million. What is it? Where is it coming from? All of a sudden \$12 million out of nowhere.

The next item. Commission Fee—Petrotrin Energy Sector Loan: 1997, nil; 1998, nil; 1999, \$92,693 million. Mr. President, if that is what I think it is, and the Government is borrowing money to lend it back to Petrotrin, if that is the way the money goes and the Government is effectively receiving a commission of \$92 million, in truth and in fact, the Government is really financing its operations by increasing the loans of Petrotrin because somebody has to repay that \$92 million. So it means, if I understand it—I could be wrong—it has not been explained.

Sale of assets, line item 09/02: 1997, \$14,000; 1998, \$39,824,000; 1999, \$655,950,000. Mr. President, it seems to me that sale of assets used to be previously classified under a separate section of the budget and this attracted some comment in the other place as to roundabout accounting and manipulating the numbers in order to provide a budget surplus. As I understand it, the Minister responded to the effect that the conventions that he is using are perfectly acceptable under the international standards as set by the International Monetary Fund, the World Bank and so forth.

That may be so, but one of the things the Minister would know as a professional accountant, is that the value of any set of financial statements or numbers is the consistency with which they have been prepared. That is to say, the rules should be the same every year. In the private sector there are many rules and one has many options as to what to do with certain things, but when you change it and opt to use a different set of rules in the private sector, you are required to say that you use a different basis or different set of rules or, in fact, you have changed

the classification. You just do not change it and say nothing. That is the point there.

The other thing that I had a question on was line item 06/06/001, Share of profits from oil companies under the production sharing contract: 1997, nil; 1998, nil; 1999, \$170 million. I am not an energy expert and I really do not know where that money is coming from. Certainly, I think we ought to have had the courtesy of a full and proper explanation as to what it was, but we have had nothing at all. In the face of all that, we have escalating expenditures and revenues while Amoco is cutting back on its expenses and the Minister, in fact, has referred to it indicating that oil revenues are likely to be higher because of the cut back of expenditure. Amoco has quite clearly indicated. There is an article in the *Sunday Express* of October 3 which says that Amoco is shutting down one rig and reducing its TT expenditure by \$100 million.

Mr. President, some of us can see the writing on the wall and can see the dangers that are coming up in the future. The Minister has not dealt with that. He has not dealt with the dangers and the threats to this economy. He has gone through as if there is no tomorrow. The fiscal measures are very simple and most of one cannot object strenuously to, except, perhaps, the extra levies that have been placed on the registration of foreign used cars. I say we can object to that because this is an industry that was the creation of the Minister in 1996. He created that industry, set it up and led everyone to have certain expectations.

The caveat the PNM had at that time was not that we were against it, but we felt there should be certain regulations, that the whole business should be carefully studied and controlled in a meaningful way. We had certain questions about certain issues. We tried to advise the Government of that, but notwithstanding that, I think the Government must have felt there was a need and a constituency to satisfy and they went ahead with it, only to come three or four years later and literally deal it a death blow.

Mr. President, what is the rationale? Why did the Minister do that? What is the rationale behind the increase of the taxes for the registration of foreign used cars? What is the point? Why was that done? We have had no explanation at all. I cannot see it.

Mr. President, I referred to the future and whether, in fact, this administration was doing anything to protect the local economy from the ravages what is

*Appropriation Bill*  
[SEN. MONTANO]

*Tuesday, October 20, 1998*

happening outside. With your permission, I would just like to read an excerpt from the *Latin American Monitor*, October 1998. It reads:

“Central bank governor, Winston Dookeran reported that...GDP expanded at an annual rate of 3.8%...Dookeran added that exploration bonuses from international oil exploration companies had provided some compensatory revenue to the government, partly offsetting the fall in oil export revenue...He conceded, however, that in the event of a sustained global downturn, the government would have to ‘make the required adjustments’—presumably a combination of higher taxes and further cuts in public expenditure.”

It continues:

“The main risk is that a severe world recession could cause foreign investment plans to be put on hold. The economic prospects, ongoing capital investment projects, mainly foreign finance will continue to drive growth over the short to medium term.”

I would repeat. In other words, it is the foreign investment in plants that is driving the growth of this economy. What he is saying very clearly, is that the global recession could cause that foreign investment to dry up. This document predicts that the exchange rate at the end of 1999 will be \$6.40 and they are quoting the sources as the International Monetary Fund, the World Bank, the Inter-American Development Bank, Central Bank of Trinidad and Tobago.

Mr. President, this document is not secret. I would like, with your permission, to read something from the Economist Intelligence Unit dated September 16, 1998. Again, it deals with the issue.

“...damage already wrought on the world economy, in terms of the Asian recession, as well as the coming recession in Russia and its neighbours, and depressed growth in Latin American, mean that global growth this year will be just 2.2% compared with 4% last year. This will be the biggest showdown since the 1973 oil price shock.”

This is what is happening outside. The Minister is forecasting 5 per cent for this year and I do not know what he is forecasting for next year. I did not hear him say anything about it.

“World growth in 1999 will be little better. The US will slow to below 2%...Asia, Eastern Europe and Latin America will all suffer from restricted access to international capital markets and depressed commodity prices.”

In other words, Mr. President, the amount of money that you might be able to access for foreign loan financing is going to be very short.

**3.00 p.m.**

“Brazil is balanced on a knife’s edge...Brazil is probably the biggest, and the ramifications of a Real collapse are the most serious. For a collapse in Brazil would bring the rest of Latin America down, too, effectively eliminating demand for 18% of US exports (on top of the 32% already hit by the crisis in other emerging markets). Would this mean a world recession?”

A precondition for a world recession is a US recession, or at least an end to US growth...

A Latin American collapse would drive down commodity prices further, wreaking more damage on Asia, Eastern Europe, Canada, Australia and other commodity-based economies. US exports would inevitably turn sharply negative, while consumption and investment would stall.”

This is the Economist Intelligence Unit:

“In our view, a global recession, albeit a short one, possibly followed by an inflationary boom, seems likely.”

Mr. President, I am not telling you anything that you do not already know. The market place outside there already understands that, and if one talks with the business community, they understand it well. If one talks with the stockbrokers, they know and they fully expect that the stock market prices will fall next year because profits will fall as the economy slows.

I am not a forecaster of doom and gloom, and God knows that I do not wish this upon our economy, but my concern is: where are the strategies and measures that should have been contained in the budget that would isolate and protect us from these events?

Where are the budgetary measures to deal with savings? Where are the budgetary measures and strategies that are likely to increase savings? Last year, the Minister said he was moving to increase the rate of savings from 17 per cent to 25 per cent. What has happened? We have had no comment on it. No comment at all. In fact, what this administration did was to remove the savings incentives which existed previously, to remove the tax incentives from savings, credit unions and the Unit Trust and then he placed a tax on foreign currency savings deposits. That is

what he did! But last year he boasted that he would improve the savings rate from 17 to 25 per cent. We have had no statement as to what it is. Whether he has had any effect at all, we do not know.

Mr. President, it is savings that insulate an economy like ours from the ravages of a global recession. It is savings which provide the currency for indigenous investment and plant expansion from the local entrepreneurs. It is savings which do that. We have had not one word in the budget about savings. Not a word! In fact, everything screams to the contrary. His budgets from 1996 to now screamed consumer spending, spend like there is no tomorrow, forget about saving, just spend, spend, spend. A sum of \$13.7 billion of expenditure. That is what we are talking about. The Government is setting the example.

What about the strategies for jobs? What about the strategies for the development of jobs? I read earlier that the growth in the country is being fuelled by foreign investment in plants. I would like to read something for you from the *Guardian*, October 14, 1998. Mary King is writing and she says this:

“To me, the budget was an unmitigated disaster. The budget...demonstrated no coherent strategy that could even satisfy the basic objectives of a developing country like ours.

One of these objectives has to be the provision of sustainable employment...figures demonstrate that the mini-boom in employment is transitory.

In fact, Mr. Wendell Mottley pointed to the insecurity of the employment market based on having to continually build plants.”

I just read for you something from the *Latin American Monitor* suggesting exactly the same thing, that growth is coming from the investment in foreign plants. But if there is a global recession, the decisions with respect to the plants that we can hope for might be reversed or they might be postponed: what happens then? The Minister has given us no update as to the status of these negotiations, no insight as to whether or not we can reasonably expect this investment in the short, medium or long term. We just do not know.

I would like to quote for you something that I said last year and I quoted from the *Miami Herald* of December 7, in which the Prime Minister—who, strangely enough, opted to say nothing in the debate last week—was quoted as saying:

“The moment the construction phase is over, you have got to stand up to the unemployment. So there is a boom of sorts, but it is not a trickle-down boom, it is not trickling down to the population.”



I read that last year. It was true last year, and it is true again this year except that this year, we are facing the very real prospect of a global recession. Many of the plants which we would like to have come here, may not come here. Where are the measures in this bundle of documents that going to encourage employment?

The Minister has come up with a good plan or what sounds like the germ of a good plan to encourage the small business sector. I will quote from what I said in my 1997 contribution. I said:

“A more sensible approach to sustain employment generation would be to allocate funds from the \$1.7 billion PSIP into programmes that tend to be self-sustaining such as the small business development programme.”

Now the Minister has come and done something like that and it would seem—although he has not said so directly—that the \$30 million that he has earmarked for the Small Business Development Company (SBDC) is going to open a window for direct lending from the SBDC. It is not what he said, but that is what I am surmising that he has said. I certainly endorse that, and I certainly endorse the measures to subsidize the interest rates for small businesses. I cannot quarrel with that. But, those measures, in terms of job creation, as meritorious as they are, are not going to take this economy into the 21st Century. What is needed is something far bigger and more sophisticated than that, but the Minister has said nothing. In other words, we are totally dependent or almost completely dependent on the foreign investment in the country.

Mr. President, I was concerned that in the face of the loss of jobs, there are no budgetary fiscal measures here that are going to stimulate the local manufacturing sector. It is the manufacturing sector today, through its efforts and exports, that is generating a significant amount of the foreign exchange that we are now using. But the Minister has done nothing to protect them from the threats that they are going to feel next year. He has given them no competitive advantage. None at all! That, to me, is reckless, it is tantamount to being completely reckless.

What are the strategies and budgetary measures to increase the level of housing in the country? The Minister brought some measures that are going to effectively subsidize the cost of mortgage money, and I certainly support those measures, but that does not build houses. What we are talking about in terms of the access of tenants to buy their apartments, no new house is built. It is only a question of the tenure that he has dealt with, he has not actually built a house. Some weeks ago we dealt with a Bill called the Squatter Regularisation Bill. Again, no new houses

are being built, it is only a question of the tenure that is being regularised, the people already have shelter: that has not done anything at all.

In terms of the rates of mortgage interest, I have not heard directly from the Minister, but I understand that the rate of interest could be as much as 5 per cent and it could be stretched out over 50 years. What I would like to tell you is that 5 per cent over 50 years means that the person is going to pay 272 per cent of the cost of the house. That is what it means over 50 years. So do not let anybody mislead you: that is what you will actually pay. That is what the poor man will actually pay. Not that I have a problem, but he has not really pointed that fact out. Nor has he said that the NHA will take into any account the amount of rents that have already been paid towards the purchase price. Nothing at all! Nor has he said anything about the amount of the rent, as opposed to what the amount of the mortgage instalments might be. We have heard nothing about that.

Mr. President, this is a budget debate. I would like to draw your mind back to something I mentioned here some weeks ago when we changed the financial year from December to September 30, a measure that I wholeheartedly endorsed then and now. However, I reminded the Members on that side as to what happened when it was first brought up back in 1992, I think it was. The PNM Government brought it as a measure to change the provision in the Constitution and it was defeated by the then opposition, the now Government, among other reasons, because they wanted to engender something called a throne speech. That is what they wanted, a throne speech. But notwithstanding the fact that I have asked that, at least, as part of the budget we could use that opportunity to review the whole economy and to address the state of the nation, we are not getting that at all. We are getting some rhetoric, some politics, and then the Minister sits.

What about the measures and strategies to save the rate of exchange? What about the measures to secure the exchange rate? Our complete economy is built around the supply and the price of foreign exchange. One cannot deal with a budget unless one deals with foreign exchange. One has got to deal with that, the supply of the foreign exchange, where it is coming from, the likelihood of the continued source and supply of foreign exchange and the continuity of one's sources. But the Minister has said absolutely nothing. I would have liked for the Minister to have, at least, indicated where the sources of foreign exchange are coming from.

Let me just point out that the foreign exchange that the Government and the country receives comes from a number of different sources, not the least of which

is the taxation from oil companies. But the taxation that the Government received from oil companies as a percentage of tax revenues in 1984 was 38.4 per cent of tax revenues being paid in foreign exchange.

**3.15 p.m.**

In 1999, the estimate is now 6 per cent. Therefore, the stock of foreign exchange is a most critical factor against the backdrop that the Central Bank has had to react in two ways to secure the foreign exchange rate. Firstly, in the second quarter of this year they had to physically supply the market with US \$30 million, and the second measure was to try to constrict the supply of TT dollars available by widening the deposit requirements of the commercial banks to soak up some of the liquidity.

Thus, the Central Bank is reacting to the conditions of the market place because the Government is simply not acting. The Government itself has no strategy regarding foreign exchange, we just sort of roll along and the Central Bank has to react. But, Mr. President, we hear nothing.

I mentioned earlier that the supply of foreign exchange from the private sector is a most important source, but one would have thought that a responsible government, recognizing the threat of what is likely to take place in the global economy, would have come up with strategies and specific measures to encourage further local investment and to facilitate the exports from the manufacturing sector.

There are, I think, 18 manufacturers who use sugar as their main ingredient; up until now they have been required to buy sugar from Caroni (1975) Limited. The price of sugar on the world market is nearly half the price that the manufacturers could buy sugar for at Caroni (1975) Limited. I understand that the Government has now agreed to allow them to import the sugar but they must pay a premium to Caroni (1975) Limited of 15 per cent. In other words, the local manufacturers who are, in fact, exporting, have to subsidize Caroni for 15 per cent of their raw materials. How is it that this Government expects our manufacturers to be competitive on an international market, when they are virtually paying a penalty? No strategy, no measure!

Last year we heard the Minister announce that he would remove the export allowance, which he said was requirement of the World Trade Agreement, and all that sort of nonsense. What he could not do one way, could he not find another way to do it? Do not tell me that he does not know how to do that! He is a very

astute businessman, if he could not do something that way, he could do it another way. But we heard nothing at all!

The Income Tax In Aid of Industry Ordinance should and could be updated to widen the list to include a larger range of manufacturers, to give them the tax incentives and allowances prescribed under that Act. Did we hear anything about that in the face of global threats? We heard nothing at all! Absolutely nothing!

In the face of foreign exchange, the Government also is able to access foreign exchange through the acquisition of foreign loans, and the Minister said in his budget statement in the other place that he had arranged—in fact, he confirmed it here—for a US \$200 million bond facility. What he did not say was that the bond issue is with locally supplied US dollars. This is not a new injection of external funds, but funds already in our banking system coming out of the local market.

Furthermore, he said that he had managed to secure the interest rate at the same rate as last year and this time he was going to do it for 10 years. Mr. President, as I understand, that was a note in November 1997 for US \$150 million that, effectively, is due in November of this year and it is to be replaced with this US \$200 million. That is not new foreign exchange, that is the foreign exchange we already have.

What is going to happen is, that foreign exchange must now be used to pay for foreign loans, for the airport and for WASA, and those dollars are going to leave our system permanently. He is reducing the stock of foreign exchange by \$200 million! I am advised by the bankers that there is already a queue at the bank for foreign exchange. Did we hear anything about that, Sir? We heard nothing about that!

Furthermore, the Minister led us to believe that the \$200 million was secured. I am advised that it was not secured at all, but that there was a consortium of three banks and two of them agreed to the 10 years, but one of the banks has only agreed to six months. They want the money back in six months!

**Mr. President:** The speaking time of the hon. Senator has expired.

*Motion made,* That the speaking time of the hon. Senator be extended by 15 minutes. [*Sen. N. Mohammed*]

*Question put and agreed to.*

**Sen. D. Montano:** Thank you, Mr. President. I was dealing with the supply of foreign exchange. There is a bond issue to fund the development of WASA's pipe-

laying programme in the southern part of the island. I am advised that was originally to come from a World Bank loan of some US \$93 million. The Government has not been able to meet the conditions asked for by the World Bank, so it has gone to the market locally for TT \$300 million.

I would point out though, that any economist knows very well that the capital projects in a country are heavy users of foreign exchange. In other words, you borrow TT \$300 million to fund the project, but maybe half of that has to be converted into foreign exchange to pay for the pipe or whatever it is, and you now have more indigenous foreign exchange going out of your system, again shortening the supply of foreign exchange. Did we hear anything about that? Nothing, Sir!

The sham of an airport that we are supposed to have, where a survey showed that 64 per cent of the population said that we do not need a new airport. We understand from certain statements that have been made, that another TT \$200 million is to be raised to pay for that.

Mr. President, the point I am making is, that money would likely find its way in foreign exchange going out of the country. A major part of it would, again, leave the system. The original plan, as it was envisaged by the last PNM regime, was that it would be financed externally and the project would pay for itself, it was self-financing; it made sense. It was a bankable proposition. This situation here is not bankable. In fact, what is happening is that \$200 million is going to come out of the system to purchase foreign exchange and then leave the system.

In my discussions with economists in the banking sector and externally, I am being cautioned that there is going to be a tightening of liquidity in the banking system, a sharp increase in interest rates, a shortage in the supply of foreign exchange and possibly a dramatic loss in the exchange rate. Have we heard any strategies about that? Not one word! Did we hear about any strategies to deal with inflation? We heard nothing about inflation.

Mr. President, I can tell you that the inflation rate over the past 12 months from June 1997 to June 1998 was 6.9 per cent, of which the increase in food was 20.2 per cent. In food alone the inflationary rate over the past 12 months is 20 per cent! Since this Government came into power, in January 1997 to June of 1998 the increase in food is 37.2 per cent! Did we hear any strategies enunciated to deal with that? Absolutely none! *[Interruption]*

I was shocked and horrified by some of the statements made by the Minister with respect to our sister island, Tobago. I was very concerned for the welfare of

my friends and the people of that island. I am advised that what the Minister said in the other place was this:

"It is not my pleasure, Mr. Speaker, to report that it was only in August 1998, that I was able to receive the requested information from the Tobago House of Assembly. In the circumstances, consistent with my responsibilities as laid out in the Exchequer and Audit Act, I was unable to disburse before that time, the total amount of funds requested by the Tobago House of Assembly."

I am reliably informed that the first time the THA presented its numbers to the Government was in April, the second time was in May, and the third occasion was in August when it satisfied the demands of the Ministry. But what had happened was that the demands of the Ministry had never been categorically stated as to exactly what was needed.

In fact, when the THA was set up, a budgetary arrangement had been entered into with the Director of Budgets at that time, so that the releases from Central Government would come on a quarterly basis in advance. I am advised that the Tobago House of Assembly filed their accounts in April as required under the Tobago House of Assembly Act only to find it was not in the detail that the Ministry required. They were sent back to do it again and they did. Then the Ministry wanted it done a third time and so forth. It would certainly seem as though someone was being a bit unreasonable. One could have said, "This is what I want."

In the meantime, The Tobago House of Assembly was saying, "Tell us what section of the Tobago House of Assembly Act we are in contravention of; in fact, tell us what section of any act we are in contravention of, and we will read it and comply." In other words, it was not in contravention of the law, it was simply in contravention of some directive coming out of the Ministry.

The Minister has said that the THA should be able to access loans. I am advised that it is part of the Tobago House of Assembly Act that it could access loans. But the simple reality is, as anyone who runs a business would know, unless you have a regular stream of income, you cannot ask anybody for money. The first question they would ask is, "How are you going to pay it back?" Therefore, by mixing up and choking the source of revenue for the Tobago House of Assembly you completely frustrate its ability to finance itself.

I am further advised that under section 25(2)(c) the THA is authorized to solicit grants from international organizations and has, in fact, done so and been told that

the grants would be made available to them. However, what is required is a letter of authorization from the Ministry of Planning. What has happened is that it is not just a question of the Ministry not responding, it has actually refused to allow Tobago to access free money under the statement that they are competing for the same sources of funds. In other words, Trinidad first Tobago second. It is not a question of we will share it. Is that what we are hearing?

**3.30 p.m.**

Tobago needs development. Tobago needs a new airport more than Trinidad does. I am advised that twice a week in Tobago there are two airbuses landing within an hour of each other. That airport was built to accommodate 200 persons landing in a DC-9. I am advised that when the two huge airplanes from Europe land everybody is lined up in the airport, tarmac and everywhere and God forbid that it starts to rain. We are spending at the airport here and for what? To build an airport the size of the Toronto International Airport, to accommodate whom?

This budget and its statement falls far short of what is required for the citizens of Trinidad and Tobago. It is an unmitigated failure. I am glad that the Minister, at least, took my advice and has paid some attention to the small business programme. It took him a long time to do it but I am very happy that he has done so. However, it is not enough, much more is required. More than that, we need a Minister who is going to come here and give a proper account to the people of the country. We insist on it, we demand it and we promise it for the future.

Sir, I thank you very much. [*Desk thumping*]

**Sen. Philip Marshall:** Mr. President, this budget is unusual in two respects. First the debate has been held earlier to enable the disbursement process to be completed so that works could be delivered during the dry season. Secondly, what makes it different is that the Members of the Senate would, I am sure, like to be notified when the budget debate is going to start in the other place.

Our twin island state [*Interruption*]*—*Mr. President, I have been asked to repeat that last statement and I will do so with some joy. I said that our budget debate has differed in two respects and the second was that the Members of this Senate, I am sure, would like to be notified when the budget debate would begin in the other place.

Mr. President, our twin island state is at the crossroads of a very important time in its development, with falling commodity prices and as yet unresolved

financial crises in the Asian economy that have yet to bear the full weight of the lack of financial soundness. We have a lesson to learn in that, although we have put their economies on a pedestal and held them up as the pillar against which we should measure our performance, we certainly have a situation, especially in Japan, where their banking system has not yet paid for the write-offs in over-valued real estate and property.

In fact, although it may be regarded a fixed expenditure because it is in physical infrastructure, it really is in consumption expenditure because we are talking about an over-investment in non-producing capacity in terms of the future. That is a lesson that we have to learn and, as far away as Japan may seem, let me assure you that as Japan imports less from the United States and as developed countries export less in turn, this is going to have a knock-on effect on our own specific economy.

Mr. President, Members of the Senate, especially Prof. St. Cyr, have been advocating for the longest while, an entire reordering of the system of the budget presentation, first of all, by having debates on economic policy and social development issues and having a situation where, when the various ministries put forward their policy issues for debate, that even if we do not have time to debate each sectoral issue, surely we can have a situation where ministries put in writing what are their intended strategies for economic and social development. We would then have time to review these and these Ministers and the ministries would put, for their review, what they consider to be the priority issues and what funding they would request from the Minister of Finance.

What would, therefore, happen is that we would be in a position, having seen all the competing priorities and the policy choices, to come to an agreement both in the other place and in this Senate, about what are the major priority issues for the development of Trinidad and Tobago. In other words, before the Minister of Finance even presents his budget what we would have is an agreed co-ordinated plan in which he would demonstrate what financial measures were now needed to effect the agreed plan.

We, therefore, have almost foisted upon the Minister of Finance the responsibility in one presentation to discuss policy priorities and then also talk about the funding of those priorities. There are, in fact, two separate issues. For the benefit of all the stakeholders in our society we are the ones who govern. By govern I mean the Government of the day and the Opposition of the day.



Surely, in the whole context of a Government of national unity, in the whole environment of a bipartisan debate, there must be fundamental policy issues that both the Government and the Opposition must agree upon as being fundamental to transform this country; there must be that common ground and agreement. What we would then have when the Minister of Finance presents his measures is the ability to have debate on whether this measure is the correct strategy or appropriate. Maybe we could have fund raising or other expenditure measures in a different way.

I know the Minister of Finance to have an accounting, financial and commercial background. Not to be a person who is steeped in the issues of prioritizing which projects bring us the greatest social returns, or which infrastructure projects may be causal factors that enhance our development. We have to separate those issues. We cannot have a debate on the budget without, first of all, an agreement and shared vision of the policies, values and the priorities.

Mr. President, what this would mean is, once there is a shared vision of the key fundamental issues in the other place and in this place, there would be no major quarrel at the time of the budget presentation. We are the ones who govern and we owe a debt to various members of our stakeholder community to redress the budget debate failure in the other place and to redress the communication issues and to raise to the highest possible strategic level the issues that must be debated for the sustainable development of Trinidad and Tobago.

I certainly look forward to hearing the contributions from other Ministers of Government, in their various sectors, of how they see their various ministerial long term and medium term framework plans assisting in the whole development of our economy. Our transformation must deal not only with economic growth: it must deal with growth with equity. It is a fact, and if we refer to the Singaporean model—and Singapore is not one of the countries that is in dire financial straits, at least, I do not think it is—they achieved their growth with equity. They perceived that in order for an economy to grow as a whole, not only must it cater for those who can survive in the competitive environment, but also by producing the equality and by providing greater capital ownership to those less fortunate, that, in turn, empowered them to be an important aspect of the overall development of that economy. The challenge that we face as a nation is how can we address both, and in parallel form, the challenges of economic growth and the challenges of growth in social equity.

I know the Minister of Finance, in responding to me in a debate some time ago, had said naturally he is always competing for funds and that if one had to have a choice between funding the hard infrastructural projects that are the cause of economic growth as against, maybe, the very, very longer term issues of education and social welfare, the natural priority would tend to lean towards those physical infrastructure choices. But let me assure you, from all the reading and research which I have done, equally important is the development in learning, education and knowledge.

Mr. President, one of the most important jobs of a leader is to recognize that in the entity that he may lead, whether that entity be a for-profit commercial organization, a non-governmental organization or a country, it is important for a leader to realize when the culture in that entity is no longer appropriate. By the culture I mean the behaviours, norms and deeply-held beliefs are no longer appropriate to the external environment that would require its survival.

What our political leadership has to do, both our Government and our Opposition, is to put aside the political gainsaying. We have to be honest with the people of Trinidad and Tobago and share with them that there can be little difference in the approach required to transform our serious economic and social issues. What we keep re-enforcing is that if I am in power I am going to find the right answer and when the other party comes to power they are going to find the right answer and what happens? All the work that is done from the inception of a very noteworthy project is probably dissipated as governments change hands every five years, although this Government has told me that this is not going to happen for some time: 20 years.

Mr. President, several times in this Senate we have used the words “quality nation”. I do not believe that we can continue to earn the right to use those words unless we demonstrate the continued and disciplined leadership that is expected of us in situations such as this budget debate.

### **3.45 p.m.**

Mr. President, there is no reason why, given the natural resources of Trinidad and Tobago, the intellectual capacity of our people, our will to win, our natural humour and talent, we could not deign to become a quality nation and that if we work hard at it, especially those who govern us, I believe that we can realize that dream in the not-too-distant future. But we must have a culture that is open, honest and trustworthy—a culture where we have to level with our people; we

have to be honest; there must be performance management; there must be clarity of communication and there must be thorough commitment.

Let me examine what I discern to be the budget process and how I would recommend that we change it. If we cannot change the underlying fundamental integrity, it is no point our continuing to have any budget debate. We may as well let the Minister of Finance put, in an order for negative resolution of Parliament, what is the budget allocation and forget about debating the budget. This is the point I am going to make.

In the same way we could bring forward this budget debate so that work activities could be performed in the dry season, why can we not bring forward the budget debate on all major issues of Development Programme one year in advance? In other words, when the Government is talking about the Development Programme in 1997, for example, it is talking about its implementation no earlier than 1999. Why am I making that point? This is what the rule should be.

We make no commitment about what we are going to do in the Public Sector Investment Programme unless the Minister of Finance can put aside and allocate without changing, the funds to implement that programme, because if we can change according to whether the forecast is realized for recurring revenue, or whether we are going to get the drawdown on the loan conditionalities by, first of all, putting in place the staffing required in the project execution agency; unless we can assure we have everything in place to execute those projects, we really have made no commitment. What the Minister, in fact, would be saying is this; this is what I hope to do, if we get the revenue, if we raise the taxes and if we have everything else in place to come in. So, really, we have no budget; we have no commitment; we have nothing.

When we say that we are going to accomplish certain development objectives, there can be no excuse at the time for saying that is what we are going to do. Let us know in advance that this project may have to be postponed because the funding is not yet at hand. There is no problem with that. How can we expect the Minister to carry out a project if there is no money?

These planning issues—the feasibility of these issues, the social impact issues—take years, so let us, when we start the projects, know we are able to go through with them from start to finish, else the budget is a useless exercise; it is empty words.

This should not only relate to the Public Sector Investment Programme, it should relate to the new re-engineering philosophy, the new focus and public service plan that the Leader of the Senate on the Government side is saying, that although we may have recurring expenditure, are the people who staff the various Ministries going to commit to their promise of delivering the improved quality service within the time responsiveness and within the agreed unit budget costs? That it is not a question of business as usual, and because this is a recurring project, they do not have to physically demonstrate to anyone that they have also upped the level of the bar in the standard of their performance. If we do not have that improvement in delivery of service, in fact, we have continued dissipation of the resources of the taxpayers.

Mr. President, if you look back at it, do you know what a devaluation represents? Let me tell you what a devaluation represents.

When the economy and those who govern a country do not ensure that the cost of the tradable manufacture, or services delivered in a local economy are cost competitive with those same services delivered elsewhere internationally, if that competitiveness is not had, what is had, of course, is hidden inflation and uncompetitiveness which was able to be survived when there was a protected, closed domestic import substitution economy.

We were able to live with that as long as we had high oil prices; but once the external shocks hit us and the value of our terms of trade fell because of the lower returns from our oil barrel, once therefore we were exposed to not being able to finance our inefficiencies, there was only one way to go, lower the value of the money so what little foreign reserves we could have, could still pay in local currency our trapped public sector, our trapped private sector and, therefore, that was in fact mismanagement of performance at the highest level, which destroyed the savings and the equity of the people and the citizens of Trinidad and Tobago.

So, when the Minister of Finance offers us a \$100 increase in old age pension, I do not need to remind him that using 1985 as a base year, we need a dollar or more today to buy what 38 cents bought in 1985. So, the problem is not \$100, the problem is several hundred dollars.

People who followed the rules, who did not break the regulations of capital flight, who applied for the EC1 and the EC0, who invested locally, who were the law-abiding citizens who paid their taxes, what was their reward? A 50 and 60 per cent devaluation in their asset accumulation. But those days are past, it is no point crying about it. But what I am saying is, do not let us believe that it could not

happen again. The only way we will continue to be competitive is if we ensure that the way we go about doing our business, matched on an international comparison scale, is that the cost of service and the cost of goods in Trinidad and Tobago is equal or costs less than that same good or service rendered anywhere else in the world. Only then can we have the basis of competitive advantage. I have never heard of a country that has devalued itself into prosperity. Never. But it could happen.

Mr. President, let us go back to the whole issue where I am saying that we should have real commitment when we put forward a development programme on the project slate. I have said we should have one further year's lead time. I do not know how Members of the Government or Opposition are relating to this; they may be laughing at that suggestion; they may be saying, "Marshall dreaming again", but let me tell anybody who so protests that this is nonsense; let me ask the question, "What has been the length of time taken to date for us to deal with the airport or the security prison? What has been the elapsed time?" These are two projects that have been nurtured by successive governments. This is the very point I am making.

Mr. President, when are these projects going to be executed? In fact, if the rules of *Pratt and Morgan* apply to these projects, the Privy Council would say that these projects could not be executed. [*Laughter and desk thumping*]

Mr. President, what will really happen is that these projects, instead of being executed, will be committed to life imprisonment and the citizens of this country would have to continue to maintain the costs of these life imprisoned projects with no productive output and with no sustainable development. That is the very point I am making and I am not jesting about it. How much money has been spent on this?

There is a saying that possession is nine-tenths ownership. I want to make a clarification here. Let us make sure for those who govern, who have captured taxpayers' money, who are in possession of the taxpayers' money, that possession is not nine-tenths ownership; they do not own the taxpayers' money; the taxpayers own their money. We must be accountable to the taxpayers of Trinidad and Tobago for what we say we are going to do. This budget process is the most important process in this Parliament because even though we could talk nicely about social issues, until the Minister of Finance is able to find the money to execute these projects, only then can we breathe life into our aspirations. We need the money to put the show on the road.

There is nothing more important than the annual budget approval and debating process in Parliament as regards implementation, and a government should be judged by its capability to implement and, therefore, if we can develop better standards of communication about why we need to do things; if we can sell the whole issue of shared value and responsibility, I am sure the Government of the day will be able to persuade all the various stakeholders, the different interest groups with different priorities, why we should stay with major projects that may take some time to be realized.

That is the difficulty with Government. Think about it. What the electorate in Trinidad and Tobago has been doing is giving everybody five years' turn at the wicket, but the major development projects—learning, education, culture, family values—do not take five years, they take 10 years, 15 years and 20 years; and they take a lot of money. So, the Government of the day spends money and the recipients of that long-term benefit, the community and the stakeholders, may not be able to see—although success is taking place—what new attitudes are bringing to their long-term development. Therefore, if a government is faced with a choice, especially as election time nears, between spending money on roads and bridges, things that are physical and visible, and spending money instead on things that are social, behavioural and that cannot be seen, can it be blamed if the money is spent on the physical issues? But if there was Opposition agreement to, and if there were shared values and visions that the people who govern agree that these other social issues are important, they will be supported even if the electorate changes the guards of the day, governments would do it and this is a very important issue.

Let me give you an example, Mr. President, of how the pot dwindles. I am looking at the estimates for 1998/1999. You may not be familiar with the figures because we may not have looked at the 1998/1999 estimates. The total revenue and financing for the Draft Estimates, I have as \$14,713 million. I want us to pretend that we could envisage this scene. We are all Ministers in charge of various ministries and the Minister of Finance has called us to this long room; he is sitting in front of a pot with \$14 billion in it and we have to queue up and state our case for the money that we need to achieve our objectives.

#### **4.00 p.m.**

The Minister of Finance has different shared priorities as well, and we have the shared vision that we need this money for development. So, this is how the scenario will go. We have two vessels that we can see: one, he has \$14,713 million and as he allocates money out of that he puts it into the committed vessel. So, as

the different people line up in turn, they see what has been committed to date and they see the dwindling fund.

Mr. President, how does the pot dwindle? Let us start with \$14.713 billion. Debt Servicing, \$4.574 billion. Before we have started the Minister has had to grab into that pot and put aside 31 per cent of the budget. So, before the first man even has a chance to say anything, we are left with \$10 billion; 31 per cent has gone, but we have to pay our debts. That includes loan payments and interest payments.

Next one, Personnel. After all, Mr. President, we have a hard-working public sector, can we not pay them? They go to work every day, surely personnel expenditure is going to come very high on the Minister's priorities, but that amounts to \$3.648 billion accounting for 24.8 per cent, so he digs again. We take out \$3.6 billion, guess what the balance is at that time? The balance is \$6.5 billion, because after all, he wants his public servants to come to work. However, we also have another problem. We have statutory boards and transfers, non governmental organizations and we have to cater for them too. So, let us take \$1 billion for them and after dealing with them that accounts for 6.9 per cent, we now have \$5.5 billion left. We started off with \$14.7 billion.

Mr. President, by this time, I am really getting nervous because I am the minister in charge of planning and development and I have all these ideas about transforming the economy, but the Minister, before he can hear us, has to make one more transfer which is appropriately labelled "Transfers and Subsidies". Transfers and Subsidies represent pensions, support, housing and other social issues, so I am really pleased that is being dealt with at this stage. By the way, we have not yet paid for any goods and services so I want you to understand that at this stage, although the school teachers have been paid and so forth, they cannot yet ask for a stick of chalk and we have no paper to photocopy anything. All we have paid so far is salaries.

Transfers and Subsidies, \$2.4 billion, 16 per cent. Guess what he has left in the pot? Before dealing with any provision of goods and services; before dealing with any development project expenditure, we have spent 80 per cent of the budget. We have left, \$3 billion. We have \$3 billion left out of a total of \$14.713 billion and we have development expenditure, goods and services and so forth to be paid for, or purchased.

Mr. President, all that is on one very important assumption, which is that the Minister of Finance is going to find every cent of revenue he anticipated in receiving that \$14.713 billion. So, in fact, there is one other danger which I did not talk about. Some of this balance of \$3 billion may be virtual reality. It may not really exist. If he has a shortfall in revenue of \$1 billion, all of a sudden the \$3 billion may evaporate to only \$2 billion left by the time the first minister comes to get his money for his development.

Now, why am I saying this? I am trying to make the point that how we prioritize our development money is the most important single issue facing us in this budget and in any budget. It is only through our development expenditure we can transform Trinidad and Tobago from the present offshore, single product, export-oriented, external shock accessible economy to one that includes a great development of a domestic export-led diversified economy generating jobs. How are we going to do that? That is the challenge. Remember, we have \$3 billion left, but on our books, money already spent is \$20 billion of debt. I ask: How many times does the government of the day come back to this Senate and say, "We have taken on \$20 billion liabilities and we want to report to the people and to Parliament whether these projects are achieving their intended economic or social goals." There is no reporting on actual results: maybe, it is done at the lower levels of the project-executing agency. What I am saying is that raising those issues and communicating them properly to this Senate and the people of Trinidad and Tobago, in other words, reporting on the ongoing performance of expected outcomes is a very important aspect of accountability. We have \$20 billion of loans.

Mr. President, I think it was Herbert Hoover who said "blessed are the young because they shall inherit the national debt". We have to be careful of a situation of intergeneration inequity because we have not been assiduous in selecting and designing those development projects that would help Trinidad and Tobago cross the transformation gap. That is just a word of encouragement when any government of the day faces a difficult task.

Some businessmen who are successful in running their companies feel that they can apply the same economic principles to run a country. They do not understand the differences in complexity between running a country and running a company.

Mr. President, a company may have 4,000 employees, and that is a large company in Trinidad and Tobago. I think it was a mathematician who said that the potential number of outcome is equal to the square of the number of possibilities.



So, maybe in a company with 4,000 people, there can be people having 4,000 by 4,000 different views on how something can be done. Would you like to make that same multiplication as regards 1.3 million by 1.3 million? In other words, running a country is just simply tens of thousands of times more complex than running a company.

I am not making these points to try to be critical. I am saying that by better communication and better standards of governance we need to be able to bring people on board, so that those who govern would know that they have the long-term confidence to put in place those structural adjustments and behavioural issues that would lead to the sustainable development of our country.

Mr. President, one of the writers in the newspapers and debates on television was criticizing the Minister of Finance, and a former Minister of Finance, by saying that stable macro-economic indicators are not an end in themselves. It is not an achievement. I think he was sadly wrong because, although I agree that stable or good macro-economic indicators do not necessarily ensure sustainable development, the history of the East Asian economies and any country that has moved forward could not have done that without the fundamentals of macro-economic stability. So, when we say that Chile´ was successful because of its pension plan, the real issue that enabled that saving was the fact that Chile´ eliminated the fiscal deficits.

#### **4.10 p.m.**

Mr. President, it is imperative to have fiscal and monetary policies that ensure we do not have fiscal deficits; that we maintain a low inflation rate; that we maintain a competitiveness in our production sector so that we can maintain a competitive exchange rate so that we can build the confidence for people to save. This is the challenge. I agree with the comments about the weaknesses that observers have made about our present—what is the word he used—architecture of our economy. The present architecture of our economy is that, like the good old days, sugar was king so we were in the global environment. We had foreign direct investment; we had one crop; the owners were abroad. They used Trinidad and Tobago for the domestic production and all the exports and the factor income were repatriated.

Following sugar was oil, following oil was our gas-based industries. There is nothing wrong with that, except that you have a situation where the people investing in your country are foreigners. There is nothing wrong with foreigners investing in our country. What it means is that if you have external economic

shocks, whereas they can withstand it because their foreign investment may be just a small component of their overall global investment, we, being totally dependent on the savings of foreigners, do not have savings of our own in other industries that can be export led, that provide a diversified hedge should our main product of gas, *et cetera* be, in fact, dissipated by falling commodity prices. I am not saying it is going to happen, but is it not a possibility that a foreign direct investor could, in fact, mothball his plant here? It would also mean that the moneys we get from taxes, royalties or gas prices would also fall, as some of these in a lot of cases are tied to the final prices of the commodity.

So the reason for the criticism is not that we have not achieved a significant way forward in terms of macroeconomic policies but, in fact, we are still exposed. What is the danger of foreign direct investment? The danger of foreign direct investment is that we locals, seeing the import of the plant and equipment, seeing the need for apartments, houses and real estate, are lulled into a false sense of security, that owing to well-honed economic policies our economy is taking off. Whereas, in fact, what is happening is that we are experiencing a one-off boom from the effects of foreign direct investment. Many business people do not understand this, but the moment there is foreign direct investment in a country, by an immutable law of accounting and balance of payments—because the balance of trade is simply a component of the balance of payments—once you have capital inflows from foreign direct investment, you automatically have to run a trade deficit because the inflows are not really money coming into Trinidad. It is money being paid for plant coming in at the Customs, and at our import trade valuation, processed as imports.

If you doubt this, please look at your *Review of the Economy*, and I will quote the figure for you. It is classed under non-petroleum trade. So what I am going to give you here is the balance in 1997 between imports and exports in the non-petroleum trade. The total of our imports in \$TT was \$16,481 million; exports were \$8,582 million; trade deficit and the non-petroleum trade was nearly \$8 billion. Look at it.

A country that has foreign direct investment automatically has to run a trade deficit. That is not the end of it because this is what happens as well. Service industries, now, because of outsourcing, have to support that foreign direct investment. So local Trinidad companies will in turn ask for more foreign exchange to buy the parts, the knowledge, learning, *et cetera*, to help with the construction or other maintenance activities.

Another behaviour that automatically happens is, because of this heightened economic activity, we are driven—savers of Trinidad and Tobago—to invest not in productive-type investment that creates jobs, we want to take advantage of the boom and the immediate need for housing and cars, *et cetera*, so we go into fixed physical but consumption-type assets. So our actual investment base is going into consumption. That is the architecture that people are warning us of, that you have a foreign direct investment boom, stimulated by the savings of foreigners, but being misread by locals and translated into a consumption expenditure boom.

This is why the Government now has to intervene and say as they have done. We need to develop entrepreneurs; we need to make sure that the people in our financial sector who are intermediating the funds, are going to intervene and make sure that our smaller businesses get lower rates of interest; that we give exemptions from tax on the interest earnings of banks, *et cetera*; that where we train and develop people, we give them 150 per cent allowance of the cost because these are all the incentives being used by the Government to try to change the behaviour to win over the confidence of savers in Trinidad and Tobago. So this is what they are faced with as a choice.

It would be great if we have such confidence in our economy, that a Trinidadian with money would say, “I am not going to invest this money in real estate, I am going to put this money in equity, in some venture capital fund although there may be problems with that. But I am going to put my money on the manufacturing and technology capability of a Trinidad business, using knowledge, using the access to the new world and the whole issue of openness. I am going to put my money that this Trinidad company can stand up to the mark of international competitiveness, and that the exports generated by a number of those businesses would now give us additional cover so that the Government of the day does not have to use interest rate policies and bank reserve rate requirement policies to cause borrowing at interest to be so high so it will stymie liquidity that, in fact, could be used for productive investment.” In other words, if we can get people to invest in real productive assets that earn foreign exchange, the value of the Trinidad and Tobago dollar will be protected by those export earnings.

**Mr. President:** The speaking time of the hon. Senator has expired.

*Motion made,* That the Senator's speaking time be extended by 15 minutes.  
[Sen. Prof. J. Spence]

*Question put and agreed to.*

**Sen. P. Marshall:** Mr. President, in that scenario, what could possibly happen is that Trinidadians and Tobagonians would value their confidence and capability to earn foreign exchange and thereby interest rates may then be able to fall and people would then have access to more competitive funding because the Government now would not have, as it were, to protect the desire for dollarization, that is, holding of deposits in foreign currency instead of holding it in TT currency. We have to begin to understand the level of integration with Trinidad and Tobago and the rest of the world. This is how you basically do this measure. You add up exports, add up imports and take that total as a percentage of the GDP. If we add up our exports and imports and express it as a percentage of GDP, it comes up to 80 per cent. In other words, the level of integration of Trinidad and Tobago with the outside economy is 80 per cent. One can see, therefore, how we are moving away from a protected economy. I believe in Singapore and those places, it may be as high as 100 per cent, 150 per cent or 200 per cent, where their export level in terms of investment in countries outside is significant.

So, Mr. President, we have had and we have achieved, significant advances in our overall economic indicators. We have, in fact, to address the key issues, however, of interest rates, investment rates and savings rates. Our growth investment—in both private and public sector—is 21.8 per cent but our gross national savings only 9.6 per cent. So our savings are really done by foreigners and you find that, in fact, the greatest imbalance between investment and saving is with the private sector. So somehow, the Government has to institute policies to encourage that saving.

One of the issues that was very successful in the Singapore experience—it may not have been so initially, but so later on—is the real interest rate on their deposits. In other words, when you took into account the inflation rate and applied that to the deposit rate, that difference represents the real interest rate. In Trinidad and Tobago, because of the high reserve requirement and our need to control the liquidity despite open market operations, what is happening is, the banks are saying they must have a significant spread to cater for this cost of 22 or 23 per cent of their deposits, upon which they cannot earn money from lending. Therefore, there is a situation of an increasing inflation rate, no doubt caused by a lot of the foreign investment and you, however, have lower deposit rates which really may represent a saving.

What a Trinidadian would say in the light of well-stated long-term Government policies and what our exchange rate and inflation is going to be; someone who is

faced with this choice: Do I hold my account in TT dollars at the risk of suffering a sharp fall in its value because of this imbalance between—as I have just said to you—exports, imports, *et cetera*, or do I keep it in a foreign currency where, in fact, I get a lower interest but I am not exposed to capital depreciation that may result? So I really have to agree that we need to establish and to publicize both from the Minister of Finance, the Central Bank, *et cetera*, a cohesive policy and guidelines that would show Government's thinking on its management via fiscal discipline, the whole issue of development projects from a monetary standpoint, what our interest rate policies are going to be, what our inflation rate policies are going to be, to develop the long-term confidence so that the citizens of Trinidad and Tobago could begin to invest in their own economy to create a domestic economy that would be diversified and less reliant on the one product, off-shore economy, that is the basis of concern of many observers.

Once again, this is not to say that one in any way is attempting to mitigate the significant achievements that this country has made over the years, it is just that the danger is not over.

I do not know how much time is left, Mr. President.

**Mr. President:** Eight minutes.

**Sen. P. Marshall:** One of the major issues that have to be accomplished is Government's medium-term framework in which they have talked about sustained growth in a number of sectors and also the whole issue of income distribution. The energy sector would continue to be of paramount importance to continue to provide the foreign direct investment which brings in automatically, technology and learning, which, with the environment the Government has put in with respect to patents, copyrights, intellectual property; give us a knowledge base as we develop double tax treaties with the Latin American economy so we have the ability with proper communications; sorting out the whole issue of the communications and infrastructure; to develop knowledge-based economies that can, in fact, be foisted by the learning and knowledge of companies coming in with the energy sector. I am sure that the Minister of Energy and Energy Industries, as is usual, is going to lay out a whole new basket of proposed investments.

In the Singapore story, one of the key underpinnings of the fundamentals that has made them successful is the agricultural sector. Without the agricultural sector providing the basic increase or reduction in poverty, the learning and development, the ability to mitigate imports of agriculture, it would not have happened. We have

set out in the agricultural policies here, infrastructure projects, that would deal with irrigation, that would deal with learning, that would deal with soil conservation and training of farmers, but we have to implement them. If you are to say to me in this entire budget statement what is the most important one, it is the agricultural sector. [*Desk thumping*]

The tourism sector: Mr. President, I really do not agree with some of these figures in that Medium Term Review of the Economy, because although it may be under growth sectors in construction and in tourism, are the causal factors of that growth not investment in the energy sector? When we say we have had increased tourism, have we really had an increase in eco-tourists or have they been gas tourists? I feel that our increase in tourism has been the result of businessmen and occupancy levels at our hotels coming here, naturally, quite legitimately, to develop that sector. So let us also take the opportunity to look at how we collect our statistics so that when we talk about the need to diversify our economy, we do not fool ourselves by saying, "But wait, the energy sector grew by so and so but the other service sector grew by even more." It is all the energy sector. The energy sector is the root cause. Take away that and we would not have this growth. We have to track it back to the root causes.

So we are talking about the tourism sector for 20 years, just let us do it. If Aruba could do it with the shut down of their plant in St. Nicholas and their refinery and come around, just let us do it. Information services, knowledge economy, why should Barbados do it? Why should Barbados have a software house employing 400 people, writing software for banks, *et cetera*, in the United States and we cannot do it? In fact, why should Barbados' dollar be three to one? I cannot understand.

Income distribution. This is what the Government has been doing: definite measures about reducing poverty, housing support both in rural and urban areas and land regularization. It has been proven over and over, that whereas we intend to look at the poor from the perspective of low incomes, low capital has been proven to be an even greater factor enabling the poor to become better off. In other words, it is the inequality of capital, inequality of access to housing or land that is just as important as inequality of income. There is no way a government can make incomes equal in a short time. All I am saying is, let us be pragmatic, let us be practical, let us give people the opportunity through education and health to, in fact, be the driver of taking them away from the captivity of poverty through education and health. In the budget of education and health, we have to change some things.

Mr. President, how much of our health budget is spent on curative illnesses as opposed to preventative or prevention? I believe I heard the Minister of Health saying that it costs the Government \$60,000 per year to care for patients suffering from lung cancer. Can you not see that the way we should be spending money is not fixing those who have wrecked themselves, but in educating those before they can wreck themselves? In other words, we have to stop the problem now. That is how we should be spending our money—education. What made Singapore successful? Not their tertiary education. No, Sir. They emphasized preschooling, primary and secondary education which brought the greatest returns.

**4.30 p.m.**

Great Britain is wondering whether they should have a different philosophy to funding of tertiary education. In Singapore one pays for it oneself. What can we do in Trinidad and Tobago? This is what I would like to suggest.

A person may not have the money—and we know the issue about student loans and other loans investments. Why can we not have a shared vision and a philosophy that goes something like that? One can get a university education from the University of the West Indies and eventually get a job and become a professional, but one can commit oneself to the whole issue of community development and building. You commit yourself over a period of one or two years, maybe, at a reduced cost of professional service fees to give back to the community what you got; what others, who were not as fortunate as you, did not get. Think about this paradigm. Success to be successful. There may be a poor person who may not have the opportunity to go to university but he is paying tax to fund you at university. You, because of that university education, now position yourself to be a higher income earner and there is no equity back to the community that would enable that to happen.

Mr. President, one of the challenges for the Minister of Finance is that Trinidad and Tobago is heavily taxed. We cannot tax individuals more. He has to widen that tax base. He has to bring into the net, people who are just paying a very small percentage of what they ought to be paying.

I do hope that there will be a saving in time and effort with the re-engineering of the TD4 system and the elimination of 100,000 returns which is being foisted upon the revenue service. What should also happen—in addition to putting the responsibility on the employer for the deductions—is that the employee should also sign the TD4 slip to move away any excuse that if there is some confusion,

*Appropriation Bill*  
[SEN. MARSHALL]

*Tuesday, October 20, 1998*

that the employee is able to say he did not agree to that as his earnings. Let them be jointly responsible.

There was so much more I wanted to say. Our education system, if one uses CXC results as the basis of a measure, has failed us miserably. I have said this before. In our labour force there are 151,000 persons who attended secondary school, and for how long, I do not know, but they did not get one CXC, among them. The cost of that to the taxpayer was \$1.5 billion.

We have some serious work to do to take our nation forward.

Thank you.

**Mr. President:** Hon. Senators, we will break for tea at this stage. The sitting is now suspended until 5.05 p.m.

**4.33 p.m.:** *Sitting suspended.*

**5.07 p.m.:** *Sitting resumed.*

#### SENATOR'S APPOINTMENT

**Mr. President:** Hon. Senators, I now revert to items 2 and 3 of the agenda and read first of all, a correspondence from His Excellency, 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, T.C.,  
O.C.C., S.C., President and Commander-in-  
Chief of the Republic of Trinidad and  
Tobago.

/s/ Arthur N.R. Robinson  
President.

To: MR. KENNETH AYOUNG-CHEE

WHEREAS Senator Eastlyn K. Mc Kenzie is incapable of performing her functions as a Senator by reason of her 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, KENNETH AYOUNG-CHEE, to be temporarily a member of the Senate, with



*Senator's Appointment*

*Tuesday, October 20, 1998*

immediate effect and continuing during the absence from Trinidad and Tobago of the said Senator Eastlyn K. Mc Kenzie.

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 15th day of October, 1998."

#### OATH OF ALLEGIANCE

*Sen. Kenneth Ayoung-Chee took and subscribed the Oath of Allegiance as required by law.*

**5.10 p.m.**

#### APPROPRIATION BILL (BUDGET)

**The Minister of Planning and Development (Hon. Trevor Sudama):** Mr. President, I am happy to have been given this opportunity to participate in this debate. I understand that one cannot be too political in this Chamber, and necessarily I have to be brief.

I congratulate Sen. Philip Marshall on his contribution. There are a number of things he said with which I agree and I will comment on one or two. I also agree with those things that Sen. Danny Montano said, on which he agreed with us.

Mr. President, I am taking part in this debate against the background that perhaps the large majority of Trinidadians and Tobagonians are not overly concerned about serious economic issues. There is really little attempt to discuss subjects such as the dynamics of the global economic system or that of the domestic economic system; the relationship between the two for the production and movement of goods and services; capital flows; the flow of information; and indeed, the implications of all this for growth and development in this country.

Nowhere it seems is this indifference more pervasive than in the media, consumed as it is with their own inanities and frivolities. Due perhaps to a lack of understanding of what is taking place, when things go wrong—if they do go wrong—we attempt to explain the situation by resorting to what one commentator called demonology. A debate on the fundamentals ought to be initiated, and it has in fact been initiated both in the other place and in this Senate, even if it is confined to a few persons.

Having said that, let me turn to a subject I was discussing earlier, and that is, the current situation at a global level, and then locate the position of Trinidad and

Tobago and the imperatives which should dictate policy and action on our part. This is a matter which was referred to, both by Sen. Montano and Sen. Marshall.

At the global level, there is little doubt that the world is in economic and financial crisis of sorts. The effects on some countries are much greater than on others. The fundamental reason is that there is, globally, a gross imbalance between the real economy and the financial economy. For example, if one takes the volume of trade in foreign currency, it is about 8 or 10 times more than the value of output of the real economy of the world. There is a measure of speculation; there is volatility of capital flows, especially short-term flows. There is an inability to predict what is happening. Coupled with that, there are weaknesses which have shown up in the banking and financial systems of many of the afflicted countries, especially in their regulatory mechanisms.

In the case of many of the East Asian countries, for example, there is a lack of transparency in their lending; in their dealings between large businesses and the financial institutions. There was not an arm's length relationship, therefore, the authorities were not able to discern what was going on and to decipher the speculative elements of the crisis. There was the inability to forecast the massive outflow and the irrationality of it even from well-managed economies. This is the contagion effect of what has been going on. Even those countries which had their fundamental rights were not spared the effects of this problem.

What is also clear is the inability of the international financial institutions, known as the Bretton Woods institutions, as they are presently structured and with their present level of resources, to handle the situation. They do not have the kind of resources to deal with these massive outflows that have taken place. They do not have the capacity to be a lender of last resort. They do not have the global financial oversight that they need to act authoritatively in many cases.

Given all the things that have been happening, the crisis, deemed one year ago today to be temporary, has continued. The consensus on an approach to a solution is that if we are to avoid a global recession—I will talk about this a little more, and the position of Trinidad and Tobago in such a situation—what needs to be done on the part of the major global players is to contain the crisis in the affected countries. What is also needed urgently is to maintain growth in North America and Europe, to resuscitate growth in Japan, and to deal with the banking problems that have emerged there. As Senators are well aware, these are the major countries of the world. If they are in any way adversely affected, there will be serious problems.

As this situation is being dealt with, all the things should be put in place to encourage the resumption of capital flows to the emerging markets. Of course, that is easier said than done, but that has to be an objective if we are going to get the world economy back on track.

**5.20 p.m.**

There is need for fundamental reform of the international financial institutions to meet the new challenge that we would face and, in fact, that we are facing. There is the issue of resources; the issue of sovereignty where many countries may have to give up a measure of national sovereignty in order to have oversight from a global institution if we are going to minimize and pre-empt the emergence of such crises.

Also, there is some consensus that there is need to modernize the operation of international financial markets by setting international standards and best practices with respect to capital flows—whether they are of short-term or long-term nature—or there can be a situation where there is a market without rules. Even the United States of America is now coming around to the view that, in fact, there ought to be a kind of rule-based trade flow in foreign currencies.

Mr. President, those countries which have not had experience with capital account liberalization should proceed carefully, especially with liberalizing short-term capital flows which seem to have been the heart of the problem in Asian countries. They should proceed a little carefully with that and put the structures and regulatory mechanisms in place. Also, there is the feeling that the involvement of the private sector should be obtained early in the day in order to minimize the risk of withdrawals and, indeed, to minimize the shocks that the system will face.

Also, and very important, there is need to strengthen the banking and financial systems in all the countries concerned and the regulatory mechanism, which has been one of the key problems experienced and which, in fact, has triggered this crisis. Indeed, also there ought to be greater transparency in operations in all spheres whether it is in the provision of information as to what is happening in the domestic economy, with respect to financial flows and what is happening with respect to governmental operations in the fiscal sphere. There ought to be greater transparency so that there would be ample warning as to what is going on.

If these things are done—and we hope that they will be done—then we will be able to avoid a global recession. I have heard the question asked as to how could

Trinidad and Tobago insulate itself in a global recession? The answer is that we cannot. I would love to hear from the PNM, what they would do if there is a global recession. How could Trinidad and Tobago insulate itself from a global recession? This is just idle talk. In the global arena we have a limited say.

Mr. President, we are members of the Group of 24 and we have a say there. We are represented on the Interim Committee and Development Committee through our constituency in which Brazil is the spokes-country. We have our say through that at the annual general meetings and so forth. We have a limited say as regards determining what happens at the global level and what initiatives are taken there. However, for our part, there are things that we can do. We have had a fairly good regulatory system in the financial and banking sphere and we are now strengthening that system which we can do autonomously. We have just entered into an agreement with the Inter-American Development Bank to get a grant funding in order to strengthen the Inspection Division of the Central Bank so that they can have closer scrutiny of what is going on in the financial and banking sector. We can have greater transparency with respect to the dealings between large businesses and the banks in Trinidad and Tobago. Of course, at this point in time we do not have a great deal of short-term money coming into Trinidad, but that does not mean that we ought not to put mechanisms in place to monitor and regulate the inflow and, indeed, the outflow of short-term funds.

Mr. President, we can do all these things. It is also obligatory on us to manage our economy prudently, and we have been doing this. Over the last three years we have been paying careful attention to the macro-economic fundamentals. We have been operating with the objective of achieving fiscal surplus in all the years and we have a monetary policy which has been closely monitoring the exchange rate stability. We have kept inflation at a relatively low rate and, in fact, it is reasonable compared to our major trading partners for the last few months and coming into the next year.

Yes, Mr. President, we are going to see an increase in the inflation rate, and fuelling this would be what is happening in the food sector. That has primarily been the result of what has happened to the weather patterns and so forth in this country and, of course, the imported inflation which we suffer. However, as you see, in our agricultural sector we are having some initiatives to expand production on the output side and, therefore, be able to deal with the food supply problem and deal with inflation at that level in that subsector. We have been managing our liquidity in a way that ought not to put undue pressure on the exchange rate and as you are

aware, our foreign exchange reserves are rather high. Our gross reserves are now four months of import cover.

We have been doing all this because that is in our power to do in order to manage our macro-economic fundamentals in a way that we are able to stabilize ourselves, and our debt policy has been such that we have been reducing our international debt. Our international debt has been on the decline, therefore, our debt-service ratio has been a declining factor. What is within our capacity we have been addressing and doing so in a very careful and prudent way. Trinidad and Tobago has little, if any, influence over what is happening outside, at the level of the world economy,

Mr. President, the other point I wish to make is that in a situation where international capital markets are in turmoil and many countries—whether they are managing their economies well or are in a run on the exchange, or capital markets—are in distress as all economies face problems in accessing capital on the international capital market.

**5.30 p.m.**

Although Trinidad and Tobago has received kudos for the way in which it had managed in the last few years, it would, of course, have to time its access to the international capital market; and what we are saying is that that market has not been excluded, but we would have to use our judgment as to when we can access the market in terms of need.

I am addressing some of the points which were raised, and the question of the need for domestic savings and investments has been accepted on this side. What needs to be done is to understand what it is that results in a higher rate of national savings. What do we do? Incentives? Yes. Incentives go a certain way. What are the elements? We know that corporate earnings are the single most important source of national savings. After that it is public earnings, and Government savings: those two sources in an economy such as Trinidad and Tobago are the most important sources. Therefore, what the Government has been doing is reducing the level of corporate tax over the years in order to make more available financing at the disposal of companies which it can then utilize for investment purposes, and on the Government's side, running a surplus on its current fiscal account in order to have some savings to invest on the capital infrastructure. We have been trying to do that but, the need also is to encourage householder savings and that is easier said than done, and it has to do with attitudes developed over the years—patterns of consumption.

How we spend money, whether our level of wastage in Trinidad and Tobago is high, how we consume things to satisfy our physical wants, how we consume time. All these are related to the question of savings and improving the rate of savings in Trinidad and Tobago so it has to go beyond giving incentives which are necessary. But incentives by themselves, except the culture is changed as Sen. Marshall has said, except the thinking and attitude of people with respect to deferred gratification is done on a wide enough scale and large enough numbers and you are able to deal with that, you are going to deal with two things at the same time. The rate of national savings is going to be increased and less pressure is going to be put on the foreign exchange. That is a process which takes time and one in which much education is involved, and one in which there is to be greater involvement of people in participation in stakeholding in the economy for us to get nearer to that stage.

The role of commercial banking, for example, in this whole system of trying to enhance the rate of savings is important because the banks as you know, primarily lend for consumer imports and there are few instruments available through the banking system for long-term investment. When we look at the figures we see that the national savings since 1994 for the last three or four years averaged 16 per cent, and investment averaged 18 per cent of the GDP which has translated to an average growth rate of about three per cent. That is not good enough simply because we want to attain a higher rate of growth and we also want to be more self-reliant, we want to have more sustainable growth, and we want to be less reliant on foreign savings. Our view is if the national savings rate—exclusive of what foreign savings may be able to access—could be increased to 20 per cent and we could even get an investment rate of 22 per cent, we can average a rate of growth of 4.5 per cent or more in the next millennium and that is a reasonable target to work towards. Some of the strategies in this budget, and over the last three budgets, have addressed the lowering of taxation. The last budget talked about pension reform and increasing the contributions under the NIS, and all these go to increasing the level of national savings.

Mr. President, we are also doing a number of other things in order to make these savings available for investment by nationals. As you are aware, we are in the process of forming an Energy Holding Company, this is where we feel that we ought to have a greater degree of national participation and shareholding in the energy sector which has been dominated by foreign investment and to do so, we are establishing this Energy Holding Company where up to 10 per cent of the shareholding would be reserved to be taken up by nationals. We are also

encouraging employees' stock option plans, we are also rationalizing fiscal incentives, enhancing the regulatory framework for market insecurity, and establishing the Securities and Exchange Commission to give people greater confidence that if they take risks and invest in securities and so forth there is a level of protection to which they can look forward.

Just a word about the role of the Government. The Government is neither committed to a totally free, unbridled market, nor is it a Government that is going to dominate the economy in every sphere. The role of the Government is one of facilitator, regulator, catalyst in certain respects and an initiator where the need arises. So depending on the circumstances, the Government would, by and large, assume different roles, but it sees itself in the main as a facilitator, a regulator, and a catalyst in order to get the economy running at a higher rate of growth.

One of the real issues which we had to confront in a strategic sense, is how do we get a greater participation and stakeholding of nationals in the economy. As I said, we would form the Energy Holding Company and this would give us a measure of internal control and a share of the outputs and, therefore, what we are looking for is an appropriate mix of public, private and foreign investment in the economy of Trinidad and Tobago and this would provide a certain degree of interdependence and integration of the various sectors through a greater national stakeholding and participation in the economy of Trinidad and Tobago.

We also need a re-orientation of the financial system and an expansion of the stock exchange because the question of intermediation of savings into productive, long-term, and risk investment is something which needs to be addressed in an economy such as ours. We need to develop entrepreneurial class, not only in the four major areas such as energy, agriculture, manufacturing and services, but we need to develop the entrepreneurial spirit which should pervade all levels of the society and that spirit is one which would encourage people to take advantage of opportunities, or create their own opportunities in the economic sphere, and if that attitude or motivation is there at all levels of the society, then we would be creating that entrepreneurial spirit and it is for this purpose that the Minister of Finance has instituted the enterprise development support system. That is one avenue, there is much more to be done.

It is for this reason that we have provided greater resources for the Small Business Development Company for 4,000 aspiring entrepreneurs. It is for this reason we have brought venture capital, and risk-taking under the aegis of the Small Business Development Company so that we have a reorientation of attitude

in this direction. We are not going to solve some of the fundamental problems because development is not about numbers, figures and statistics, it is really about people and capacities, their motivation, skills, expertise, orientation and their attitudes and once there is that, then the productive endeavours would be expressed in the various numbers which we look at and say yes we are achieving and growing and we are moving from strength to strength as a country. This is what we are looking towards as a Government.

The other point I want to strongly emphasize is that the Government is a facilitator: it cannot by itself inject a spirit of enterprise into people. It creates a framework, the environment which has to emerge from among the people and this is how we see our role as facilitative and giving all the encouragement, and allowing people to take the risks to do the things which are necessary for them to move ahead and take the opportunities which arise. We heard, for example, from Sen. Montano that we have not done anything to protect the manufacturing sector and this is the attitude from which we want to get away. We do not want to protect any sectors, we want to empower them so that they can go out and meet the challenges on their own. We do not want that element to say we are protecting here or there, we empower them and give them what it takes and let them go and fight their way out in the world.

**5.45 p.m.**

That brings me to the other point. What do we see as some of the other major challenges? How do we integrate ourselves meaningfully into the global order, and what are the terms and conditions under which we do that? Surely, we have to be more competitive. The point was emphasized by Sen. Marshall. We have to be adaptive, we have to be resilient. I think the fundamental question is, how do we have access to and utilize the information? That is the only way we will be able to deal successfully and effectively with the outside world—whether it is the information and use of this information about markets, technology, regulations, customs and culture, language—whatever it is.

We can create an export capacity through the use of that information and, therefore, when we do that, we will be able to build on standards of efficiency, productivity, product quality and technological competence. This is why we are on the way towards setting up the science and technology parks that we have in mind to give the average entrepreneur access to science and technology, introduce new technologies into the economy, to increase a rate of absorption into the economy, to be able to initiate research and development in certain areas where we may have



advantages, and it is that kind of initiative that the Government will have to get into in order to prepare our entrepreneurs for dealing with the outside world. It is only in that way, Mr. President, we will be able to compete.

We are living in a global village. Our trade in goods and services, the capital flows and everything else are all integrated and, therefore, if one is competing, it is no longer a protected domestic market that one is facing. One is facing a global market whether one lives in Trinidad or elsewhere and in order to do that, we have to be prepared in every sense as entrepreneurs, as exporters, as workers.

Another area which came up today was the whole question of foreign exchange and its use and mobilization, its management, and how to deal with it in an economy such as that of Trinidad and Tobago. We have had a pattern of foreign exchange mobilization. I remember the days when foreign exchange outflows from this country were calculated in the hundreds of millions of US dollars. In those days, we were not talking about the 'heydays' of the oil boom when the PNM was in charge. I do not want to delve into any of these issues, but in those days, there was no concern about the management of the foreign exchange reserves and its mobilization for the purposes of development. There was a two-tiered system: \$2.40 and \$3.60, and so many times one bought at \$2.40 instead of buying at \$3.60, and the difference, of course, was kept in foreign banks.

In 1981 and 1982, for a small country, we had foreign exchange reserves running into as much as US \$7 billion, and today, where are we? We had all of that. Therefore, it is important, because the way we are integrated into the global economy and our dependence on foreign input to run the economy of Trinidad and Tobago is so vital that the management of the foreign exchange inflows and, indeed, outflows are crucial. As we know today, the funds are mainly coming in from the energy sector, and what we need to do, firstly, is to diversify the sources of foreign exchange inflows, that is on the supply side, to expand those sources and to diversify so there is not this extraordinary dependence on just one sector of the economy.

Of course, side by side with that, we said that there must be greater national stakeholding in the energy sector, quite apart from diversifying the sources of foreign exchange supply, on the demand side, because the management of the foreign exchange has to do both with supply and demand. The question is, how much can we reasonably conserve as a country? How much can we save in terms of substituting inputs, conserve in terms of re-orienting our consumption patterns, conserve in terms of our import orientation and, therefore, minimize the demand

for foreign exchange? Of course, all of this has to do with the sort of confidence we build so that people do not speculate in the currency and cause an excessive outflow.

With respect to the diversification of the foreign exchange supply, we have to look at sectors such as the manufacturing and services, agriculture and so forth, and these sectors have more domestic national involvement in them. I think that will redound to greater employment generation and finally to less pressure on the demand side of the foreign exchange equation.

Another issue we have to deal with is the question of how to empower the population. I think the crucial issue here is the education: the skills development. We have already spoken about development of entrepreneurship, entrepreneurial capacity, enterprise development, but concerning skills development, tertiary level education, the information technology sector, the Minister of Finance has given relief to those who have children at the tertiary education level; there is a measure of relief there. There is relief for those who purchase computers. We are going into an expanded secondary education modernization project and we are expanding the primary school system, so in all these cases, we are having an enhanced training capability in the Government and quasi-government agencies, and through all of these mechanisms, we are attempting to empower the population, dealing with the health, nutrition aspects, housing and so forth. We are also attempting to put in place a more effective judicial system, a dispute resolution system, so all of these taken together would have the effect of empowerment of the population.

Mr. President, as we look to see what ought to be done as a Government and the kind of leadership we should be providing, we need to establish sustainable communities. I have spoken on this before. It is within the context of the communities that development takes place. We want to involve the communities in the provision of services, strengthen local Government, have access to resources, greater access to information at the community level, so that individual development is intertwined with community development, but in order to do that, we must have development.

**Mr. President:** The speaking time of the hon. Minister has expired.

*Motion made,* That the hon. Minister's speaking time be extended by 15 minutes. [*Sen. W. Mark*]

*Question put and agreed to.*

**Hon. T. Sudama:** Mr. President, I was talking about the development of sustainability in community development as an approach in the whole context of development that we seek to put in place. Then, while we are doing all of this, we cannot afford to neglect the conservation and preservation of the environment as we have industrial growth and other kinds of infrastructural development taking place that pay due regard to the impact on the environment, so we have environmental conservation being given due consideration in our policy.

The signs have been encouraging as to where growth has been taking place. We can only go on the basis of what has been happening in the economy and make some kind of projections into the future. In the non-oil manufacturing sector, there has been significant growth to the extent of 16 per cent over the first two quarters of this year. In tourism, that has been 21 per cent. In other sectors there has been significant growth, but of course, that means that the potential is there. When we talk about tourism, we are talking about just one per cent of the GDP, and we see the potential inherent in that sector which, if we put the infrastructure in place, will open up the country and publicize the benefits of coming to Trinidad and Tobago. Then we will see what can happen with tourism in Trinidad and Tobago. We anticipate significant growth in that area.

As they know, we are developing part of the physical infrastructure, the road and the water supply of the airport to promote that very sector. In the area of manufacturing, I have outlined what we are doing to assist manufacturers to open markets for them, to have more skilled and trained staff at their command in order for them to access those markets and to be competitive in what they do.

### **6.00 p.m.**

Then there is agriculture, which is the other plank. I know that over the last three quarters agriculture has suffered a decline. We understand that, we acknowledge that there are reasons for this, but we have put in place a programme where there is going to be a revival of the agricultural sector, because we are putting great store in the capacity of that sector for increased production, employment generation, foreign exchange earnings and, in fact, food security. That we are doing and we see that as another element in the diversification programme that we are pursuing.

I just want to indicate that as regards our industrial policy, we are attempting to encourage downstream activities in the energy sector and the Minister of Energy and Energy Industries would say more about that. We are giving the fiscal

incentives for people to come in to go into more exploration for gas, oil and so forth, but also to go into more downstream valued added activities in the energy sector. That is current policy, but beyond that, we have, as you know, identified enterprise zones throughout the country where we are going to site small-scale manufacturing in the enterprise zones and that would be a boost for small-scale manufacturing, because one of the problems which they face is an inadequacy of land on which to carry out the operations.

The Tourism and Industrial Development Company has, in addition, identified some emerging sectors where they feel that we have significant comparative advantage, significant potential in those sectors and when they analyze those sectors, what we now have to do is to go the next step of putting the basic platform in place to take advantage of our potential there. I am talking about things like information technology, we have been talking about that for some time; the entertainment sector; then we have the recreational marine where we have some headstart in that and our location gives us some advantage in recreational marine and spin-off activities which can be generated from that kind of involvement in the foreign exchange and so forth; then, international financial services, where many studies have been done and what we need to do is to put the regulatory mechanisms in place and, of course, invite those who have an interest in establishing international financial services here in Trinidad and Tobago, offshore banking and the like, to come here and take advantage of our telecommunications technology.

With our skill levels that we have in our population here, and other advantages, like our location advantages and so forth, we can take advantage of that; transshipment services, where they are also focusing on that in order to diversify our industrial sector; then, with regard to wood furniture and joinery products, where we have not paid a great deal of attention over the years, but we see a vast potential and a potential which we can exploit because we have a significant level of expertise in this sector. What we need to do is to identify what the needs of the markets are, particularly the export markets in the Latin Americas, perhaps North America, Europe and so forth, and then to gear our production for those markets. The Government is ready and willing to assist those manufacturers, whether they are medium scaled or small manufacturers in attempting to meet the export demand and demands for the domestic economy.

**PROCEDURAL MOTION**

**The Minister of Public Administration (Sen. The Hon. Wade Mark):** Mr. President, at this stage, in accordance with Standing Order 9(8), I beg to move that the Senate continues to sit until 10.30 p.m.

*Question put and agreed to.*

**APPROPRIATION BILL (BUDGET)**

**Hon. T. Sudama:** Mr. President, I took this opportunity to give this Senate an idea of what was happening at the global level and how Trinidad and Tobago relates to what was happening there. Also, to give a view of how we see the future of this economy in the next few years, where we are going to place the emphasis in our developmental perspective, what strategic options that we would employ in order to push the economy forward, in order to diversify the economy, in order to deal with some of the major problems and constraints that we face, in order to deal with the human resource problem that confronts us in Trinidad and Tobago, in order to make this country into a thriving, vibrant, dynamic tiger among the so-called pussy-cats of the Caribbean.

Thank you very much.

**The Minister of Public Administration (Sen. The Hon. Wade Mark):** Mr. President, it is a privilege for me to make my fourth contribution to yet another debate on the financial management of the Republic of Trinidad and Tobago by a Government which I am deeply honoured to serve.

As I begin, I am very mindful and very conscious of the fact that we live in a changing world; that, in reality, this budget debate is etched in a historical capsule; that in changing its financial year, this Government has succeeded in making a major communal decision that is of great significance and impact to the entire economy and country. Because of this, in the months and years ahead, people of this country will see and experience an entrepreneurial and proactive Government, taking the leadership role in reinventing and recreating the entire financial management framework and systems for a stronger social and economic infrastructure. Mr. President, a seemingly simple change, but in reality a profound one, which the Government has pinpointed as a source of opportunity, which must be seized and utilized to prepare this country for entry into the new millennium.

The 1998/1999 budget has been described by the Minister of Finance and the Government as “A Platform for Progress: Security for All”. By design and not by guess, it is about strengthening the nation's social and economic infrastructure for the greatest good of the people of our country, Trinidad and Tobago. The budget therefore, is in furtherance of Government's number one priority of simultaneously meeting, raising and sustaining the economic and social standards and expectations of all our people. They deserve nothing less on account of the sacrifice, sweat and toil that they have contributed and continue to contribute as part of their role in the development process of this nation.

I therefore, commend my colleague, Sen. The Hon. Brian Kuei Tung who, as you know, described the budget as the people's budget. Try as they might to say otherwise, the Members on the other side can only conclude and agree that the UNC Government of national unity is a caring Government and a Government of choice destined to take this country confidently into the next century. Constantly and without exaggeration, perhaps still too far from the public spotlight, this Government is championing the emergence of new and revitalized public institutions and organizations. They are flexible, decentralized, less cumbersome, innovative and adaptable to the changing paradigms. They are learning more and more quickly how to be and what to do, when, and as conditions and the environment change. The institutions of Government are eagerly using appropriate methods of a competitive nature to assure public satisfaction, to ensure service delivery and other non-bureaucratic strategies to get things done as creatively, swiftly and effectively as possible, given limited resources and unlimited needs, demands and expectations. These are the directions of a government of vision, a government of the future. The 1998/1999 budget is seeking to fulfil that vision and to be more strident and purposefully active for the future.

In fact, this first time October budget is unprecedented in its focus on Government's agenda and policy directions, particularly in the specific areas I will outline with your kind permission. Mr. President, the 1998/1999 budget offers, among other things:

- A brighter, more secure future for the nation's youth and its senior citizens.
- The elimination of paternalism, dependency and division as manifested by the last and dying regime.
- The sustainable development of our natural resources and our human capital: our most valued assets.

- The encouragement and development of entrepreneurship in large, medium and small enterprises in our country.
- The development and preservation of a civil society based on respect for law and order.
- Reform and improvement of our judicial sector.
- The creation of employment to further reduce the employment rate, which this Government has effectively lowered in its short tenure.
- Increased positive economic activity in all sectors.
- Continuous improvement in the competitiveness of Trinidad and Tobago, particularly with respect to exports.
- The attainment and sustainability of harmonious industrial relations in both the public and private sectors.
- A renewable and sustainable capacity to provide for the health, education, housing and other social and security needs of the entire spectrum of citizens.
- Restructuring the rates and taxes for an improved incentive framework to the private sector.
- Tax administrative reform.
- The liberalization of trade and investment consistent with our international obligation; and the diversification of our economy.
- Positioning Trinidad and Tobago in the global economy for a positive and effective entrance.
- Transformation of our economy to a knowledge-based society with contemporary technological capability.
- Redesigning and redefining the ways in which we conduct business with mega transnational corporations.
- Strengthening of the country's macro economic fundamentals and monetary and fiscal policy.
- Improvements to the institutional and incentives framework in order to obtain increased private sector investment.

**6.15 p.m.**

Mr. President, no one interested in the progress and prosperity of our people and country can deny the relevance of such a government's agenda, but we must transform our thinking, structures, systems, culture and institutions so that they may make room for a government that is prepared and committed to be catalytic and revolutionary. It is the appropriate kind of government for our time given the manifest shift in the current balance of forces worldwide.

The 1998/1999 budget is replete with new ideas and opportunities to tackle the business of Government by solving problems and addressing burning governance issues. We cannot succumb to the power of outdated ideas, that is for the other side, whose difficulty is in the escaping of the stranglehold in which they have been caught by their outdated ideas about government and governance.

With the experience of the financial year 1997/1998 and the challenge to Government's ability to adequately maintain an acceptable standard of service and service delivery, I have no doubt that the anticipated surplus of \$913 million can be reached and may well be surpassed. All that is required is a collective, communal decision to embark upon a fiscally responsible approach to expenditure along with controlled budgeting. The public service would respond as is its character to do when resources have to be tightly managed and service levels maintained.

I emphasize the point that a productive, relevant, efficient and effective public management and public administration system is of critical importance to the implementation of Government's agenda, policies and priorities. The public service must therefore become the high performing organization that the Government, the citizens, the private sector, the state sector, the non-governmental organization sector and the entire country need it to be.

I assure this Senate that a new public administration is the goal of this Government. Since the new public administration policy agenda for the public service was laid in this House in 1996, the work of transforming the public service for the 21st Century has been going on with increasing intensity in terms of implementation.

This budget debate is an opportune time to place the public service in a special context. In today's public service—and undoubtedly the prospects for the future are the same—public officers face a daunting task. They operate and labour within increasingly complex policy frameworks and under intense, economic, social, technological information and competitive pressures.



Citizens, customers, interest groups, managers and politicians make many demands on them, but this is a global public service phenomenon and Trinidad and Tobago is not unique, but they can easily be placed in four categories. Firstly, it is primarily fiscal pressures that have forced a review of public service and its delivery method.

Secondly, there has been widespread and growing public concern about the speed, quality, relevance and appropriateness of the delivery of Government services. Mr. President, there is a fishbowl existence of the public officer. The public has easy access to all corners of the public service, and everyone can be an expert on how to make the public service more efficient without the necessary background knowledge. The phenomenon of change as that world moves from the 20th to the 21st Century is imposing powerful pressure for quick change in a public service whose array of systems and structures, legislations, rules and regulations have been built for rigid stability and not constant change.

One hundred years ago, the bureaucracy of Max Weber the German sociologist meant something positive. It brought the same logic and efficiency to government work that the assembly line brought to the factory. That same bureaucracy, in, of and by itself, is now bankrupt and bereft of solutions for our times. Consequently, all over the world, we have seen the emergence of entrepreneurial government that sees a need to be more businesslike and to utilize contemporary management theories, principles and practices.

It is this practice of contemporary management solutions and interventions that the Government is using in this country to leverage the transformation of the public service, so that it can be positioned at the centre of Government's commitment, plans and actions for national development, based on sound social and economic policy, planning and implementation.

The process of transforming the public service for a new public administration constitutes some clearly delineated contemporary management elements. These include, having a vision and declaring the results we want for the public service, as and when change occurs; establishing a mission and a sense of purpose and direction; focusing on leadership capacity and leadership requirements; using the value of accountability to explain, disclose and report on work that is being done; developing strategies to make the public service a preferred workplace where the development, recognition and dignity of people are of paramount importance.

The transformation process and the results need to be communicated. We are endeavouring to have multiple channels of two-way communication, paying particular attention to four main audiences: the employees, the clients, the stakeholders and partners.

If the public service is to be a highly performing organization, trust must be the bond that holds it together, the fuel that energizes it and the lubricant that drives its operations. Trust is also a prerequisite for organizational learning, especially collective learning, and learning collectively how to work together for the organization's success. Public management and public administration have now come into their own as part of management sciences. In the public service, we are making the best use of available management tools, techniques, best practices and lessons.

Because public service reform is such a globally simultaneous and common phenomenon, there is now substantial literature and a body of theory and research material available for adaptation to our specific needs and context. In particular, we are making maximum use of the Commonwealth experience.

Public officers, especially senior officers, are accustomed to membership in various committees and task forces, but more and more, there is a need for multi-disciplinary teams for cross-organization and cross-sectoral collaboration, especially where such approaches generate best-fit solutions to issues and problems.

A final but critical and all-embracing management element is change management. All public service institutions without exception are facing change and have no choice but to be involved in a continuous change process of response and adaptation. Even the most traditional and stable of public institutions have recognized that they cannot just sit out change and neither can they successfully resist change forever without sounding the death knell of the organization by whatever means. Sometimes it is just a case of being totally out of touch with reality.

I am happy to report in this Senate that the last almost three years have been well spent building a climate and an environment for change and transformation, largely by getting the people in the public service to be involved, welcoming and accepting change at every level on the organizational ladder and by restoring self-confidence, self-esteem, dignity and pride, and by promoting collaboration among ministries. At the same time, the Government recognizes that change can sometimes have a negative impact on employees and, therefore, we on this side are conscious that employees must be helped to cope with the effects of change.

In actuality, organization treats have been promoted and executed by most ministries. National Public Service Week 1997 came off successfully and is an annual event on the public service calendar, so too National Public Service Sports and Family Fair, Project Exceed which is the excellent service, customer care and dependability programme that is in full swing, with three such activities being successfully undertaken: National Public Service Quality and Productivity month, the Prime Minister's Service Excellence award and a service-wide customer satisfaction training or programme of training and re-engineering of service delivery systems.

In a few days, my Ministry will launch the publication of the first issue of *PS Times* which is Public Service Times. This, Sir, is a public service news magazine for the new millennium. It is one part, but a major part, of a broader communications strategy designed to communicate with public officers, to disseminate information to them and obtain feedback from them on the changing stories and initiatives to which public officers have given their deepest commitment in the expectation that they will experience the new public administration and will flourish—as opposed to languish—as they provide vital public service.

The changes may seem threatening to some, but they cannot be held at bay any longer. The moods, attitude and thinking in the public service have begun to change, and as an organization it is preparing itself for the new order of doing business with the people, in the service of the Government and the reform process, as well as service to the nation.

The few isolated cases of disservice to the Government and people of this country must be curtailed and ultimately eliminated. Public officers involved in such acts are coming under close scrutiny. There was a recent newspaper report attributed to a private sector organization of the prevalence of bribery and corruption in the public service. This has been taken seriously by the Government and this Minister and will be firmly addressed. The Government is committed to the values of transparency, accountability and integrity. This disturbing perception of bribery and corruption has far too long tarnished the image of the public officers who are dedicated and want to be of service to the public of Trinidad and Tobago.

This perception of bribery and corruption which has gone on in preceding governments, thus establishing a culture of malaise and decadence would be effectively dealt with by this Government as we seek to bring to the people a reality of honesty, reliability and transparency.

Mr. President, I serve notice that action by public offices which result in loss of revenue to Government will not be tolerated. In this regard, citizens, the private sector and others must not encourage or accept such behaviour. If persons are being propositioned by public officers to engage in illicit use of state resources, they have a duty and a moral responsibility to bring evidence of such situations to the relevant authorities: to the police, ministers or the Service Commission, otherwise they too become part of the problem.

**6.30 p.m.**

Mr. President, this Government has worked assiduously to establish a code of conduct to guide the actions and behaviours of public officers as they go about their various tasks and responsibilities. It is firmly in place and over the next six months the approach to discipline in the public service will be addressed with a view to redirecting its operational aspects.

In order to implement the policies of the budget statement which essentially reflect this Government's commitment to sound fiscal management, the role of the public service cannot be over-stated. As the sinews of Government, the public service is not only a partner, it is clearly an essential organ of governance. Particular attention must be paid to the view that current global economic volatility should not be at the expense of economic equity or, in the words of the republican Constitution, the operation of the economic system should result in the material resources being so distributed as to subserve the common good.

It is, therefore, this Government's determination that this organ of governance must function at optimum efficiency. In its policy towards a new public administration, Government articulated a vision of an institution comprising highly trained professionals with the capacity to anticipate and equip themselves with the necessary tools to deal with the challenges facing this country.

As the Minister responsible for public administration I have devoted much of my energy in developing working alliances with major public institutions such as the service commissions. These alliances facilitate better governance of the public service for there is now meaningful dialogue and mutual understanding. As a consequence, the vision of a new public administration is more widely understood and shared.

Some significant achievements are the joint promulgation of the Fire Service's Terms and Conditions of Employment Regulations, 1998 and the Public Service Commission Amendment Regulation, 1998 by the Government and the Public

Service Commission respectively which not only deliver to the Fire Service a complete legislative regime governing the service and incorporating, as it does, principles of modern human resource management but is also a testament to the highly effective collaboration between the Government and the Public Service Commission.

This collaboration is essential for a consistent approach to the effective and efficient management in and of the public service. The legislative package represents the outcome of the first major review of the public service legislation for a service since independence and it is anticipated that legislation representing reviews of other services will not be far behind.

These two pieces of subordinate legislation form a legislative package which represents a number of firsts. For the first time the Fire Service has its own set of books regarding its terms and conditions of employment. For the first time, with regard to a service, there has been a complete overhaul and questioning of the premises underwriting the legislation that pertain to it from the perspective of relevance and efficiency. For the first time there is a legislative package as concerns a service and which is designed to facilitate modern human resource management practices. This is a very important advance in terms of the reshaping of the public service in our country. As part of the constant improvement of human resource management within the public service, the strategies identified by this Government in its policy include restructuring, decentralization, rationalization of functions and the devolution of authority to management.

As a part of implementing these strategies this Government has removed the final impediment to the effective disciplinary system within the public service. We have established what are called codes of conduct. A code of conduct for public officers was legislated in 1996 by this Government and recently an agreement was reached between the Government and the Trinidad and Tobago Unified Teachers' Association which incorporates a code of conduct for teachers in Trinidad and Tobago. We now look to the relevant service commissions to do what is needed so that the on-the-spot discipline can be effected by senior managers in the service. The service commissions are in the process of reviewing their disciplinary procedures so as to be in tandem with the vision of the executive, for due process affecting human resource management to be relevant and to increase efficiencies.

In order to sensitize senior managers of the public service to the issues of discipline within the context of effective human resource management, my Ministry, in conjunction with the various public service commissions, propose to

conduct two seminars before the end of the year: one for permanent secretaries and other senior managers in the civil service and one for principals and vice-principals and other senior managers in the teaching service. The ensuing dialogue between the service commissions and myself has also resulted in the service commissions reviewing the current delegation of their authority to permanent secretaries so as to increase responsibilities.

I must acknowledge the value of the recent seminar conducted by the service commissions in this regard. This complements activities being conducted by the Personnel Department to devolve authority so that senior management in ministries have the appropriate tools to use their human resources to anticipate or quickly respond to the demands of the Government.

One of the underlying themes of the Minister of Finance's speech was the forging of partnership. The Minister made reference to consultation between the Government and stakeholders in both the design and content of his address. This forging of strategic alliances and wide consultation is a characteristic of good governance and is an operating principle of this Government. The vision of this Government is to transform Trinidad and Tobago into a total quality nation. Both the public and private sectors need to be sensitive to the goals and aspirations of each other. To promote the vision or the dominance of a particular agenda cannot benefit our society in any sustainable fashion.

The dialogue that has been forged between the Government and the service commissions to develop strategies to better use human resources and which, in my view and estimation is a very positive thing, is essential because it develops and further maintains a kind of relationship that is essential for good governance in the Republic.

Mr. President, imagine a scenario where all organizations, public and private, interconnect so as to creatively use their resources to deliver to each other the necessary support for the aspiration of the goals of the people of Trinidad and Tobago and a quality of life for all. This support is perceived to be Government's role. At times it is said that the Government should be doing a number of things but one rarely hears the same requests being made of private sector organizations who, in a state such as ours, play a critical role in the direction a society takes.

To initiate greater mutual understanding and sensitization to the roles both public and private sector organizations can play, particularly in the context of these aspirations, the Government, through this Ministry, intends to invite members of private organizations to a meeting to discuss strategies including exchange of staff,

for example, whereby we can forge a working alliance for the better governance of Trinidad and Tobago. This conforms with the Government's operating principle that consultation is preferable to conflict.

While these initiatives are to be viewed in the context of the vision of a new public administration, the major objective is to deliver and to deliver promptly and efficiently to the people of Trinidad and Tobago and the translation of Government's policy to identifiable deliverables. Within the next few weeks, the Ministry of Public Administration will lead a task force that will begin work on the formulation of a code of ethics for the public service and the establishment of an appropriate enforcement agency to address issues and actions which fall into the categories of corruption, nepotism and bribery and all such acts which indicate that public officers, either on their own or in conspiracy with accomplices, are abusing and misusing their privileged positions for personal profit.

I reiterate that the vast majority of public officers conduct themselves in a professional, honest and services-oriented manner but are being tainted by the few who are entwined in the cultural malaise of past governments in which honesty and transparency were the exception rather than the rule. This Government is determined to make honesty, integrity and transparency the rule of the public service.

Mr. President, the code of ethics which we intend to implement is not only for the public officer to live but also for the members of the public to see what is expected from their public officers. In a somewhat similar vein but more proactively, a second task force will begin work in a few weeks on a review of legislation, rules and regulations and processes that are thwarting and disabling progressive economic activity and public service efficiency, effectiveness and productivity with a view to establishing a more enabling and facilitating framework in the public service. We might find out that this particular exercise may well point to some elements that facilitate the covert operations that the first committee mentioned will address.

The public service has acknowledged and has stopped ignoring that a better day and a better quality of life exist when we forge directions that deliver impressive results. The public service is busily looking at ways to turn public service bashing into public service acknowledgement. In this regard, as Minister responsible for the public service, I have already embarked on a strategy for developing and sharing information about the best practices between the public and private sector. In fact, National Public Service Week, 1998 is being observed from

November 1—November 7, 1998. The theme of the observance is, Building Alliances and Creating a Future Together.

During the week, therefore, the private sector is being targeted for its participation and involvement in all of the activities which include—and I would like to take this opportunity to invite all Members of Parliament to take part in this particular important event. We have a 5K road race which starts on Sunday 1, 1998. We have a two-day conference on public management and administration, an art and craft fair on the Brian Lara Promenade, open house in ministries and departments which we would like Sen. Daly to attend and we have an award ceremony to close the week because one of the things that we have done and which I want to share with my colleagues here, is that since we came into Government, public officers in any service in the public service of Trinidad and Tobago never were recognized by their employer. As we came into Government one of first things we did was to issue a directive to all ministries and all government agencies to provide some kind of award in recognition of the contributions made by these public officers. What we have been doing annually in the police, fire, teaching and civil services since we started this National Public Service Week is awarding and recognizing all retirees. Last year we recognized close to 600 retirees and this year we are also recognizing about that same number. So, I am taking this opportunity to extend to my colleagues here an opportunity to come and share with us in this important event.

**6.45 p.m.**

The Ministry of Public Administration is in the forefront of the on-going transformation work in the public service. We are focussing, as I said, both in terms of the structure of the public service and the service delivery system that we are seeking to put in place, because they are both linked. At the same time, we are also engaged in a strategic review in the public service. All ministries are involved in a major strategic review of their operations. The exercise has received Cabinet's approval and the redesigning of ministries has begun. All ministries are involved—Service Commission Department and a number of other organizations.

We have also embarked on a major decentralization of the human resource management function in the public service and, therefore, there are human resource units being established in a number of Government Ministries which are, in fact, utilizing and addressing a number of important functions that would have traditionally been addressed at the central level, that is, the Personnel Department. So, we are now devolving and decentralizing these functions.



We are also addressing the whole issue of information technology in the public service. We have gotten some funds from the Ministry of Finance this year and we are embarking on a serious programme of the establishment and implementation of a serious information technology platform in the public service of Trinidad and Tobago.

I want to say, Sir, that this Government cares about public officers and this Government is proud of its record in establishing a largely harmonious industrial relations climate in the public service by resolving the employment concerns and issues of employees and their representatives.

As is known, we inherited a number of outstanding matters when the PNM demitted office in 1995 and we have been successful in the last two and a half years in settling all these outstanding agreements, involving some 100,000 workers, both in the Central Government and in the local sector. This is very important and, as I said, we are focussing on the whole question of delivery; we are focussing on productivity; we are seeking to increase efficiency and cost-effectiveness in the overall public service.

Another area to be addressed in 1998/1999 is the whole question of accommodation in the public service. As is known, there are a number of limitations in that area. The PNM left office without any kind of serious accommodation for public officers. Most of the buildings inherited today are rented; a large amount of funds have to be allocated toward rent. In fact, we spend about \$40 million a year for rent in Port of Spain and other parts of the country and the Government of Trinidad and Tobago has developed an office accommodation policy where it is seeking to build its own offices. In 1998/1999, it is going to continue the administrative complex which was started in Tunapuna; we are going to the East, to Central and also South. So, we are going to be designing more administrative complexes and start construction sometime in 1999.

We are also about to engage in a major survey in the St. Joseph area as we seek to move Government offices out of Port of Spain. A number of Government offices are going to be moved out of Port of Spain. Only the critical ones like the Ministry of National Security, Ministry of Finance, the Office of the Prime Minister, the Attorney General's Office, may remain. The remainder will be on the East/West Corridor and some in South. This is a major area upon which we are embarking as we seek to provide better physical accommodation for our workers and for public servants generally.

This is a very important period for us. It is a very exciting period for us in the public service. We are about efficiency; we are about cost-effectiveness; we are about results orientation; we are about citizen and customer satisfaction; we are about service excellence, teamwork and functional enabling technology. At the same time, we want to deal with participation and we are dealing with recognition.

I think, for instance, for the last three years we have been able to record some impressive results. We have a long way to go because it is a human matter with which we are dealing. One of the problems that we have inherited, as is known, is that previous administrations—may God bless their hearts—spent a lot of time and invested a lot of resources in structures and in restructuring organizations, but they spent few resources on people and we are now on a parallel track. At the same time, we are focussing on the restructuring of the public service and on investing in people. So, training and retraining, and career development are critical ingredients in our policy framework.

For instance, as we speak, because of the absence of training and of a career development and succession planning policy framework, the public service of Trinidad and Tobago today finds itself in a situation where there is a haemorrhage of our professionals. In other words, people are leaving the public service and because of the lack of training of the people who are replacing them, we find that there are some gaps being created. So, for us in the public service and in the Government, we have to invest much money in training and retraining people to ensure that as we move towards the new century, we have a capability and a capacity to deliver on the services that the people require.

**Mr. President:** Are you finished?

**Sen. The Hon. W. Mark:** No, Sir. I have 15 more minutes.

**Mr. President:** Hon. Senators, the speaking time of the hon. Senator has expired.

*Motion made,* That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. B. Kuei Tung*]

*Question put and agreed to.*

**Sen. The Hon. W. Mark:** I know Sen. Prof. Spence and Sen. Daly likes to hear me—both of them.

Mr. President, when we come to the Senate, sometimes we get the impression—I listened to my friend, Sen. Philip Marshall, very closely this

afternoon when he made reference to another place. Here it is that this Government is reporting; we are accounting. They want us to account; we account now and they are showing green book and blowing on that side. I do not know. This Opposition and even the Back Bench has me surprised. What do they want? We are accounting. I, as the Minister of Public Administration, have a responsibility to account to the Parliament and to the people for what I have done and what my Ministry has been doing for the last year, but I see my friends, they are tired and blowing. Is it too much information?

I want to say that the public service is a major institution in our country and we have to make that institution more relevant and appropriate as we move into the 21st Century. What we have recognized is, there are a number of limitations and we are working in partnership. This is why we are encouraging the private sector to partner with us because it has some talent that we need and we have some resources and talent that it needs, so if we marry together, if we combine the resources, we would be able to produce a quality, high-performing organization called the public service in Trinidad and Tobago. I think that is the way to go and I think it is something that the private sector and the PNM would appreciate and support. If Gordon Draper were here, he would have given full support but I see he has abandoned the Parliament in another place.

Recently, Mr. President, the hon. Prime Minister made a very important statement at a rally and in that statement which I have here and from which I want to quote—it was an address delivered to a United National Congress on Sunday, October 11, 1998. In that particular address, the hon. Prime Minister examined and addressed nine major challenges facing Trinidad and Tobago. He said that for Trinidad and Tobago to go forward, we have to address these nine challenges and I think it is important for us to know these challenges, because the public service of Trinidad and Tobago for which I am responsible, is another engine of growth. It is a twin engine of growth. We have the private sector and the public service and if we are to transform Trinidad and Tobago, the public service of Trinidad and Tobago is vital and crucial to national development, to national prosperity and to international and national competitiveness.

The hon. Prime Minister said that:

“Firstly, we must establish Trinidad and Tobago as a united society, a united nation with a sense of common purpose and shared destiny. This must be a nation at peace with itself, territorially and ethnically integrated, living in

harmonious, full and fair partnership with political loyalty and dedication to the nation.”

But, there is a particular area, as we seek to foster national prosperity and national development, I quote a particular section on page 8 of this statement:

“All economic development is about people and must embrace the entire human being. Economic development cannot mean material and economic advancement only. Economic and social justice must go hand in hand. An economically just society is one in which all our peoples, regardless of race, irrespective of geographical location, whether they live in rural or urban areas, are living above the poverty line. Every Trinidadian and Tobagonian must have at least the basic essentials of food, clothing, shelter and access to health and educational facilities. An economically just society is one in which business activity is not identified with race or ethnicity.”

Mr. President, I think that for instance in the context of my portfolio, economic development and an economically just society is critical to the advancement of Trinidad and Tobago and I am saying that the public service of Trinidad and Tobago has a very vital role to play in actually advancing that issue of an economically just and fair society.

I hope that I have been able to bring my fellow Senators up to date with the efforts that we have been making—transformational and organizational. The efforts that we have been making are towards transforming the public service in our country. As I said, it is a daunting task. We are at work and we are seeking to embrace all our partners, all the major stakeholders: the trade unions, the trade union associations, the private sector, international organizations, all in a combined effort to at least reform, transform, redesign and refocus the public service, so it can become an efficient, effective, productive and very dynamic and responsive public service to meet the needs, demands and requirements of the public service as we move into the 21st Century.

I thank you.

**7.00 p.m.**

**Mr. President:** Hon. Members, I want to point out that the injunction contained in Standing Order 32, re: reading of contributions is considerably relaxed in the case of Ministers and Parliamentary Secretaries in view of the nature of their responsibilities. Other Members however, are not afforded that luxury.

**Sen. Prof. Julian Kenny:** Mr. President, I cannot possibly speak after Sen. Marshall's comment. I can merely speak after other people and I would confine a micro part of my attention to the environment, especially some aspects of forestry and management of the environment.

I was particularly taken by Sen. Marshall's comment about a third of our budget going on debt servicing and I would like to address that issue in a very narrow area because I think we have a problem in this country that it is relatively easy to borrow and after we borrow, we do not pay attention to what value we are getting for the money. I know one in which we got very little value and this, I think may be multiplied around the entire economy as far as the public sector is concerned, but before that, I wonder whether you would give me a little latitude.

Normally when we prepare, we are not allowed to read like Ministers and Parliamentary Secretaries, not that we need to, and I was going over the various contributions—this is the fourth one—and I thought that this year, time permitting, I would put in a little anecdote which I have written down. I am driven to this because I was wondering after the hon. Minister of Public Administration spoke, whether we are on the same planet.

I would like to illustrate with a personal matter. I happen to have a tiny property at Blanchisseuse which I think the hon. Minister has been to, as well as some of my friends, and this attracts taxation at a rate of \$28.00 per year. If I am charged \$280.00 I would still pay it, but the problem is the public service. If you do not live at Blanchisseuse, to pay the \$28.00, I have a choice of driving up to Arima on a Friday morning before the rates book leaves the Revenue Office to go to Blanchisseuse and catch them and pay the \$28.00; the alternative is going to Blanchisseuse on the last Friday of the month to pay the \$28.00. And I discovered if I wrote a letter and sent a cheque to the Revenue Officer IV who is a faceless, nameless person, that in due course in two or three months, if I am lucky, I would get a receipt.

This year I paid my rates, one property or another, and sent a cheque to the Revenue Officer IV. I want to emphasize that people in fact waste time over nuisances. I sent my cheque for \$28.00, and about three months later I got a receipt demanding an extra \$5.39 for not having paid the rates in 1997. In fact, I had paid the rates and I had a receipt, so I wrote the good gentleman telling him I had paid the rates and listing my receipt number. I received a telephone call asking me to send a copy of the receipt. It cost me two letters at 50 cents each, plus the envelopes, the paper and my time, and eventually I got a proper receipt. It cost me

\$1.50. This is why I ask the question, are we on the same planet? Other people have the same problem.

I pay my taxes and I discovered on retirement when I wrote to the Board of Inland Revenue letting them know that now I have retired, I pay taxes quarterly and I asked certain questions and never got a reply. I went to Taxpayers' Assistance and they tell me they never reply and there is no point writing to them. This is a fact. I am sure other persons have had similar experiences. What the public service wants is to summon you, and I sympathize with people who live in Tobago. If you have to sort out a problem, you cannot communicate in writing because it does not mean anything. I just mention this little tale.

I have one for the Minister of Finance; I cannot understand. I sold one property and have now moved to another property which is 35 years old. I have forgotten the actual assessment number of the property. They take my taxes, but I make a minor claim for bridging finance and the outcome of this is that my income tax is held up and I am told that I have to submit a certificate of assessment, but I have no idea what that is. I actually sent them a copy of the deed of transfer from the previous owner to me. I thought this was a reasonable thing to do, yet the public sector treats me like I am trying to pull a fast one. I mention these things only in passing, they are meant to be anecdotes at the end of my speech which I am not going to read.

Mr. President, I would skip through much of the introductory stuff because I do not want to waste people's time. I refer to a point which Sen. Marshall raised on debt servicing. I cannot see the broad picture because I am a humble scientist, I can only see it down to micro level at subject areas which interest me.

We have been made to borrow US \$6 million as part of the hundred million BEIRL loan facility. I think the hon. Minister knows it is just part of this vast debt which we have to pay. The loan facility was a business expansion loan, and part of the US \$6 million over a period of six years is to establish the Environmental Management Authority and to get it moving. The law was passed in 1995 which says what you are supposed to do, when you are supposed to do it and I think more recently, Sen. Mahabir-Wyatt has asked the question: What have you produced? I can show you what has come to Parliament.

We have spent about \$15 million already of the \$36-plus million, on the Environmental Management Authority and they do a lot of public awareness programmes, capacity building and things like that, but they are required to

provide the country with certain things: a State of the Environment Report by April 30, and a National Environmental Policy by April 30, 1997. They are supposed to provide standards for vehicle emissions, air quality, effluent standards, noise standards. They are supposed to provide rules for declaring sensitive spaces and sensitive areas, an environmental code which has just been started, and, of course, the environmental commission which we know is coming by December 31, but here is what Parliament has received.

The First State of the Environment Report which was delivered on time and is mostly nonsense, produced by Canadian consultants, is fraught with errors, just rubbish. Two Canadian consultants came to Trinidad and spent time at the Hilton Hotel and produced this thing which is pretty. The Second State of the Environment Report is this document which I hope some people have seen and some of you may have read. In fact, I have written two-thirds of this report and edited it *gratis* as a public service or national service. This was not delivered on time, not because of me, but because of the system. The Third State of the Environment Report was due April 30 and I, in fact, drafted and contributed to this report which is still not available. So there you have the State of the Environment Report which has not passed except the printing and then there is this other document which is the National Environmental Policy.

Mr. President, when we borrow this money, part of the system of borrowing is that it is recycled to the donors. They tell you it is a condition of the business expansion loan, it is set up and then you get a few consultants who cream it off and it goes back to where the money originated. This is about 29 pages, so we have in all about 200 pages, general background reading, and one document and when one reads the Public Sector Investment Programme, one comes up against problems because it claims it is going to do this and that and, in fact, this is only a broad policy statement.

You cannot effect policy until you have an action plan and herein lies the problem; there is no action plan. The action plan was due when this policy was due April 30, last year, and then, not only do you need an action plan, you need a management plan and the contract for this was \$600,000 of borrowed money and, in fact, two retired World Bank persons were on this job. So when one reads the Public Sector Investment Programme and goes through the text, one wonders whether we are on the same planet. Apart from the public awareness programmes and the ceremonies at Stollmeyer's Castle, this is about \$15 million of borrowed

money which we are going to pay back and you may multiply this by all the various others where money is borrowed and do not get delivery of any product.

What is going to happen to this loan to establish the Environmental Management Authority three years from now? Are we going to pick up another \$5 million or \$6 million each year of public sector expenditure to carry on this kind of performance?

**7.15 p.m.**

Mr. President, I am not actually going to read these things out, but I have listed eight of them here that we need: environmentally sensitive species; environmentally sensitive areas; water quality standards; air quality standards; vehicle emission standards; toxic and hazardous chemicals materials; noise pollution standards and the environmental clearance certificate. The environmental clearance certificate has just gone out for public comment. So, we are going to run out of time. By the time we have the public comments and get all the drafting, we will find that we have an institution that is coordinating the activities of a number of ministries, the money runs out at the end and we just add it to the expenditure. Are we going to be lent another US \$6 million to continue for a few more years?

Mr. President, it is patently obvious to everyone that we do not seem to be moving in the right direction. If one goes through the Public Sector Investment Programme (PSIP), one will see the things on which we are going to spend money: the visitor centre at Caroni was last year; the fire tower on Cumberland Hill was last year. I do not know how the La Brea magistrate's quarters ended up there. Maybe they inherited that, but that is from last year's Public Sector Investment Programme, and it appears again this year. I question whether thought has been applied to producing these things. I think that they just, like I do frequently, look back at my hard disk to some of the things I have written. I think a lot of this is essentially that. There are additions. I am most impressed that we are going to get the Environmental Commission by December 31; that is a major advance.

Mr. President, writing a state of the environment report puzzles me because I spent so much time with those people last year and showed them how it is done and still we do not have it. I hope they do not mind if I simply give a very quick state of the environment report because it is essentially what I said in 1996 or early 1997. I forgot exactly when I made my first speech in the Senate. Very quickly: Air quality continues to be a matter of concern. Everyone knows this. It is not only the East/West Corridor; it is Parrylands as well.



Vehicle emissions continue to be a serious health hazard. We had a very nice promise. We had some action. We were told that they were going to do legislation, thousand dollar fines and so forth would be put in place, and for a while one could see on the roads that there was not as much black smoke, but it is gone. We are back to exactly where we were before. Yet, I would point out that the Environmental Management Authority has made a major advance. We are going to comply with the Montreal protocol about refrigerant gases. We are not going to destroy the ozone hole over South Antarctica. That is all organized. By July, we are complying, yet something as important as killing people from toxic materials in vehicle emissions just seems to have gone by the board. We have forgotten.

Potable water quality continues to be uncertain for one reason. We use the World Health Organization's (WHO) standards, but we only monitor parts of it. One cannot talk about using WHO standards and not do the full thing. We know that commercial and industrial liquid waste flow freely into our streams and even our roadways. Mr. President, sometimes I go through this manic phase. With manic depression one rises and falls as circumstances catch one. Sometimes, I am euphoric when I see what is coming out of the Government side. I think we are finally getting there, yet I was over in Tobago recently doing a little piece of work and I was snorkeling near the lowlands just to observe what effect the Hilton Hotel was having on the reef. The remarkable thing is that people are so concerned with what the Hilton will do to the sea, but they do not seem to think about what Tobagonians are also doing to the sea. I was swimming out there and there was fresh human excrement floating on the surface. Are we real?

We see in South and Central Trinidad raw sewage bubbling up. It appears all the time. It is a regular feature on television. There is still no toxic or hazardous waste facility. I noticed that in one of the documents, the Demerara Road site is going to be decontaminated. What is remarkable about this is that the lead acid battery is an automotive component, yet we do not seem to know who put the lead there. I am told by Dr. Chang Yen that there is probably spread around the country about 800 tonnes of lead waste and yet, when we raise questions here, we get answers about moving the people and now we are getting an answer about decontaminating the site, which means that the citizens of this country are going to pay for something that the marvellous private sector dumped recklessly. We do not have a toxic waste disposal site. I am told that the decontamination just to Demerara is probably running to about \$5,000,000. Mr. President, who put it there? The Government must know. It must be pursuing this.

If I may go on, the logging in the Northern Range continues in spite of the efforts by the Ministry of Agriculture, Land and Marine Resources. Squatting and slash and burn agriculture continue. If one goes up to the north coast, one can watch the foothills of El Tucuche from Las Cuevas and Maracas and one can see the little patches. It is just spreading. I think that we as a nation have encouraged this with squatter regularization and so forth.

The fire season of 1998. Last year I warned that it was coming, yet the Ministry of Agriculture, Land and Marine Resources finally, towards the end of April, got a training programme in the use of the bambi buckets that were given to this country in 1997, and they got Ministry of National Security helicopters and started training the people at the end of the fire season.

The flooding problem continues to be dealt with as a drainage problem rather than a watershed management problem. I know that we do have to do a certain amount of clearing of rivers, but until such time as we address the issue of the condition of our watersheds, we will continue to have those kinds of floods. I sincerely hope that when the fire season comes, we will be a little better trained. According to this advertisement from the Ministry of Agriculture, Land and Marine Resources—to which I will refer in a minute—I hope we are able to deal with the problem.

Mr. President, we talk officially about conservation and the natural environment. I was going to point out that in his budget speech the Hon. Minister referred to the six important things about reducing poverty, and number six was ‘protection of the natural environment’, yet in the budget presentation, I did not see any reference to particulars. That, of course, comes in the supporting documents. The fisheries resources of the country continue to be over-exploited, as we know only too well, and finally, the population growth of the country continues at a merry rate of 1.1 per cent. That is the state of the environment report.

Mr. President, I would like to refer to one other matter which is quite puzzling, because it suggests to me that people are not actually reading what is written. We have gone through a very painful experience—Sen. Spence, a few other people and I—where we met in this building at least six times per week over a period of at least three weeks on the Planning and Development of Land Bill, and one of the things about this was that we saw a change in the policy in that the Town and Country Planning Division was going to disappear virtually; and secondly, we saw that the sole authority responsible for doing environmental impact assessment

would be the Environmental Management Authority. Yet, when one looks into the Public Sector Investment Programme, one will see that one of the other loans was development of capacity within the Town and Country Planning Division. This is now being resuscitated. It started out and it was abandoned, and it is now going to be restarted. According to the document, they are going to develop the capacity of the Town and Country Planning Division to do EIAs and the proposal is also to take three particular areas and start developing a database: Chaguaramas, La Brea and South West Tobago.

This is something that died about three years ago, but because it was part of the Business Expansion and Industrial Restructuring Loan (BEIRL), the consultants are coming back in to develop capacity in a division of a Ministry that is going to evaporate. It does not make sense to me. Obviously, they have to pay a consultant with money that we have borrowed, which we have to pay back; one third of our annual expenditure. This, I think, is at the micro level when one looks at one particular minor sector of the thing. It is a cause for some considerable concern.

Mr. President, I would like to refer to one other thing. Last year I had to compliment the Minister on the "no smoking" programme. I do not know if Sen. Marshall's figure is correct, but \$65,000 per year to look after a terminally ill person is not unreasonable, and I think we referred to the Grand Stand of the Savannah. Sen. Mahabir-Wyatt talked about advertising on public buildings, and there are these two signs: Du Maurier and Craven A, a change for the good. That is what they say. Thousands of people pass there each day. Are we serious? Coca Cola put up a sign on Saddle Road, an immense sign about the same size as the cancer signs at the Grand Stand, and this lasted for about a month. The residents of Santa Cruz decided they did not like this hideous thing. Fortunately, common sense prevailed and this thing was removed. Can we not just simply do something, or is that building not the property of the state? Are we serious about the problem of prevention of disease?

### **7.30 p.m.**

The legal addictive drugs permeate society and I was absolutely amazed that the University of the West Indies and WITCO sponsored a public lecture on marketing up at the University. They brought somebody from British American Tobacco in London and apparently he gave an inspired lecture. You would think that we have one institution, they must know, they must be aware of what is happening in the world. Right now, that would not be possible in the United States. They have divorced advertising of addictive substances from all sports.

Here, you just go right into the university and spend a couple million dollars and endow this or that and you have got on your side what ought to be, at least technically, a higher moral authority. This whole business bothers me quite considerably.

Mr. President, I turn to this advertisement which appeared in the *Sunday Express* and *Guardian*. I am actually amazed that we spend taxpayers' money on this. I know the papers like to have it, but why have it in two newspapers? This actually I think ought to be an embarrassment to the Ministry of Agriculture, Land and Marine Resources. I will pass it around if anyone wants to see it. There is a picture of forestry there and this is a photograph of a completely clear-felled forest. This kind of forestry belonged in the last century. What is the Ministry of Agriculture, Land and Marine Resources telling us about this? And if one looks below the picture, there is a nice little piece. I wish to read from the *Sunday Express*, October 18, 1998, Section 3 page 6. It says:

“With respect to forest fire protection Mr. Speaker, helicopters of the National Helicopter Service have been modified to accommodate the Bambi buckets purchased during the late 80's. In conjunction with the Ministry of National Security, the Forestry Division intends to take full advantage of this facility in its forest fire promotion programme...”

You notice that they are going to have a forest fire promotion programme.  
[Laughter]

**Sen. Daly:** Who is that? The frogopper fella?

**Sen. Prof. J. Kenny:** You are not personally to blame, one cannot blame a Government, this is going through the system. That was only a little aside.

I really wanted to refer to three other little points which come with this document. In fact, it is a very interesting document to read, it is the promotion of the Ministry and the Minister. There is nothing wrong with this, but I somehow think that the money might have been better spent—I do not know what this costs—on other projects with a real potential good for the nation. Here on page 4 it says:

“As part of the forest regeneration programme, 176 ha of land were cultivated with 198,000 seedlings...”

I am not quite sure what this means, whether we have attempted to blanket cover denuded hillsides or whether this is just a giant nursery where we are going to hand out trees so that trees can be burnt during the coming fire season, which they are promoting.

I would like to refer to another one. Actually I am very seriously concerned about this one. On page 4 it continues:

“Mr. Speaker, in order to protect the nation’s forest resources, Cabinet in 1998 approved the following areas to be declared as forest reserves and protected areas:”

There is a whole string of them, there are about 20 of them: Arena, Arima and Blanchisseuse Reserves, and so forth. It goes on.

Mr. President, declaring a forest reserve in our country is rather like King Canute commanding the ocean to recede. Until such time as one gets forest officers with power to stop the nonsense, we will continue to lose our forest reserves. I still continue to wander around the bush and I have gone into forest reserves and I have seen them being carved up, I have seen the trunks of logs going down. One must know that if one has 63 sawmills in this country, that the sawmills need feed stock and the feed stock is there. So one goes up and cuts it down; one goes into the forest and if one wants teak one just takes it. So declaring it is not the answer.

The answer is to be found in the strategy for achieving protection of the forest reserves. I do not see in any of these documents—this is just flak—a real decision or commitment, a policy decision that we are going to take that forest reserve, it is going to need “X” number of forest officers; that is not in there! There are no estimates for managing these resources, that is the problem. Next year we might declare another 20 forest reserves like King Canute saying, “Be gone ocean”. Yet, we see this. I think everyone here has seen it. The last dry season—it is not forest reserve—one sees the attitude that, as long as private property is not at risk, let it burn, and that has happened right up into the forest reserves.

I would like to turn to the legislative framework, because Sen. Mark, I really would like to know for the next several months where we are going. I notice that the Sawmills (Amendment) Bill and the Forest (Amendment) Bill are high up on the agenda. I hope that when the agenda gets a little longer that we do not reverse the numbers as we did in the past. The two things that we are being told is part of the legislative agenda are:

“(1) The Fisheries Amendment Regulations (1998). These amendments were aimed at preserving and conserving the marine resources of Trinidad and Tobago and minimizing over exploitation.”

Well, I look forward to seeing these things in Parliament. Then (2), and this is the end of the legislative programme:

“(2) Legislation for the improvement of the Sawmill and Forest Acts was approved by Cabinet.”

This is the Ministry’s legislative programme and yet, when one goes into the *Medium Term Policy Framework*, one sees a number of things. They are talking about legislation for protected areas, legislation for conservation of wildlife. The official Government document tells one this, but the official document from the Ministry of Agriculture, Land and Marine Resources tells one otherwise. So, I think that we do have a problem with documents of this kind. I think, quite frankly, it is a waste of public resources.

Mr. President, finally, I would just like to make a very brief comment. When I talked about a little property for which I pay \$28 a year up at Blanchisseuse, my property has now become a comfort station for people in distress through one accident or another. Dr. Max Awon died at about 2.30 at Tacarib Bay, which is a fair distance from Blanchisseuse. One can get there by boat or one can walk through the bush. His body was not returned to the mortuary until 24 hours later. I am absolutely appalled that here we have a citizen of this country who dies tragically and his body lies on a trail in Tacarib, too heavy for his daughter and the daughter's friend to carry out. All steps were being taken by everyone concerned. In fact, the family came to us and everything was tried and yet, we could not find the means of getting to Tacarib within a reasonable time. I do not know what the explanation is. I think that perhaps the hon. Minister of National Security—I have spoken with him and told him from our side what we saw and I hope that somehow we will find a formula where this sort of thing does not happen again.

Mr. President, I think I have covered all the things which I wish to cover. I thank you for your attention.

**Sen. Mahadeo Jagmohan:** Mr. President, I wish to thank you for the recognition to make a contribution in this budget debate.

Before I proceed with just a few points, I wish to state that last night around this time the entire country was illuminated with deyas or little lamps and the entire country was celebrating and giving some attention to Hindu mythology associated with the Divali celebration. But a very serious thing was happening to a substantial section of the population; the devastation of flooding. In some parts of Couva, major parts of Chaguanas, almost 90 per cent of the constituency of Oropouche,

about 60 per cent of the constituency of Siparia and maybe about 50 per cent of the constituency of Fyzabad were under water and Sen. Prof. Kenny talked about human excreta, or whatever, in the floods.

In this case, all septic tanks were made to flow all over the place into people's kitchens and water was up to the height of some people's chests in their homes. In flat homes, everything was covered, but I suppose the news media could not pick up everything everywhere.

I want to say, we of the People's National Movement are totally sympathetic with the citizens who went through this trauma. Some people will attempt to put all the blame on the Minister of Works and Transport. He has to accept the responsibility according to our form of government, but I think he is being badly advised.

In a place like Chaguanas, one school, the Seereram Memorial Vedic School, was under five feet of water, and it is a flat building. There was a home in Chaguanas where three children in that family are medical doctors and they all were supposed to go out to work and in their life, they never saw three-quarters of their car under water and they did not even know how to come out of the house, if to jump out of the house, or whatever. So, the rest I leave to your imagination.

**7.45 p.m.**

In places like Oropouche, 90 per cent of the constituency and about 50 per cent of the Fyzabad constituency, people were in tears. I was able to go around a little. I know how to handle flooding. What I am merely saying is that swift action has to be taken. The Minister of Works and Transport has to fire all the contractors doing work in Central Trinidad. The Caparo River bursts its banks in three areas. It was not all the fault of the Minister Of Works and Transport because he was pressured by his peers and colleagues as well as friends or favourites to give contracts, and there is where the trouble lies.

Mr. President, we are proceeding on the basis of a Motion moved by the Leader of Government Business as to the time of our participation here, but I got some signal and vibes that perhaps there is a change of heart.

The hon. Minister of Public Administration went to town explaining all the good things that this Government was doing for the public service. It sounded good and he must be commended for lending his voice to that. However, I want to disagree. More than half of what he said was put in train by the last Government.

*[Desk thumping]* Something is telling me that the speech he read, a whole lot of the words, the lines, the paragraphs, were that of Mr. Gordon Draper. *[Laughter]*

It is not true to state that the present Government initiated recognition of public servants by having courses and giving them awards and certificates. I participated in award presentations ever since Sir Ellis Clarke was head of the Republic. I cannot understand why the hon. Minister has come to mislead this Senate. This is very unfortunate, and his speech would go into *Hansard*. In fact, it is there already. *[Crosstalk]*

All the nice things the Minister said about the public service, we had been saying it all the time. We agree with him that we have a good public service in Trinidad and Tobago with dedicated public servants. But how could he do the public servants such a thing? He is taking them to 10.30 p.m. tonight. Is he serious? They have to come back here tomorrow; that is a double standard of teaching, preaching or lecturing. *[Desk thumping]*

I assure this Senate and the Minister of Public Administration that I am absolutely comfortable if we are sitting until midnight tonight, because I know what is hardship. I think the Minister and his colleagues should get serious. They have the entire *Hansard* staff, the Parliamentary staff on the other side, the civil servants, the advisors, security and everybody else here. Do they not have homes and families? Do their children not want to see them? *[Desk thumping]*

Mr. President, with respect to some aspects of the budget, it is indeed a matter of great concern to the working people of Trinidad and Tobago that the Minister of Finance in his budget statement has not said a single word about the improvement of public servants and other workers or how they would be relieved of the hardships they are going through. He said nothing in particular about the working class. Yes, industrial agreements were partly settled, but we are being told that they were all settled. I am challenging the Ministers who said that all the industrial agreements were finally settled. That is not so.

The budget merely seemed to be fooling the people of the nation. What about the final payment for the postal workers? What about all the moneys owed to the Defence Force? The nurses marched on the streets. It sends a chill up my spine when nurses decide to take industrial action. Think about the hospitals where they work and the health care they administer to people there and other institutions. There were about 1,000 health care workers marching on Thursday.



The point I am making is, it is not true to say that everything is settled and all is well in the public service. Health care workers are public service workers too. What a coincidence that the Public Services Association led them on Thursday, and the National Union of Government and Federated Workers, an organization that is near to the heart of the Minister of Public Administration, held another demonstration right here on Friday. Therefore, why is the Minister boasting that all is well and there is peace on the industrial relations front? I cannot understand that at all. All these unions are owed fringe benefits, particularly Cost of Living Allowance; perhaps the Minister does not know that.

I now turn to a situation in Trinidad where we have foreign workers all over the place. There are workers from China, Mexico, United States of America, some from Argentina, a few from Colombia and other places. I am not saying that they should not be here—there is certain expertise from around the world of which we must avail ourselves—but the point is, from the time these people have been here, locals who worked alongside them have been trained and can do the job the foreigners are doing. As a matter of fact, so many Trinidadians could have actually done the job the foreigners came to do, but who is paying attention to that?

The newspapers are not making out a case daily about the big jobs taking place such as the API pipeline from Amoco to the LNG project in Point Fortin and many other projects, so that the public could be aware of them. But we have a whole host of foreign workers in Trinidad who are presently employed by different contractors and some Government agencies. Something has to be done about this if we are serious about the well-being of all the people of Trinidad and Tobago.

With respect to the Minimum Wages Bill that became an Act earlier this year or whenever—*[Interruption]*

**Sen. Mark:** It is a Minimum Wages Order.

**Sen. M. Jagmohan:** Mr. President, I do not want to waste the Senate's time, but I would like to enlighten the Minister. I would do that privately, later on. *[Laughter]*

Since the recent enactment of that legislation, be that what it may, a great deal of indiscriminate retrenchments have taken place in Trinidad and Tobago with respect to thousands of lowly paid workers. This is because their employers were paying them anything like \$3, \$4, or \$5 an hour, but when they have to now pay \$7 they reacted by reducing the workforce. Many of my good friends opposite know this.

The Minister of Finance did not have the advice of either the Attorney General or the Minister of Labour and Co-operatives to say a few words about that, plan something or give an indication as to how to deal with that to avert such a situation so that the poorest of the poor would have some protection. That did not happen.

With respect to the NIS contributions, it would be shocking for us to be told that those small contributions of individual workers have now caused many employers—and the employers are not around the ministerial offices and buildings where the Ministers and their senior staff operate; they are all over the country—to retrench a host of workers because when they added the NIS increased contributions altogether, the employer has got to pay a whole lot of extra money. Maybe the employer could justify it, but some kind of arrangement has to be made. This is another area that is bringing on pressure on the workforce and the poor people of Trinidad and Tobago.

My friends, the accountants, dealt with the income tax returns in a way, but the layman's view on the street is that some unscrupulous employers will be taxing workers inappropriately. It is quite possible they will not make a true return to the income tax department. How to find that out, I do not know. The Minister of Finance could set up his staff to deal with that matter. It is a serious matter.

The budget has a provision and the Minister alluded to it fully: that many people will be given an opportunity to buy the National Housing Authority homes in which they live. The Minister of Finance sounded good on the first day he presented the budget. His voice modulation and his posture made people feel that here was a big favour for workers, but that was a great piece of deceit and hardship for the poor working people.

The poor people continue to suffer the indignity of living in homes for the past three years which have not been given the minimum type of maintenance. They are not working anymore, most of them are retired people. The main thing that happens when the very poor working class person retires is that his income is reduced by about 75 per cent. They are finding difficulty to pay their medical bills and to live with their very meagre earnings, but the Minister of Finance now tells them that they must purchase the homes in which they live.

As I said, the hon. Minister of Finance sounded very well and he was encouraging when he made his presentation. There are many poor people living in those homes now who would be destroyed if they have to raise loans to purchase the apartments or buildings in which they live. What do we do about it? We are

urging the Minister to revisit that proposal and get on to maintaining these buildings, and let the people continue to live under the conditions in which they now live.

The mortgage loans would now become an unmanageable burden for poor workers if it is implemented. I again urge the Government and the Minister of Finance to rethink that.

My esteemed friend, the Independent labour Senator, is not in the Parliament today. I would have been happier if he was here. The retrenchment of over 2,000 daily-paid workers from the Ministry of Works is an untenable situation at this time of year in the lives of these people. The hon. Minister is not here in the Chamber right now. He boasted about settling grievances, but that is one of the strategies of settling industrial agreements and putting an end to any impasse in any negotiations. You pay the increased wages and reduce the staff, so you come back to nought. That is exactly what we believed might have taken place.

No discussion was entered into with the recognized majority union as publicly stated by the representatives. Illegal action was taken without regard for the recognized majority union, and the Minister boasted about dealing nicely with the trade unions. He has to revisit that as well. That is a very serious matter.

**Mr. President:** Hon. Senators, we would break here for some refreshments and supper.

**8.00 p.m.:** *Sitting suspended.*

**8.45 p.m.:** *Sitting resumed.*

**Sen. M. Jagmohan:** I was almost finished with the point on retrenchment of daily-paid workers. The situation in the country at large is that the 2,000 plus workers who have been retrenched have several thousand dependent relatives and some of these people have up to 10 effective years' service. At the end of last year some of them made 10 effective years and some of them are completing 10 effective years and they qualify for a certain measure under the existing industrial agreement which covers their tenure of employment. With the abrupt layoff or retrenchment these workers are going to experience tremendous hardship.

One of the things happening is that very important aspects of maintenance work on the highways and elsewhere will now face rapid deterioration because of no maintenance. This will cause immense hardship to citizens all over the country. Mortgages will be difficult to pay, children of some of these people cannot go to

school everyday; they go to school one day on and one off because the family has no income and this is the hardship they are facing. We urge the hon. Minister to take steps to see that these people are back on the job. I am not sure how many of them have been returned to their employment but it is extremely important that these people be back on the job as soon as possible.

A few words on the foreign used car business as it relates to job opportunities and poor workers. It is certainly a fact that many used car dealers, up to the time of the budget presentation, appeared to be doing well in their business and they must be commended; we encourage that. The budget presentation appeared to be supporting certain people in certain kinds of business ventures. It appears so. Somebody must prove me wrong.

What has happened? It seems as though there was a sweetheart arrangement between the used car dealers and the Government of the day but it seems that relationship has gone sour. It appears so. It seems that the “don’t care” attitude of the Government in that regard has caused massive increases in the price of registering these cars. The sudden massive increase has now created tremendous difficulties for people who avail themselves of purchasing these used cars.

What is very important is travelling in certain areas to get to and from work is very difficult if one depends on the conventional taxis because they do not operate in those routes. In the American system there is something called the car pool where people organize themselves. Sometimes three or four people buy a foreign used car and they go to work together and pay for the car.

Now it is an additional burden of \$10,000 which is a whole lot of money for those people and people like me. Hardship has come about on these people. Some of the unemployed persons who availed themselves of taxi badges bought the foreign used cars to run taxis and gain income to feed and protect their families and themselves. That seems sort of remote and the moment the budget was read by the Minister, within about three days’ time the sale of foreign used cars fell from 100 to around 40 per cent. I do not have the exact figures.

The crux of the matter is that substantial numbers of workers in several categories of the motor-car industry are now retrenched, out of employment, or they have been asked to go home until they receive a call to come back to work; hardship again. No income for those people responsible for putting food on the table for the family and getting the children to and from school. That abrupt change in the used car business has brought that kind of massive difficulty. It has caused unbearable hardships on those dependent on the foreign used car business.

The people who worked as mechanics, auto electricians, auto-body repairmen, spray painters, upholsterers and the whole works are not fully employed again in the used car business all because of the budgetary measure.

What am I saying? I am saying it was a senseless move regardless of the monetary aspect of it that has brought hardship on the poor people. It seems as though the hon. Minister is quite cool and happy with that. Who see trouble let them see trouble, he is putting budgetary measures in place. But the thousands of very poor people who worked in the foreign used car business are now out of employment. I will not say anything more on that.

There is a very burning issue that was made to sound and look good in the budget during the presentation. That is the pension for government daily-paid workers. The whole thing was misrepresented out of proportion. The hon. Minister said words to the effect that the matter being attended to and it was to be implemented come January or thereabouts. Information that we have is that the actuaries have not yet even come up with the final word on the nature and appearance of that pension plan. Whether it would be contributory or non contributory on the part of the workers and who are the persons who would become eligible to join that pension plan.

The Minister read certain things but in the labour front concerning the workers who would be affected they do not have any such word from the trade union that it is final or being fine-tuned. I pray God it does not happen but workers are contemplating resignation *en mass* from about three or four of the public service unions because they were given the assurance that the plan was ready when, in fact, it is not. The Minister said something is being done and it is to be implemented. The impression that was given to daily-paid workers was that the plan was being fine-tuned but, far from the truth, it is not yet ready. The actuaries are making enquiries. People who engage in actuarial science have to enquire and interview people and put their figures together. They are now finding out what kind of plan the workers want.

The front-line leaders are very bitter about this situation. They believe that the Government is fooling workers. I truly believe that there might have been some good effort somewhere along the line but the plan is not ready and the hon. Minister must make enquiries about what the position with the plan is. The NUGFW is at the forefront of it but that plan, when it is finalized and comes into effect, will be adopted by all the public sector unions that bargain for daily-paid workers.

Mr. President, I will now take a look at the Ministry of Labour and Co-operatives. We looked at the estimates and the figures and the People's National Movement, in this Parliament, has been appealing for the past four budgets that measures be implemented to have a teaching branch or facility of the Cipriani College of Labour and Co-operatives in San Fernando in order to facilitate workers from the deep south who wish to avail themselves of that opportunity. There is absolutely nothing in the budget or in the provisions in the allocations.

The Minister of Labour and Co-operatives seems not to have a clue of how to deal with that. Many workers from South Trinidad wish to pursue part-time studies but it makes a difference travelling from Point Fortin to Valsayn but if one has to travel from Point Fortin, Erin or Palo Seco to San Fernando it would be something for consideration.

The labour college being centred at Valsayn is only to suit a few people. If the University of the West Indies can set up a university centre on Padmore Street, San Fernando and give the same kind of tuition they give at the university for some of the programmes and courses, why can the Cipriani College of Labour and Co-operatives not do it also?

Mr. President, concerning the farm workers. Farm workers go to Canada and the United States. It is a pity that the Minister of Agriculture, Land and Marine Resources does not sit in this House because I am almost certain that he would have some excuse about this. Maybe the Parliamentary Secretary does not even know about this but the whole mode of operations in recruiting labour for farms in Canada has changed. Instead of them being interviewed at Riverside Plaza by the conventional method, they are being interviewed at a certain location in Princes Town by party activists and then their names are put to some minister or somebody and they are considered to go to Canada to work either in the tobacco field or other agricultural field or to harvest tomatoes and so forth. A substantial section of the community is being left out. I do not want to use strong words such as being discriminated against; we will come to that some other time. But there is an urgent need to revert to the former procedure to select farm workers.  
*[Interruption]*

I should not pay attention to what the Minister is saying across the floor but he accused the PNM of all sorts of things when he was speaking and none of us challenged him or said anything.

**Sen. Mark:** If you continue I will challenge you.

**Sen. M. Jagmohan:** You could challenge, it is all right.

With respect to industrial relations—the Minister may want to respond to this as well—very many segments of the public sector now experience totally new *modus operandi* in dealing with industrial relations. Provisions of many aspects of collective agreements are being violated, overlooked, bypassed, suppressed or illegally modified or changed without the participation of the recognized majority unions.

**9.00 p.m.**

**Sen. Mark:** Could the Senator give us evidence of that?

**Sen. M. Jagmohan:** The point I am making, Mr. President, is that some Ministers of Government—

**Sen. Mark:** Mr. President, on a point of order. I think my hon. friend is making some very serious statements about agreements being tampered with, being rewritten and violations taking place left, right and centre. I think it is only fair, as Minister of Public Administration, that I be made aware of these things. I am saying that if he does not have evidence, he should not be making these statements. He is misleading the Senate. Under Standing Order 35(1), he is misleading the Senate.

**Mr. President:** Senator, unless you have evidence and facts, please refrain from making broad asides for which, perhaps, you are unable to produce evidence.

**Sen. M. Jagmohan:** Sir, I thank you for your ruling on this matter and I will be advised accordingly, but I wish to draw to your attention that the hon. Minister either did not understand me, or he was not listening. I did not say any agreement has been rewritten. I said they are being misunderstood.

**Mr. President:** Senator, just proceed, please. Do not bother to explain anything. Just proceed.

**Sen. M. Jagmohan:** All right, Sir, I will abide by your ruling.

Mr. President, I move to another very sensitive area. In the budget presentation, the hon. Minister of Finance made reference to restructuring Caroni (1975) Limited to make it a profitable entity. My concern is as far as it affects workers and the labour situation. [*Crosstalk*] The hon. Minister said he wished to reorganize Caroni (1975) Limited so that there would be several stand-alone companies within the framework of the larger Caroni (1975) Limited. That

statement is written in the Budget Speech. I am saying that this is a flagrant disregard for previous arrangements. [*Crosstalk*] It seems as though the Tripartite Committee is now being abandoned.

**Mr. President:** Please allow the Senator to continue.

**Sen. M. Jagmohan:** I wish to advise the Minister that he has his knowledge and experience and we have ours. That is a recipe for totally destroying Caroni (1975) Limited by creating stand-alone companies.

**Sen. Kuei Tung:** Why?

**Sen. M. Jagmohan:** That is to say, they want to set up the rum division by itself as a company; they want the feedstock station to be set up as a company; they want to have the animal farms as a company; and they want to put the citrus and rice-growing set up as a separate company. Do they know what they will be doing there? That is a recipe for corruption and for destroying the whole structure of the company.

**Sen. Mark:** What is the logic of it?

**Sen. Shabazz:** You were not logical.

**Sen. M. Jagmohan:** Mr. President, it is very easy to attempt to belittle a Senator or a Minister. It is very easy to do that. I can do that, too, and I am good at it. [*Desk thumping*] But, I am a very charitable person and I remind those who are minded to be indifferent that the great Chinese philosopher, Lao-tse preached a certain philosophy throughout China, Lord Buddha preached it throughout Asia and the Lord Jesus Christ preached it in modern times to his disciples. That is, "Do unto others as you would have them do unto you".

Mr. President, I have not seen one single measure that the hon. Minister has included in his budget to make staple food cheaper for the poorest of the poor, that is, those who are not entitled to public assistance, who are not entitled to old age pension and who cannot access the free handouts of food being given under all kinds of circumstances everywhere. Why could the Minister not have given thought to doing something about some of these food items to make it much easier for the very, very poor to purchase? He paid no attention to that. I stop there on that aspect.

With respect to the public service, the Minister went to town and said so much, but I was waiting with bated breath to hear him say something about the financial provision in the estimates. There is a provision to appoint Deputy Permanent



Secretaries in most of the ministries and not one single Deputy Permanent Secretary has been appointed so far. Why include them in the estimates? This is a very serious matter.

Again, the Minister of Finance attempted to sound good last year in his budget presentation and so many people applauded him that he was putting aside or voting \$250,000 for the institutional strengthening of the National Trade Union Centre (NATUC). Did he allot the money? He did not. Again, only making promises and not keeping them. That is not good. The labour movement is an extremely important sector. There are two labour leaders here in the Senate. Are they happy about that?

I move to another area. There is an arrangement in Trinidad and Tobago which I think is under the portfolio of the Prime Minister, that all the religious denominations based on their membership, will receive ecclesiastical grants on a quarterly basis—so, four times for the year they will receive whatever they are entitled to, based on membership. The last time the Government paid ecclesiastical grants was in the third quarter of 1997; it has not paid any for the last quarter of 1997 and for no part of 1998. What has happened? Who is in charge of this measure? We know this is under the portfolio of the Prime Minister. I happen to know this. I tried to look at the figures to see whether there was any room for it. What is going on?

**Sen. Mohammed:** “Mamaguy”.

**Sen. M. Jagmohan:** I simply wish to return, Mr. President, to the big question of housing, a very vexed question in Trinidad and Tobago. The present Government did, in fact, do something about the programmes that the PNM started before it demitted office, but my information is that a substantial number of houses built with a substantial amount of money in the Ramdial Mahabir lands are left there rotting and, up to now, they have not been distributed because the intention is to make the PNM look bad since the PNM is not in government. It is state funds, taxpayers’ money, which built those houses. That is a bad policy being adopted by the Government and something needs to be done.

The PNM always recognized and accepted that it is the responsibility of the Government to approach the housing question to let it be as multisectoral and broad-based as possible. That was always the intention of the PNM. It always recognized that any government with an honest, social conscience has a responsibility to provide a range of options for its citizens in respect of housing.

These must include self-help units, rental accommodation apartments, single family dwellings and mortgage loan subsidized housing. These things are not taking place and I do not want any Member of this Senate to react in any strange way to what I am about to say.

As soon as we are back in government, which would be quite soon, we would embark on these policy approaches which will increase and improve the National Housing Authority stock without abandoning those who are least able to meet the harsh economic conditions of the circumstances.

**Sen. Mark:** The Senator is right. We must react.

**Sen. M. Jagmohan:** Mr. President, these areas that I have touched upon are very sensitive areas and if it is thought of, those are the people who are most vulnerable in the society who need this kind of help and there is no talk about them. There is all kind of pretty talk about—all right.

Now, the increase in the old age pension, I am glad Sen. Marshall told us what was the value of that increase today.

**Sen. Gangar:** By how much did you increase it?

**Sen. M. Jagmohan:** We advocated the increase of old age pension by \$100 last year. But I am coming to the point—okay. The Government did a good thing. But, Mr. President, there is a very large constituency of retired public servants who retired from the lower strata of the public service structure and the increase in the cost of living has outstripped the small pension they receive. What arrangements are being made to augment the pension which those people receive? When I say “public servant”, I do mean members of the Defence Force, of the Fire Service and of the Police Service; I do mean postal workers; I do mean members of the Teaching Service; I mean all those. What is being done about the situation?

**Sen. Mark:** Next year.

**Sen. M. Jagmohan:** Somebody has to tell us. At any rate, the PNM will have to deal with it.

**Sen. Mark:** That is a long time.

**Sen. M. Jagmohan:** Mr. President, I wish to come to a very sensitive and delicate matter about which I will not attempt to say anything outside of the Parliament. The hon. Minister gattered a whole lot and read things that somebody wrote for him—I am talking about the Minister of Public Administration. Sir, there

are a number of Service Commissions in Trinidad and Tobago and those Service Commissions operate as if they are lions with no teeth, no teeth bull dogs. I will tell you what I mean.

If a denominational board—be it the Catholic Board, the Anglican Board, the Hindu Board or whichever board—makes a recommendation that it wishes to have Tom Jones upgraded to the post of principal in a school, the Teaching Service Commission takes about two years before it sits on the application and during that time, some unscrupulous junior person is acting, who either does not want the post or is not fit for the post and a school is destroyed in that two years.

**Sen. Mark:** You are attacking the integrity of the Commission.

**Sen. M. Jagmohan:** That is what I am not doing.

**Hon. Senator:** No, that is not right.

**Mr. President:** The speaking time of the hon. Senator has expired.

*Motion made,* That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. N. Mohammed*]

*Question put and agreed to.*

**Sen. M. Jagmohan:** Sir, I thank you and I am grateful to all Senators. I wish to make it abundantly clear for the purpose of *Hansard* that I am not attacking the integrity of the service commissions. I am talking about the *modus operandi* of those people who operate part-time and most of them are retired persons and do not seem capable of working hard as some of us can.

**Mr. President:** No. I think you have made a very disparaging remark. Please withdraw it.

**Sen. M. Jagmohan:** Sir, I respectfully withdraw that statement. I wish to state because of other considerations, the Commissioners of the Public Service Commission, the Teaching Service Commission and the Statutory Authorities Service Commission take much too long to finalize interviews and ratify appointments.

**9.15 p.m.**

The schools, the public service and everything is suffering right now because they take much too long and sometimes when appointments are recommended it takes a year before they are implemented because there are no funds. This is an area in

which I invite the Minister of Public Administration and the Minister of Finance to take a look to see what is happening. In other segments of the public sector, I would take the Ministry of Works and Transport and the Ministry of Local Government for the time being.

In the Ministry of Local Government, there are posts of Road Officer 1, Road Officer II, and Road Officer III and after that there is a post of County Superintendent. There is a situation where the Road Officer I acts as County Superintendent, daily paid worker, Chargehand acts as Road Officer II and the Service Commission is not finalizing those things early enough and the taxpayers' money is being handled by people who do not know if they would ever be appointed at all. They are bothered by this and I believe their output is affected. For two to three years they do not get appointed and the recommendations are there from the Chief Executive Officer, engineers and Heads of Departments. Something has to be done quickly.

The Minister read a host of recommendations of the plans he has, but he has to take all these points on board and go with them collectively to improve the public service. Unless this is done, we are going to have difficulty in operating smoothly. I do not believe that some of these points are going to fall on deaf ears, some attention would be given and the situation would be improved for the betterment of Trinidad and Tobago and for the entire country.

Mr. President, I have made my contribution with the understanding that there is merit in what I have said and it would be given the consideration of the Government and if this is done, it would redound more to the benefit of the Government than to the People's National Movement, who are in Opposition, that you did it. The Government believes that many people criticize them and they do not have support, but the greatest support for the Government is the People's National Movement. Take the hon. Patrick Manning's 1 1/2—2 hours' contribution in the Lower House and see the sweeping number of recommendations and examination of the budget, the economic system and the whole structure of Government. He did that because of his love for the nation, and by extension, the Government. So we are not speaking here to improve our private estate, but to improve Trinidad and Tobago.

Mr. President, I state that all the contributions which we and the Independent Senators make are made on behalf of Trinidad and Tobago, hoping to enlighten the Government, and with that enlightenment, it would move in a positive direction for

the improvement of the entire citizenry and the benefit of the whole nation of Trinidad and Tobago.

Thank you, very much.

**Sen. Rev. Barbara Gray-Burke:** Mr. President, I rise to join this debate and to congratulate the hon. Prime Minister Basdeo Panday and his Cabinet for putting together a poor man's budget. Minister of Finance, the old people of this country are saying thanks to you.

We have for the last three years since we have come into office increased the old age pension by 74 per cent. Despite the fact that they took all sorts of increases here and there, nobody in his right mind could get up in this Parliament or anywhere else and say that the cost of living has increased by 74 per cent, so we are definitely in front of them. With the old age pension increase, the country can now see that all the senior citizens in our country would now be living above the poverty line.

Mr. President, I stand here talking about the budget and my memory carries me back to a woman named Christina King-Barrow who was born sometime on June 6, 1905 at Rose Street, John John Laventille and sometime around April 21, 1997 left the shore of peace to meet her God. She was one of the greatest women in the history of Trinidad and Tobago. She obtained old age pension for this country and milk for school children, so we can have a debate today where old age pension has risen.

As a woman from Laventille, I feel I have a right to make my contribution on this. It was through the relentless struggle put up by Christina King that pensioners are today receiving old age pension and school children are able to obtain milk at school. Indeed, Christina King and our associates led successful delegations to the colonial authority on a wide variety of issues ranging from child welfare to consumer issues. She was able to successfully negotiate the first set of pension for pensioners in the year 1935.

Mr. President, permit me to reiterate some of the startling successes of this Government. The expansion of the economy to the tune of 5 per cent at a time when the global economy is expected to go at a mere 2 per cent. [*Desk thumping*] Reduction in unemployment to 13.4 per cent, the lowest in 14 years in this country; a build up of foreign reserve and fiscal surplus, and I would mention again the 74 per cent old age pension increase over the past three years which is the highest level ever in the history of Trinidad and Tobago as far as old age

pensioners are concerned. When we came into office it was \$356.00 but today it is \$620.00. Pensioners would be above the poverty line.

Mr. President, when a small country like ours with 1.3 million people can be deemed by the influential *New York Times* as rapidly emerging as the region's foremost economic success story, you can well understand why I am speaking with this emotion this afternoon as I address this honourable Senate. Let us not be pessimistic to complain, the evidence of the success story of this administration has been prepared by persons outside of our jurisdiction who could be considered without bias or favour.

Mr. President, I was invited to the Hilton Ballroom, and many on the other side were present, so was Mr. Winston Dookeran and I made it my business to hear what the IMF had to offer and they said our dollar is stable and this made me feel elated and I believe this Government should be applauded and lauded for keeping the economy stable. While in the other place they were juggling with figures and playing politics with the nation's brain, I wanted to hear what the IMF had to say.

When I consider what is happening when we have declared this period 1998/1999 as the year of the older people I think this Government is really leading the way and we expect those on the opposite side to rally with Government and celebrate with us the international year of the older person. [*Desk thumping*]

Mr. President, when I listen to the budget and to the softening of the pharmaceuticals for certain illnesses which these senior citizens suffer such as diabetes, this Government should really be applauded because sometimes all the money was going in pharmaceutical bills, but they would now be able to afford because there is a drop in the price, and the tax and VAT have been removed. This measure would definitely act to the alleviation of the financial burden of the elderly persons.

It shows that this Government is looking at both sides of the coin. There is income and expenditure for a maximum benefit because when one looks at it there are artificial legs, hearing-aids and all kinds of things. They are playing with citizens, people are not stupid as before. We know the Senators on the opposite side would be glad for these measures but they cannot come out and say it, but all of us live in this country and we all know the hardship, but because history has shown that they were not looking at the older people, they were not even looking at my religion. I dare say that this increase from \$356.00 when we came into office to \$620.00 is growing because some people would be getting other forms of contributions from here and there.

**9.30 p.m.**

Everybody is talking about these houses; the Government is not giving houses. I believe that in this modern day, people should not just think of renting a house. They should try to have collateral, get a piece of land and build a home to call their own. Why are those on the opposite side trying to keep down the African population? They should encourage the masses of the East West Corridor to own. If they are in the plannings, let them buy it, because if they do not have a piece of land or a home, they cannot get a loan. They have no collateral at all, but the African people should own something. When they are saying that they are never able, let them be able. It hurts my heart many times when the Opposition says that the people cannot buy a house. I know if they try a little harder, they will make it.

I thank you, Mr. President.

**Sen. Andrew Gabriel:** Mr. President, it is indeed an honour for me to join the budget debate. It would be remiss of me if I did not congratulate the Minister for achieving what he has done with the country's finances in such globally tough economic times, but my reasons for wanting to congratulate the Minister are a little different. As a young man reading and understanding the budget statement, it sent some clear signals of change to me, one of which is that for the first time, the young people of this country have been tangibly included in the economic policy of any administration and of any Government.

Some of the more specific differences in philosophy that I picked up were that it was obvious to me that a radical departure had taken place on how governments traditionally deal with young people in their budgets. This Government broke a tradition, because when other governments spoke about the youth in the budget, they always did it in a very platonic way. They always mentioned youth in connection with sports grounds or some other very small project. I do not want to be misunderstood. Whilst I recognize that sports can play a very large part in the proper socialization of a child, I always found that previous budgets concentrated on youth in connection with sports, and not with a holistic approach.

The second signal that I gleaned from the budget statement is perhaps the one that marks the biggest change in philosophy in relation to how a government treats with youth. To the best of my knowledge, this budget marks the first time that the youth of this country have been specifically included in the economic policy of any administration or government. To elaborate, Mr. President, this enfranchisement of the youth into this administration's commercial goals is a crucial part of the

country's future, and it is not only crucial because our youth are inevitably our future and the investment that we make in our youth will redound to the benefit of all, but I want to highlight this point by reading into the record some statistics.

What I would like to do is use these statistics basically to impress upon us all that when we talk about Trinidad and Tobago, we are talking about possibly one of the youngest island states in the Caribbean. I am quoting from the *Review of the Economy 1998*, Appendix 10, Mid-Year Estimates of Population by Age (Both Sexes) 1991—1998. Mr. President, these are the figures for 1998. Our population under the age of 15 in Trinidad and Tobago is 358,295, which is approximately 27 per cent of this country's population; the population between 15—19 is 125,235, which is 9.7 per cent of this nation's population; between the age group 20—24 is 111,938, which is 8.7 per cent; the 25—29 age group is 106,470, which is 8.3 per cent; and the age group 30—34, is 106,470 which is 8.25 per cent. If one were to look at the population 34 and under, one would find that 63 per cent of this country's population is below the age of 34 which is, indeed, a staggering number. I think the ratio there is just under 2:3 or approximately 800,000 people of our total population.

The Minister mentioned in his budget statement an age band of 18—35, which was about 322,000 persons, or 25 per cent of the country's population, that he would like to specifically target with the enterprise development support network. If one looks at the measures that are contained in this budget, in relation to our country's youth skills and knowledge base upgrades that we would like to put in place, one would see that these measures, and our motivation for putting these measures in place, do not only become a lot clearer against the backdrop of these figures, but become obvious and almost obligatory. These figures have been available now at least from 1991 as this appendix would say, and these did not fall into the lap of the Minister of Finance. These were here for all administrations to use to try to make national policies relevant to the young people on the basis that Trinidad and Tobago has 800,000 persons below the age of 35.

Mr. President, based on these figures and what they tell us, we have lost many crucial years relevant to preparing and investing in the future skills and knowledge base of our country to compete in the global arena. We have also lost much time without inclusionary economic and political policies to spurn and encourage our youth into business and entrepreneurship as a credible and viable career choice. The consequences of this loss of time could be measured. One could say that whilst the rest of the world has made massive advances in the past five or 10 years,



where are we now in relation to the rest of the world as opposed to where we could have been?

If one would like to get specific, we could look at the computerization that has taken place globally in the last five years. Half of the equation of computerization is, of course, the supply of the hardware and software; the other half is to have a workforce that is able to apply these computerization facilities and these technologies to actually gain results. The results would lead to increases in productivity and efficiency. I do not think we could actually say that there has been a serious Government-led computerization philosophy, except the one led by this administration.

What this budget does is mark the start of a realization that of all the natural resources this country is blessed with, we must look at our young people as the most valuable and really concentrate on investing in the youth to upgrade our knowledge and skills base so that we could actually compete globally. Mr. President, our young men and women are the ones who must achieve our goals in the next century. We, the leaders of today, must clearly set out our collective ambitions and national goals and lay the foundation and facilitate, in a tangible way, our young people achieving their goals. In the setting of our goals, we must think long term; 10—15 years hence, especially with regard to our nation's youth.

Mr. President, as a young man looking in retrospect, it is easy for one to see the shortcomings in our political system. I think Sen. Marshall touched on it. It is that our political cycles, these five-year political cycles, are almost invariably shorter than the economic cycles, a consequence of which is an impairment in the ability to have long-term plans conceived and executed to match sound economic long-term planning. When it comes to our nation's youth and their future—which is ultimately our future—we need to have long-term plans for the management of the opportunities for the nation's youth.

It is easy to see the battle scars that this lack of planning has left on some of our young people. One only has to look at the high crime rate prevalent among our nation's youth. We could look at the unemployment rate amongst our nation's youth. We could look at the average age of our jail population, which is also very young. What the budget and this administration are saying, is that is entirely not good enough. We have to ensure that our young people's expectations for the future are a lot higher than they are now.

**9.45 p.m.**

Mr. President, this administration's goals are clear. If we are to take our place amongst the developed nations, we must transform our country into a knowledge and skills-based society and to do this, we must focus on our nation's youth; to bring about this change, we must invest in the skills and knowledge base of our children. To do this, we must bring about a revolution in the education system and at all levels of education: adult, primary, secondary and preschool.

We must have training and retraining of our workforce. We must have computer literacy as almost mandatory in our schools and workplaces. We must be technologically capable as a society to apply the computerization processes to actually achieve efficiencies and greater productivity and so forth. We must engender entrepreneurial spirit and enterprise at all levels of the society. We must tangibly encourage young people into small business. We must link our national goals, our nation's goals for the future with what we teach in our schools, as well as what we teach in these entrepreneurial programmes. If we want a diversified export-led economy, we must say so and we must say so in the right places: our schools, our entrepreneurial programmes and so on; that is where we have to tell our people what we need as a country. Our job training must be relevant for our school leavers and the billion plus dollars that we spend on education, we must ensure that this money is deployed to bring us closer to our national goals.

That is what we are going to do, that is what our goals are. This is our focus, this is what we need to do. We know that we have to invest in our nation's youth, which is an investment in our future. Having 800,000 young people on our shores is an immense opportunity potentially. If we lay the correct foundations and invest correctly in the young people of this country, we could bring about this transformation into a knowledge and skills-based society. I think we would be hard-pressed to find another nation state with 28 per cent of its population being below the age of 15.

Mr. President, allow me to highlight some of the specific measures of this budget and some of the direct and indirect benefits that would accrue to our nation's youth. This administration has broadened the tax deductions of \$18,000 per annum to include fees paid for tertiary education in approved institutions. This is a provision that encourages the upgrade of our knowledge and skills base.

This administration has eliminated VAT and duty on all computer hardware and software, making computers a lot more affordable to our nation's parents, teachers,

students, children and so forth. Again, this measure is directed to get our population a little more familiar with computers and what they could do.

This administration has allocated \$50 million to ensure that there is a computer in every classroom, in every school; the benefits of this are obvious. This is where we need the computers, we need every child to have access to a computer and computer education.

The Minister has declared that businesses will be granted 150 per cent tax exemption on investments in education and training and retraining. This is where the investment in people comes in. What this measure is doing is effectively proposing to subsidize the improvement of our nation's skills base by giving these companies 150 per cent tax exemption for investment in people.

The Minister proposes to subsidize the rate of interest on student loans up to 10 per cent, as well as an increase in the maximum amount of the loan from \$80,000 to \$100,000 for a maximum term of five years. Again, this encourages our people to actually make the investment in themselves. Again, this comes back to an upgrade in our skills and knowledge base.

He has announced a four-year plan to deshift at the junior secondary school level to start next year. I mean, the benefits of this speak for themselves.

He has announced the establishment of an enterprise development support system targeted at the age group 18 to 35. This is where the young people are actually included in the economic policy of this administration. This development support system, its goals are to mobilize, develop and expand the micro-business sector, and link training to funding and provide support for existing opportunities for skills acquisition by young people. Another goal of this programme is to develop and encourage the spirit and enterprise starting in primary schools, and this is where we need to do that and to provide business counselling to young people who have completed other programmes in entrepreneurship, as well as to provide a subsidy on interest rates for financing provided to micro and small businesses by non-governmental financial institutions.

For businesses securing loans of up to \$250,000, the Government of Trinidad and Tobago's subsidized interest rate will be 4 per cent, For businesses securing loans between \$250,000—\$500,000, Government's subsidized interest rates will be 5 per cent. The amount allocated for this programme is \$150,000 million. What this programme does is give young people the ability to actually participate in the

commercial arena. It gives them, not only access to funding, but it also gives them access to advice on how to set up and run their businesses and so forth.

He has allocated \$30 million to the Small Business Development Company that will fulfil the needs of some 400,000 entrepreneurs seeking loans. He has proposed a tax exemption on interest income on loans extended under the Small Business Development Company's regime made by financial institutions.

I do not think I need to go on. I think it is clear by now that this is the first time an Appropriation Bill has been so deliberate in its concern for the young people and the real issues affecting some of our young people. All of the measures are designed to improve our knowledge and skills base nationally, but targeting our nation's youth as the primary agent of change. It will provide ample opportunity for entrepreneurs to get access to much needed capital which was very difficult for them before, and even when they got access to capital, the interest rates have been extremely high and this programme seeks to remedy that situation.

This administration has almost the obligatory responsibility to pass on to our young people—who will eventually take our place, some 500,000 young Trinidadian men and women below the age of 25—a message. What we must ensure is that we must teach the generations coming up to sacrifice present unnecessary consumption for future gratification. We must teach them to be patient in investment and savings for future gains. This education must start at the primary school level and go throughout the education system. We must challenge the traditional values and inculcate enterprise and entrepreneurial values in our nation's children. Discipline, tolerance, individual responsibility, risk taking, productivity and savings must be taught; we cannot take those very important lessons for granted, we must teach these things to our nation's youth. It is only by focusing on the culture of education and on the values and attitudes to business and commerce that our youth will realize their fullest potential, whilst increasing the capital base and the national output of Trinidad and Tobago.

Mr. President, before I take my seat, I would like to wholeheartedly support this budget for including all 800,000 of us young people in the commercial future of our country, giving us a stake. I would also like to support this budget for not only telling us we could have a stake, but actually providing the necessary infrastructure for us to do so.

As a young person, picking up this budget and reading it when it was published in the dailies and so forth—it is the first time I read a budget—I could have seen exactly what this administration and this Government wanted from me; what the

*Appropriation Bill*

*Tuesday, October 20, 1998*

expectations for me were. For this, it is an absolute welcome change on the way Government has dealt with our nation's youth and I support this Bill wholeheartedly.

Thank you very much.

*Motion made and question proposed, That the Senate do now adjourn to Wednesday, October 21, 1998 at 10.30 a.m. [Hon. W. Mark]*

*Question put and agreed to.*

*Senate adjourned accordingly.*

*Adjourned at 10.00 p.m.*