

Leave of Absence

Wednesday, January 20, 1999

SENATE

Wednesday, January 20, 1999

The Senate met at 1.32 p.m.

PRAYERS

[MR. PRESIDENT *in the Chair*]

LEAVE OF ABSENCE

Mr. President: Hon. Senators, leave of absence from today's sitting has been granted to Sen. Diana Mahabir-Wyatt.

**FINANCE (VARIATION OF APPROPRIATION)
(1998) BILL**

Bill to vary the appropriation of the sum the issue of which was authorized by the Appropriation Act, 1998, brought from the House of Representatives [*The Minister of Finance*]; read the first time.

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

Question put and agreed to.

PAPERS LAID

1. The 1998 Annual Report and Annual Audited Statements of Accounts of the National Insurance Board of Trinidad and Tobago. [*The Minister of Public Administration (Sen. The Hon. Wade Mark)*]
2. Financial Statements of the National Gas Company of Trinidad and Tobago Limited for the year ended December 31, 1997. [*Hon. W. Mark*]
3. Memorandum concerning the decision to ratify the following ILO Conventions:
 1. No. 138 concerning minimum age for admission to employment;
 2. No. 147 concerning minimum standards in merchant ships; and
 3. No. 159 concerning vocational rehabilitation and employment of disabled persons. [*Hon. W. Mark*]

**HUMAN REPRODUCTIVE AND GENETIC
TECHNOLOGIES BILL**

Bill respecting human reproductive technologies and commercial transactions relating to human reproduction [*The Minister of Health*]; read the first time.

HUMAN TISSUE TRANSPLANT BILL

Bill to make provision for the removal of human tissue for transplantation and blood for transfusion and for matters connected therewith [*The Minister of Health*]; read the first time.

NATIONAL PARKS AND OTHER PROTECTED AREAS BILL

Bill to provide for the preservation, protection and management of designated national parks and other protected areas, for the regulation of the scientific, economic, educational use of these areas, for the establishment of a National Parks and Wildlife Authority and a National Parks and Wildlife Conservation Fund and for matters connected therewith [*The Minister of Agriculture, Land and Marine Resources*]; read the first time.

CONSERVATION OF WILDLIFE BILL

Bill to make provision for the conservation of wildlife in Trinidad and Tobago and for matters connected therewith and incidental thereto [*The Minister of Agriculture, Land and Marine Resources*]; read the first time.

Motion made, That the next stage be taken at the next sitting of the Senate. [*Hon. W. Mark*]

Question put and agreed to.

ARRANGEMENT OF BUSINESS

The Minister of Public Administration (Sen. The Hon. Wade Mark): Mr. President, today is not Private Members' Day. However, I beg to move that the order of business in the Senate today be as follows: the second reading of the Bills under "Private Business" which are: an Act for the Incorporation of the Little Flock Christian Mission and for matters incidental thereto; and also an Act for the Incorporation of the National Safety Council of Trinidad and Tobago and for matters incidental thereto; and the second reading of the Finance (Variation of Appropriation) (1998) Bill, 1999 followed by the continuation of the debate on Motion No. 1 under "Private Business".

Agreed to.

**LITTLE FLOCK CHRISTIAN MISSION
(INC'N.) BILL**

Question put and agreed to, That a Bill to provide for the incorporation of the Little Flock Christian Mission and for matters incidental thereto, be now read a second time.

Bill accordingly read a second time.

Little Flock Christian Mission (Inch.) Bill

Wednesday, January 20, 1999

Bill referred to a special select committee of the Senate appointed by the President as follows: Sen. Nizam Baksh; (Chairman); Sen. Rev. B. Gray-Burke; Sen. M. Shabazz; Sen. Dr. E. Mc Kenzie.

**NATIONAL SAFETY COUNCIL OF TRINIDAD AND TOBAGO
(INC'N.) BILL**

Question put and agreed to, That a Bill to provide for the incorporation of the National Safety Council of Trinidad and Tobago and for matters incidental thereto, be now read a second time.

Bill accordingly read a second time.

Bill referred to a special select committee of the Senate appointed by the President as follows: Sen. C. Cuffy-Dowlat (Chairperson); Sen. A. Williams; Sen. C. Alfred; Sen. Prof. J. Kenny.

FINANCE (VARIATION OF APPROPRIATION) (1998) BILL

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

That a Bill to vary the appropriation of the sum the issue of which was authorized by the Appropriation Act, 1998 be now read a second time.

Mr. President, one will appreciate that I am about to have the accounts for 1998 closed. To do so requires this variation which today I seek leave of this honourable House for its approval. One will recall that last year we had a shortened year which resulted in the change in the financial year from January to December, to January to September, which means that the new financial year is now from October to September. As a result of that change, it is now necessary for me to close the books with respect to the nine-month period of 1998. Therefore, this variation that we deal with today affects the Appropriation Bill for 1998.

The other place met on Friday, January 15, 1999 and we had a debate on the Finance (Variation of Appropriation) (1998) Bill. The Bill is seeking approval to vary the 1998 appropriation in the sum of \$287,993,220 as follows: There is one head to be increased, namely Head 18: the Ministry of Finance, in the sum of \$287,993,220, but we are asking for a decrease in two heads: Head 20, Pensions

Finance Bill
[HON. B. KUEI TUNG]

Wednesday, January 20, 1999

and Gratuities, in the sum of \$91 million and Head 26, Ministry of Education, in the sum of \$196,993,220, which gives a total corresponding decrease in the appropriation of \$287,993,220. This proposal for the variation has been accepted by the other place.

Mr. President, the purpose of the variation of the 1998 appropriation in the sum of \$287,993,220 is to bring to account the value of various non-cash mechanisms utilized by public employees in order to offset arrears owed to them by the Government of the Republic of Trinidad and Tobago. We know those arrears arose out of a long history which may best be described as the adjustment period in our economic history, during which time, some arrears were built up with respect to payment to public sector employees or public servants.

The provisional value of mechanisms—one would recall that we used certain mechanisms which they can access in order to liquidate these arrears and just liability—in 1998, and outstanding adjustments with respect to previous years, which have to be brought to account in 1998, actually totalled the huge sum of \$439,593,220. Given the nature of the transaction, funds were not provided in the 1998 estimates to bring to account the value of these non-cash mechanisms, but savings in the sum of \$151,600,000 were identified under the various subheads under Head 18, the Ministry of Finance, as a result of the change in the financial year.

1.45 p.m.

However, of this sum, an amount of \$26 million was identified under “Personnel Expenditure” and has been vired to the appropriate sub-item and the sum of \$125,600,000 represents transfers between subheads under the Ministry of Finance. The difference of \$287,993,220 is to be met from savings realized under Head 20—Pensions and Gratuities and Head 26—the Ministry of Education as a result of the financial year having ended on September 30, 1998 instead of December 31, 1998.

Mr. President, you would recall that the sum appropriated for fiscal 1998 was \$11,322,298,076. I wish to point out that this variation will not increase the sum appropriated and, therefore, there was no need for approval for a supplementary appropriation.

I wish to re-emphasize that the variations in the allocation of these three heads of expenditure will not increase the 1998 appropriation which is already approved

by Parliament. To that end, I just want to let this honourable Senate know that I sought and obtained legal advice from the Attorney General's office by means of the Solicitor General who has indicated that this is the appropriate or correct method by which this has to be done, and it could not have been done by supplemental—as a person in the other place contended—because one had gotten an approval for a sum for which one is not spending, but one could not ask for a supplemental for money one is not spending; that did not make sense. In any case, there were other reasons under the Constitution why the variation of appropriation was the correct way to go and not a supplemental of appropriation.

Mr. President, this is a fairly simple matter. We have provided all the details for these things. We have provided a great deal of information, as a matter of fact, which may not have any direct bearing on this Bill, but I am happy to present this Bill to this Senate. I, therefore, seek the approval of hon. Senators to have this Bill approved.

Mr. President, I beg to move.

Question proposed.

Sen. Danny Montano: Mr. President, I have read the Bill and I have read all the information that was circulated with the Bill. Unfortunately, we just received the little note of explanation of the particular line items. It would have been preferable if we had received that on Monday when we received this first set of documents, but notwithstanding, we can deal with the matter.

I now want to put this issue into its correct context and clarify the situation for this honourable Senate. It is as the Minister has said, but it is a bit more than what the Minister has explained. Allow me to try to explain what the situation is, because we have one or two problems here. The first problem, of course, is the fact that there is a line item of \$439 million that is now being effectively brought into the accounts of the country which was completely omitted from the budget. Now, the Minister has clearly said that it does not increase the total expenditure and the total budgeted amount for the year and, therefore, he does not need to come to this Senate with a supplemental appropriation. But the real concern here is: How is it that an item of this magnitude, \$439 million, could be left out of the national budget?

It was an election issue when this Government came to power. This Government was saying it could settle arrears of the public servants in cash and,

Finance Bill
[SEN. MONTANO]

Wednesday, January 20, 1999

of course, we said that was not possible at all. It turned out that we were quite right; it cannot and could not have been settled in cash then or now, and the mechanisms that we had begun to set in place they have merely continued with. In fact, it is not an item that we are wont to forget. The Minister of Public Administration jumps up and down like a jack-in-the-box reminding us constantly of what a good job he has done to come and settle all these issues with the public servants. So, I would like to ask the Minister: How is it that this item was left out of the budget? It is not exactly \$4 million, it is not even \$40 million; it is \$400 million. How does somebody forget \$400 million? That seems to be an extraordinary item of, what shall I say, carelessness, forgetfulness. It is extraordinary, Sir.

The next issue that I would like to explain to Members of this Senate is this: the Minister described this, and I listened to him carefully because I was going to ask him the question but, in fact, he said it very specifically that this \$439 million is the sum total of the non-cash mechanisms being provided in the accounts for the public servants. Now, according to the accounting rules that the Government has to follow as overseen by the IMF and other international agencies, this non-cash item must be included in the annual budget of the Government, even though it is a non-cash item. Allow me to clarify that.

The budget that we get at the beginning of every financial year is, for the most part, a budget of future cash transactions: cash receipts on the part of the Government and cash payments on the part of the Government. In other words, the fact that at the end of any financial year the Board of Inland Revenue and the Value Added Tax Division may have to pay refunds is not part of the budget until the refunds are actually paid, even though it is a booked liability.

In normal accounting rules for most businesses, one would, in fact, pick up and include in the accounts the accrual of the liability, but in the Government's accounts, that form of accrual accounting is not taken up. One of the few instances when it is taken up is in a situation like this where, in effect, the bonds which are being issued to the public servants are almost the same as a promissory note saying, "I promise to pay you a total sum of \$439 million in the year 2001 or whatever it is". It is, in effect, a promissory note. But, international lending agencies require that the Government include it in the budget in order to force the Government to set aside the cash, or at least make it available, but at least the money is not drawn out of the Central Bank's bank account. That is what it means.

Now, if you understand that, there is a situation where, up until and during the budget debate in October of last year, we were told that the Government reasonably expected that there would be a surplus on the accounts and the Minister of Finance had assured us all through the year that he had mechanisms available by which he could assure that he would arrive at a budgetary surplus at the end of his financial year, whether it was September 30 or December 31. Now, he is able to say that and, in fact, that is a true statement. He can do that because within his budgetary framework he has discretion as to what he can or will pay. I will give an example.

For instance, there are vacant posts in several of the ministries that have remained unfilled. If they are not filled and the Government takes a decision not to fill them, then the budgeted item would not be incurred and no money would be paid out; so that is the kind of discretion that the Minister of Finance has in any year.

Coming all the way up to the end of September and during the budget, he was telling us that notwithstanding the precipitous fall in the price of oil, he would have a budgetary surplus. So how does this impact on the budget surplus and I would ask the Minister to give us a clear statement of what he is doing here. What, in fact, he is doing here is this: he has said, and the words he used were that he has drawn \$91 million from head 20—Pensions and Gratuities and \$196,993,000 from Head 26—Ministry of Education, and he called that savings from the change in the financial year.

To understand what that really is, it is not necessarily savings in the true sense of the word. It really is the unspent portion of the budget and those items, of course, things like pension and salaries which are paid over a 12-month period were only paid over a 9-month period and, therefore, there is an unused part of the budget; that is what he is really saying. But it still is part of the budget and the budget was still approved. That is what he is saying. So that he can reallocate that unused part of the budget to any other line item that he feels is appropriate and he says that he has legal authority to support that view. All right, Mr. President.

One will understand what he has effectively done is taken the budget that would have been used during the months of October to December, that part of the budget, and he is effectively putting in a line of expenditure, \$439 million, to crystallize as at September 30. So that, he is pulling from the fourth quarter that part of the budget into the first three quarters of the year. Now, at September 30,

Finance Bill
[SEN. MONTANO]

Wednesday, January 20, 1999

and in October, we were hearing nothing about this item and, therefore, if the Minister at that point was telling us that he was likely to achieve a budget surplus—and I recall a number of about \$40 million or something of that sort—then from the time that he brings in this item backwards into September, he is going to push his nine-month accounts into an extremely significant deficit. That is how I see this, unless he can tell me something else. It is a deficit.

Sen. Kuei Tung: [*Shakes head in disagreement*]

Sen. D. Montano: It is a surplus? After this \$400 million? Well Mr. President, I think we would like to see these accounts, and quickly. I would certainly like to see how he has been able to achieve this, because it does not seem to add up on the face of it at all. Because it is quite clear what he is doing.

If Senators would look at the schedule, page 13 for instance, in Head 20, Item 007—Households, Sub-Item 01—Public Officers' Pensions, the original estimate was \$290 million, the revised estimate for 1998 was \$225 million; so that the reallocation is \$65 million. If one takes \$290 million and allocate that evenly over the 12-month period, the nine-month portion is \$217,500,000, very close to \$225 million that was actually spent. If one does that with the other lines there, one will see that the revised provision for 1998 is, in fact, very close to what one would, in fact, incur if one apports the total amount over nine months. In Sub-Item 02, they have \$75 million, based on the original estimate it would be \$63,750,000. In Sub-Item 03, it is \$24 million, the apportionment would be \$21,750,000. In Sub-Item 04, the revised provision is \$4.2 million and the apportioned amount would be \$3.9 million. So one can see it is very, very close. What I am saying seems to make some sense. This is what he is doing.

2.00 p.m.

It is the unexpired unused portion of this expenditure that he is bringing backwards, up into the first three quarters of the year, in order to cover this \$439 million. It seems to me, Sir, that we have a bit—I was going to say bamboo accounting, but I would use another expression. It is an interesting accounting method. What is happening here is, all the savings that he is referring to and the line items that he has pulled from, are items that would have had to be paid in cash. The pensions and the salaries would have had to be paid in cash and come out of the Treasury. In fact, I would venture so far to say that they have come out of the Treasury, because these items would have been put back in the budget for the 1998/1999 period. In fact, they did get paid.

In terms of the budgeting that we are dealing with, what he has done is, having made no provision for it in the first instance and in the budget providing for some \$287 million to be paid out in cash, he has virtually substituted something he does not have to pay for. He does not necessarily have to pay for these non-cash mechanisms, it is merely an accounting entry. Nobody is writing any cheque, no money is passing between anybody's hands. It is just an accounting entry.

He has been able to do it, and the question is whether, in fact, he really has budgetary shortfalls and whether there is a real shortage of cash in the Treasury. By bringing this thing to book now—this is a non-cash item—he does not have to pay this until the payment gets back into Government in two years' time. We would pay it. That is what is going to happen. According to what he said, he referred to the whole \$439 million as a non-cash mechanism. He is not paying it, but he pulls from cash items commitments that he was to pay in cash, to a non-cash item. That is the whole thing, and he has pulled it from one period and stuck it into another.

When he told us that he was only expecting a modest surplus, all of a sudden, he is faced with a brand new line item of \$287 million. I really would like to see how he is arriving at a surplus, if that is so at all. I would like to get the accounts, and would go through them very carefully, because I do not think that is what we are going to see, if true at all.

What he has done is that in the budgeting process he has got lots of discretion. On page 9, for instance, we see that there was supposed to be payments to the Export/Import Bank of \$11 million; to Tanteak there is \$12.4 million; there was interest on an overdraft of \$10 million and payment to Caricargo of \$9 million; a payment to the ADB of \$8 million; to FundAid of \$5 million; another item for Customs, of X-ray equipment for \$9 million, and he was to buy interceptor vehicles for the Customs Department for \$2 million; all of that was to be paid for. But to some extent, they are discretionary items; they are not expenses or payments without which the functioning of Government would stop. Those are his discretionary items that he has been able to say, "We are not going to pay that, therefore, I am going to push my accounts into a budgetary surplus".

During the year from January to September, those are some of the items that he would have been using to ensure that he could arrive at a budgetary surplus at the end of the year. The pensions and salaries he could do nothing about, they must be paid, although within those items there are areas that are discretionary,

Finance Bill
[SEN. MONTANO]

Wednesday, January 20, 1999

and I mentioned one a little while ago: vacant posts. One of the vacant posts is in the Ministry of Education, sub-item 07, where the original estimate was \$141,300,100. In fact, the revised estimate is \$27,400,100. Again, if we apportion the \$141 million over nine months, that would be \$105 million, but all that is being spent is \$27 million. The shortfall there is well over \$100 million. Again, that is a discretionary item. Why they decided not to, I do not know, but they simply did not hire the persons they were supposed to, and pay under that line item.

What we are talking about there are teachers. Is that what this Government is doing? In order to arrive at a budgetary surplus, is it holding the future of the children of the country at ransom? There is no item of expenditure that could be more important than spending on education. It is the future of this country. [*Desk thumping*]

Mr. President, however, you must understand that if a government invests in education today, we would not see the results of it for 15 years. That is the gestation period before you really begin to see the results. They obviously have no intention of being here in 15 years', but we do. The rest of us in this House would be here in 15 years time, and we have got to deal with that. What are we going to have? A bunch of vagrants on the streets, people who cannot do anything? People who cannot employ themselves? Are we going to have a workforce that cannot fend for themselves? Are we going to be at the mercy of foreigners who would say, "Well, I am going to put a plant here and I would give you a little work", and so forth? No, Sir! That is not the vision of those of us on this side or of the country.

If that is what they on that side think, then let us go to the polls. [*Interruption*] Because this thing is totally wrong. We have to look at that kind of thing very carefully. I would remind you, that is a discretionary line item; it does not have to be spent. They have spent only \$27 million; \$100 million was not spent in order to account for the shortfall in the price of oil.

Mr. President, is that the only item that they could have found? What are they going to do in the coming year, when we have read serious reports to the extent that the existing contract handed out to construct the major part of the airport was over-priced by about \$70 million? Is the Government saying that it prefers that, rather than invest in education? Is that what we are to understand from the Government? I find that is a shocking state of affairs and a serious indictment for the complete incompetence of the Government!

It is not surprising that against this backdrop of governance, there is a headline in the *Daily Express* this morning, page 4:

"From record highs to plunging lows

Stock market records largest decline in years"

Mr. President, in the face of everything that you hear being touted from the Members on that side about how well the economy is doing and everything else, if you spoke to any stockbroker they would tell you plainly and simply that what is going on in the stock market is a plain, simple lack of confidence. Is it any surprise? Is anybody on that side surprised? We on this side are not surprised at all. We stand ready to rectify the matter, and we will. We will not be so afraid as to not invest in the future of the children of this country. [*Desk thumping*] We will put it right.

Against that backdrop, on Monday I went to the bank to buy US \$200. My son had gone to spend his Christmas with his mother in Florida and had spent some money on a Visa card he had as security. Do you know, Sir, that I could not do it! The bank said, "I am sorry, but we do not have \$200". So I said, "But it is only US \$200, it is not as if it is \$200,000". It is not that I do not have that kind of money, but it was only US \$200. I could not buy that! That is where we have come to. That has to be a shocking indictment to the level of governance of this Administration.

I would close at this time, and suggest that the Minister has some serious explanations to make on this matter. I am certainly less than satisfied that he is going to arrive at a budgetary surplus, because this is a line that simply was not there. I understand very well the timing implications of the whole thing. The country and I sit and wait. We do not have too much longer. Thank you.

Sen. Dr. Eric St. Cyr: Mr. President, I am concerned about the financial accounting as the matter is coming through over this Supplementary Appropriation Bill before us. Before I go directly to that I would put in context some other things that I am also concerned about.

I am fully aware that with the change in government which took place in 1995 we were going to see some changes, many of which would have been and are welcomed. But there are some things that strike me as going to the root of the understanding we have of the practice of democracy in this country to date.

For instance, freedom of speech and expression is a fundamental building block of our democratic practice. I think the experience over the last couple years, suggests to me that this building block is under serious attack. If I may take a second one, I saw reported in the media recently that one of the senior ministers was of the view that elected ministers should be free to award contracts, bypassing the Central Tenders Board, and that worried me no end.

I could take a third, Sir. Recently we saw that the view being articulated is that our ministers must be the administrative experts and managers of line ministries, whereas historically, our understanding was that ministers should be policy directors and channels of communication between the people and the Government. Thus, the notion of an amateur politician is being replaced by the expert minister/manager, at the expense, it seems to me, of the professional public sector manager. These things have bothered me.

2.15 p.m.

I am also bothered about the matter before us and I would want to put that in a certain context.

Sen. Mark: Mr. President, a point of clarification, if the hon. Senator will give way. Could the hon. Senator probably elaborate on this thread he mentioned about freedom of speech under this Government that he has observed over the past few years? Could he be more concrete and specific? I will have more to say on similar subject matters, but I would like the Senator to be more specific on this issue.

Sen. Dr. E. St. Cyr: Anyone who has lived in this country in the last two years would know what I am talking about. [*Desk thumping*] There has been a serious attack on the media as an example, but if I am the only one who felt that was happening, then I will concede that perhaps I am not being realistic and leave it at that, Sir.

To me, I raised the issue before us when we were changing the financial year from a 12-month cycle to a nine-month cycle. I put it to the hon. Minister at that time, that I would be interested to see what his proposals would be for closing the books and for putting all our financial systems through their paces. We all know that when we close off a financial year it is a point when we bring everything to a consistent, interrelated conclusion so there is no transaction in between which falls through the cracks. It seems to me that what is happening here is the consequence of that matter not having been properly addressed.

I am very worried, Mr. President. I do not think the Public Accounts Committee has met for several months and so in my simple judgment, what I fear is that yet another plank of our democratic practice, namely the control of the finances of the country by the Parliament, has and is slipping out of our hands. It seems to me that if we change the financial year from 12 months to nine months as a rough and ready measure, what has to happen is we have to prorate revenue to nine months and expenditure to nine months.

I am not an accountant but I understand and have seen it practised, that a budget of 12 months is typically divided into four quarterly chunks so that the faster spenders do not all spend three-quarters of the money in the first quarter or else it just cannot work. So when you come to administer a budget, one control measure is to break the sum budgeted for 12 months into four equal parts and in each quarter you look at the variations or else it is not just possible to administer the budget. So applying that principle, if you were to see whether in the nine-month shortened budget for 1998 we were generating a surplus or not, we would have to measure the revenue for January to September and apply the expenditure over that period against revenue.

I have been following the debate both here and in the other place last week, and it seems to be so simple that if I could use unspent sums budgeted for October, November and December and apply those to January to September, then in the new financial year, October 1998 and onward, I have been spending two lots of money in October to December, which just cannot be allowed. So I am very concerned.

I understand from the hon. Minister's introduction that he has legal advice, but we would want, really, to get a full articulation both of the legal considerations and of the accounting and financial considerations as well. I quite understand and we all agree that the arrears to public servants should have been paid. I may even go so far as to suggest that if I were the Minister of Finance, anticipating that was coming about, I would discretely place some funds in various accounts which would be, as it were, provisions made for that eventuality. I would be wise doing it that way since, if I put it explicitly, I would telegraph how much I was anticipating the settlement to be. So I do not think that is the issue.

The issue that really arises here is: Do we as a Parliament continue to exercise control over the budgeting and expenditure of this nation? I do not think that from what I have seen here, we are nearly in control of this exercise as we used to be or

Finance Bill
[SEN. DR. ST. CYR]

Wednesday, January 20, 1999

as we ought to be. I do not think that the issue as to whether these funds were taken from education is debatable or an important matter, because if education generated surpluses so too would several of the other ministries. So those funds could have been taken from any one of the ministries, except the provisions such as I alluded to were put in the Ministry of Education, which I doubt.

Mr. President, my concern is a bigger concern, not on the specifics here, but on what I sense to be the slipping away of the budgeting process out of the control of Parliament. Let me refer to—and I am speaking off the cuff; I do not have any axe to grind so I did not get the Minister's winding up statement in his 1999 budget presentation. There I recall the Minister to have said something like this: the budget is really a shopping list and you spend depending on the outturn of revenue. In a sense, this is correct and as it turns out, *post facto*, but that is not how a Parliament is able to exercise supervision over the budgeting and financial affairs of the nation.

For us to exercise any supervision at all, our revenue estimates must be as nearly as possible, accurate. I know we missed by a wide mark, the assumed price of oil for 1998 and it seemed to me again, that when we were doing the 1999 budget we were going to do the same thing. In the notes I made when the hon. Minister referred to where he got his figure from—one of the international agencies—I had written there, “them again?” They misled us the year before and we went back and used those estimates.

The point here is that there is clearly not a sufficient determination to come in with proper revenue forecasts. Unless we have proper revenue forecast, then the priorities that are assigned to expenditure allocations just cannot be made seriously. They then become a shopping list and if that is so, then Parliament has relinquished all its supervision over which items get in and which do not. That is the big point I am making.

Mr. President, I know this is perhaps an unusual speech of mine because I am usually complimenting the hon. Minister of Finance. I have great respect for his technical expertise. I trust that he understands that I am concerned today with this very much wider matter of how we practise democracy in this country.

With that, Mr. President, I thank you very much.

Sen. Rev. Daniel Teelucksingh: Mr. President, two Senators who spoke previously made reference to the Ministry of Education. My colleague, Sen. Dr.

St. Cyr, spoke about setting the priority in spending. Financing for the Ministry of Education is a very important part of the Bill before us. There is a lot of money involved—\$196.9 million decrease—but looking at the total figure then budgeted for 1998, excluding that would be in excess of \$1 billion. That is a lot of money for education. Do we have a say—and this is the point that Sen. Dr. St. Cyr raised—beyond just what we are doing, approving or giving the so-called rubber stamp; it had to be done, because the first and last say was in the Lower House?

Financing in the Ministry of Education is very important. As I said, two Senators made reference to it. How do we use those funds allocated to the Ministry of Education? I want to draw your attention, Mr. President, to a matter that I think important—and this is a good time for me to use a minute or two to speak about it. So much money is allocated to the Ministry of Education and here a few days ago I am reading of a research quoted in the newspaper, the *Trinidad Guardian* of January 15, 1999, of work at the Centre of Criminology and Criminal Justice at the University of the West Indies, which tells us that there is a daily average of 25 cases of physical assault and violence in some secondary schools. It is a very serious matter.

We are speaking about funds to the tune of millions and asking ourselves what are these funds used for? What is happening to our schools that there is a daily average of 25 cases of physical assault and violence in some of our high schools? What is the money being used for? What is happening in our country? We have allocated over \$1 billion in 1998, we are saying we have a savings of \$196.9 million. We are padding up the 1999 budget with that. I am certain we have the money.

Mr. President, we must do something. Somebody has to supervise the spending of this money. We cannot afford, as I speak, at the end of this school day, that we are going to have another 25 cases of physical assault and violence in our secondary schools. What is the money being used for? Where is the money going?

2.30 p.m.

Mr. President, are we being told that some of this money will be used in the school security system at the primary and secondary schools? We began the year with the President of TTUTA, Mr. Trevor Oliver, calling for the strengthening of security in schools but this had been the story in 1998 and we began in 1999 with this call. What is the 1999 story?

In addition to this and the disaster of 1988 in the high schools, at one of the senior comprehensive schools in Central Trinidad there was a lot of violence in the latter part of last year and the year started with a report there that a teacher's windscreen was broken and there were only students around. Who could be responsible for this act of violence?

Last week, did we hear about another high school in the San Juan district where a principal was assaulted? Mr. President, what are we doing? How is our money being used? All these funds that we sit here and give approval for. I am talking about education. The community police has been helping in the area where I live and there are one or two trouble spots as far as high schools are concerned.

I would like, through you, Mr. President, to bring to the notice of the hon. Minister of National Security that we have not seen the community police around in some of our districts for the last few months and we have heard nothing about it. Somebody said jokingly recently that the motor bikes broke down, but that is not good enough. We need to have the community police. There are trouble spots in our secondary school system as far as violence and assault among students are concerned.

Mr. President, this is very important. I would like to hear from the Ministry of Education and the people who are spending this money; this figure that is before us of over \$1 billion. I understand that there are some high schools where there is the problem of no guidance officers. Take this \$196 million that you have saved and use it for that and this nation will be happy. We need guidance officers. In some areas there are many high schools with one guidance officer floating around. I would like to see some of this money, which you are calling savings, utilized. It could not be savings when there are so many problems within the Ministry. There is too much lawlessness on our school compounds. If it is necessary we need to maintain regular presence of, at least, the community police in some of our schools.

Mr. President, let me mention this because it is significant. The school system is a very important aspect of our social life. Two days ago we had a report that was a very common one for 1998 and we have brought it over in 1999: children used in protest at Government's failure to start refurbishing and reconstruction of the Point Fortin E. C. school. I have thought over this question very seriously and I think we need to say it loud and clear to the parent/teacher associations and to parents and community pressure groups in Trinidad and Tobago that they should

not use children in protest action and protest demonstration. Children should not be used for placard bearing, law breaking, abusive kind of activities that are so bitter in nature. Why should children be taught to block roads and boycott classes? Why should children be taught by adults to curse the Government and denounce their leaders? We are reaping the whirlwind.

Mr. President, let me add this because it is so important. Violence in the school has gone into our fetes. It is a young person who would have just left high school, maybe, who was involved in the greens at Palmiste in San Fernando at that carnival fete where somebody was killed. It is our young people, some are in school. The violence in the classroom has spilled over into our carnival fetes and we need to speak about this. We need to tell young people—we must teach them; somebody has to do it—that carnival fetes and parties are for recreation, enjoyment, celebration and great fellowship. This is what it is. We need to make a fervent appeal, at this level and every other level in this country, for fete lovers to cut down on alcohol consumption at carnival parties and fetes. They ought not to take with them to these carnival fetes and parties objects which can be used as weapons; knives, cutlasses, icepicks and so forth.

I wish we would teach our children to sing, dance and also to laugh in our schools and to take that to the carnival fetes; a place for singing, dancing, and for laughing. We ought not to stampede in any crowd.

Mr. President, Sen. Dr. St. Cyr made reference to the managing of the public purse. This is what this is all about. How do we manage? I do not know how we are going to handle it. We were wondering about the problem in the Far East in the Indonesian peninsula. I understand that this very serious world economic crisis is on our doorsteps in Brazil. I read this morning that the Guyana dollar has been hit. About \$174 Guyana to a US dollar. It is coming home, Mr. President. From the Far East it is now in Brazil and in Guyana. This is affecting us. Public spending is very important. I am glad Dr. St. Cyr made mention of that; the way we handle the nation's purse.

I want to make a comment here. Mr. President, you see those protests over bad roads at the three Ms: Malone, Moruga and Mayaro? Protest over bad roads. Water protests up in the hills around Port of Spain right here in 1998 and come 1999 we have had it. Against this background we need priority for spending and that is very important. We need priority for spending because money is going to be short one day. We are going to have lean years. We have seven years of plenty and

we are going to have some lean years and they are coming. It happened in the Far East with Japan and Indonesian countries; it happened in Russia; it is happening in Brazil; it is right on our door step in Latin America.

Mr. President, against this, making our priority for spending, I am totally against spending \$55 million on a beauty pageant. I find that bit of allocation—this is the context. Violence in schools, the need for counsellors for the young people, we need that. We need security for the schools, we need the pot holes to be fixed in these areas. Christmas day people were lining up for water and complaining and we are putting aside around \$55 million for a beauty pageant. I personally feel that the private sector should run the beauty pageant. Let them come with their gold, silver and bronze—

Mr. President: I think you should steer a little clear of that. While I have permitted a lot of debate on matters that do not directly concern the Bill before us, I think this one is stretching it a bit too far.

Sen. Rev. D. Teelucksingh: I am coming back to the whole business of priority in public spending. I make no reference to this again but we have had enough instances in 1998 of ill-advised spending and I was just saying that this big figure is another one.

I wish that at this level we will get a chance from the various ministries, not only to criticize when deals have been struck and contracts have been signed, but I think some of these large areas of expenditure in the various ministries should be brought to the notice of the Parliament before actual spending is done. I wish to have this as a concern not only of this Government but any government at all. It is not only to spend the money and come here, as we are doing today, rubber-stamping, as it were, what has been done already. It is what somebody said a long time ago about Cabinet dictatorship but this is the system before us; we have inherited this. It is one of the weaknesses of the system of our type of government and administration.

Mr. President, I thank you very much.

Sen. Muhammad Shabazz: Mr. President, at every session that we have come here to talk finance and about what is happening with our budget, I think I have been consistent in making this point. Whatever the Minister of Finance does, somewhere we seem not to be getting the correctness of what he is doing. He seems to be telling us certain things but that is not what seems to happen.

For the last two years we have had a bill like this coming to this House sometimes three or four times within one year. Just look at certain things. To start with, if you had a year in which you budgeted for 12 months and the year ended up to be nine months, where is the money for the three months? It has to be spent over that period. You passed a new budget for that three-month period and you are now asking that this money come back into the nine months that you have already spent money. To me that is a confusing issue.

We have said it here before that when you prepare a budget you prepare a plan for what you are going to do for the year ahead of you. So it seems strange that last year we had something coming out of the Ministry of Health—and that is one of the points I would like to develop—they had asked for two hundred-odd million dollars from health. Now, again, hear where they are going after they interfered with health, an important sector, they are coming at education for one hundred and ninety-odd dollars.

If you are preparing a budget how could you have such large savings in certain departments? It seems to make the point that we are making a correct one. They are putting money where they do not want to use it so when they are ready for it they can take it out to say they have a surplus or do not have a surplus or that things are going good and they can take that money and move it where they want to use it because that money really was not supposed to be there. One hundred and ninety-odd million dollars? What is happening in education? With all the things happening, the whole security system we talked about.

We passed something like a Dental Bill here, so far nothing has happened. Could money from education not be put into that? New schools to be built are not being built. A number of other things to be done in education and nothing is happening. It is best they had spent the money for education the year before and deal with the computers they were supposed to deal with in that period. How can they have a savings of one hundred and ninety-odd million dollars in one department? How could they have a savings of two hundred-odd million dollars? Is there no consultation when they are doing the budget?

2.45 p.m.

Are you not speaking with your people? Are you not asking them what they want, what they would be doing with the money? Not only that, we look around and see certain departments where there are so much cost overruns and the Ministry of Works and Transport seems never to have a surplus. They seem never

Finance Bill
[SEN. SHABAZZ]

Wednesday, January 20, 1999

to want extra money, yet there are a lot of cost overruns in the Ministry of Works and Transport. At the airport, at Whitehall, and the road they are building, there is always a cost overrun, but this Ministry seems to be running perfectly all the time. Something is wrong.

I feel sad for the Minister of Finance because I remember in another place when it was said that the shortfall seems to be \$1 billion, the Minister said he is the only Minister of Finance and he is going to have a surplus. There is no surplus. Why? I think the other person in the other place was correct. Again, you are telling us everything is going to be all right, the oil prices are going up and everything would be all right, but from what we see the signs are not saying that. The only person saying that is the Minister of Finance and maybe many of the people around him do not seem to be agreeing with what he is saying. Apparently, there would be a time when only you, Sir, would believe that.

There are a number of other things happening. This is a warning to the Minister and the country. It was boasted in this Senate that everything was proper with the negotiation and bargaining. We are now seeing money is being asked for to take care of some of these things. I feel sad when I see that the Senator on your side who has the bargaining power for many of these daily-paid workers and they are not being paid and there is nothing being said about that. Take money and deal with that situation. I should not have to ask them to do that. If you are taking money into the Ministry of Finance try to solve those problems.

There are a number of other problems, that is why I am saying the signals are not saying what the Minister is saying and we would have to look, not at what the Minister is saying, but at the signs, what is really happening in the communities to understand that what is being said is not correct.

There are persons in the tax department who are saying they are not getting returns because there is no money. Sen. Montano pointed out where he went to get US \$200.00 and could not get it. There are things happening at Trinidad and Tobago Electricity Commission with the people's pension fund, nothing is happening. There is money to be paid to them and the money is being held back so it could be moved and shifted away to spend and make you look good. I do not want to beat on this point too much.

Look at what is happening at the Ministry of National Security. Noise was made and the soldiers were paid and there are still some volunteer soldiers who have not been paid. They paid half and we know it is because money is not

available with all the talk they are giving us. When we look at this, it keeps us wondering what is indeed happening in the country.

I heard the Leader of Government Business say he would deal with the question of what is happening with freedom of speech. That is a serious matter because a number of measures are being put so that people in this country would not say what they want to say because of how the Government is operating. Many of the things we are hearing are anti-Government. So by stopping the people from talking, there may be other repercussions coming. Let the people talk, listen to what they are saying and understand that you are moving in a way that is not proper.

On the question of whether we make decisions or how they are made, I think if we are to have a two-fifths or a three-fifths majority in order to pass a Bill like this, you would be more careful with the way it is planned and brought to this Senate. It is because you are certain that with a simple majority, after all the talk, in fact, it becomes law, and that is why it is being done that way. I wish in this term that something should happen so you may have a special kind of majority so it is not dependent on what the Government says that allows things like this to happen. If it were different we would not have to go through this time and time again.

Mr. President, indeed there are problems in the country. I am not saying this to be a prophet of doom and gloom, but because of what we are hearing, feeling and seeing. There are indeed problems in the country. I would like to ask the Minister to be more careful in his budgeting. Money at this time is really getting scarcer and scarcer as we go along. Let him think it out better. We do not want the Government to become a public relations missionary just setting up to win election and holding money so that when election comes there would be billions to spend, then you would start doing all the roads in my area and all the other areas which you are now neglecting. It seems to me that this juggling is to have money for a particular period and we feel that period is election period. Tell the people the truth, level with us, let us support what you are doing but know we are doing it on the basis that we understand what is happening. This is where the problem is.

Mr. President, there is no need for me to go too long because I have made this point over and over to the Minister. There is the Public Utilities Commission (PUC) at this point laying off workers and taking on workers. People are uncertain and that point was made when the budget statement was presented. Sen. Montano made the point clearly and today in the PUC, there are the same problems and if they

Finance Bill
[SEN. SHABAZZ]

Wednesday, January 20, 1999

tell you about the recruitment practices there you would better understand what I am saying.

I ask the Minister of Finance again to look for real methods. We told you this, but you said the oil price would not affect the country; you have assets which you can sell and a number of other things, but it is not affecting the country now, but later down the road. Sen. Montano made the point that you are putting that pressure back on us to handle and we do not know why.

Mr. President, I end by asking the hon. Minister to be a little more prudent in the handling of the country's funds, particularly in these hard times because he is bringing a certain kind of pressure on this nation by the way he presents his budget and returns to ask that money be removed and placed elsewhere. This would affect the nation somewhere down the road in the long term. We are asking him please, handle this country's money better than he is doing.

Thank you.

The Minister of Public Administration (Sen. The Hon. Wade Mark): Mr. President, I rise in support of the Finance (Variation of Appropriation) (1998) Bill and to indicate that the Bill, as stated in the Explanatory Note, seeks to vary the appropriation provided for by the Appropriation Act, 1998 and to authorize the utilization of any funds accruing from the reduction in expenditure under certain heads of expenditure for the purpose of meeting any liability incurred through the increase in expenditure on Head 18 of the Ministry of Finance.

Mr. President, this Bill has to do with re-allocation of moneys for subheads as has been indicated here today, and to enable more efficient management and running of the economy and to also deal with certain commitments which the Minister of Finance indicated we had to, in fact, meet.

Mr. President, in this debate, many points have been raised and I thought it necessary to at least provide some clarification on the perspective on some of the points which have been advanced today. One of the points I would like to deal with is the question of the practice of democracy in our society and country. I guess when Sen. Dr. St. Cyr made his intervention, he was concerned about the issue of accountability, responsibility and the authority of Parliament in supervising expenditure and he went on in that particular vein to make specific reference to what he considers to be some danger signs which were beginning to emerge in our society of Trinidad and Tobago.

He made reference to freedom of speech as an example which he said was under attack in our country and he made specific reference to the media. Sen. Shabazz, a short while ago followed on the heels about trying to—not muzzle—at least not being allowed to speak so consequences could flow.

It is our contention that Trinidad and Tobago is one of the most vibrant democratic societies in the entire Caribbean. Further, this society is one of the most highly communicative society in the whole region, in fact, even Central America to some extent. There are about 15 radio stations, none have collapsed so far, each has its own niche in the market place for audience.

We have in this country in terms of democracy and freedom of speech, 102 fm in particular, you will hear the population at work in terms of freedom of speech and freedom of expression if you turn on your radios any morning. In fact, some of them speak to the point of being libelous and their language is sometimes bordering on defamation, but it goes on. So when we talk about freedom of speech, we only have to listen to the masses speak through those various radio stations and talk shows, in particular.

We have three daily newspapers in this country, about four to five weeklies, three television stations and a number of cable networks, so this society is a highly communicative one and democracy is flourishing in this country. There is no threat to the democracy in Trinidad and Tobago, and no threat to the freedom of speech in this country either.

Mr. President, in any lively democracy, be it the United States of America, England, countries in Europe, people have contentions, they have conflicts. Conflict is an inherent part of the human condition, it is unavoidable and inescapable. If there was no conflict, we would not be here today. That is what life is about—conflict. Of course, conflict has to be managed at all times.

3.00 p.m.

I do not agree with my honourable friend, Sen. Dr. Eric St. Cyr, when he says that freedom of speech is under attack. We have never brought any legislation here to change or amend the Constitution to eliminate freedom of speech. We have no intentions of doing that. This Government respects the Constitution. So, where is this threat to the freedom of speech? Where is this assault on freedom of speech? Because we had an encounter with the media? President Nixon had an encounter with the media in the United States. Was he threatening freedom of

Finance Bill
[HON. W. MARK]

Wednesday, January 20, 1999

speech? Mr. Manning had his encounter. Mr. President, I remember Natalie Williams was escorted by security from the former Minister of Works and Transport, Mr. Imbert's, office. Was that a threat to freedom of speech? They were in conflict with the media at times.

Being in conflict with an institution does not necessarily mean that one is seeking to undermine that institution. It is healthy. It is part of the democracy. That is why Trinidad and Tobago is such a vibrant society and nobody could alter that. We are about strengthening, deepening and advancing the democratic fabric and process of Trinidad and Tobago. Anything that is along that line is not correct. I do not support it. I do not think in reality there is any basis for it.

This Government has made it very clear.

Sen. Mohammed: Deal with the Variation of Appropriation. Be relevant!

Sen. The Hon. W. Mark: Be relevant? I am responding to a particular statement that was made, Mr. President, and I thought it was important to do so.

Another area to which I thought it was necessary to respond: I think for instance that when Sen. Dr. Eric St. Cyr made his statement about the question of administrative experts—Ministers playing a more professional and prominent role—somehow he got the impression that the public professional officer was not being given the kind of focus that used to take place in the past and is still taking place. I suspect he was making reference to an article. He did not say so, but he was making reference to an article in Sunday's newspapers which I had to clear this morning at a press conference.

I want to put it on record. We are in 1999. We have had all kinds of criticisms directed at the public service of Trinidad and Tobago. We have to deliver quality and efficient services to the people of this country. We are moving away from what is called personnel administration to human resource management of a strategic character in the public service of Trinidad and Tobago.

I am endorsing the Prime Minister's position about the old civil service British concept in terms of the Minister being an amateur and the civil servant or the public officer being a professional—that is under scrutiny. Ministers, as the Prime Minister said, must be professionals. They must be in a position to understand management and the management of their ministries. This is what it is about. Every week, without exception, the Cabinet of Trinidad and Tobago has to deliberate upon human resource management issues. Therefore, a Minister of Government must have a role in terms of the leadership of his Ministry.

I think that when Sen. Dr. St. Cyr made his reference, he gave the impression that the Ministers were seeking to either undermine, interfere or in some way compromise the well-set-out tradition in the public service. The only constant is change. In today's world, conclusions that we reach today, may have to be rebelled against tomorrow, because the world is moving at a rapid pace; it is not waiting on us. And it is either our society and, particularly, our public service become relevant and appropriate for the 21st Century or we remain or lag in the background.

So, the whole concept of the human resource planning is critical. We have to plan. It is people who are going to deliver services. Therefore, we want to have a situation—we were in Opposition, we supported, upheld and advocated the independence of the Public Service Commission. We have no intention of doing anything to undermine, compromise, or in any way interfere with the operations of the Public Service Commission of Trinidad and Tobago. I thought it was important to, at least, indicate this, because the agency, the party that sought to overthrow, undermine, and virtually liquidate that Public Service Commission—particularly the Police Service Commission—was none other than those on the Opposition Bench.

So, Mr. President, on this issue, we need to have clarification. A Minister does not hire workers in the public service. So when allegations are made to the effect that this whole Cabinet Minute is designed to bring in our friends and the Ministers are trying to undermine the Public Service Commission's role in appointing people, Mr. President, nothing could be further from the truth. I do not even know a person who is coming to work for me in my Ministry as an executive secretary. It is wrong and misleading for people to come to those conclusions. Those conclusions would have been reached on the basis of lack of information, and a lack of understanding. They do not understand the Constitution of our country.

Sen. Yuille-Williams: Mr. President, on a point of order. Could I ask the hon. Minister if that circular—I forgot the number—which was sent out concerning the appointment of persons to contract, temporary or established positions in which they sought to get the approval of the Minister is incorrect or has that never been sent out?

Sen. The Hon. W. Mark: This is what I am trying to indicate. For instance, what the Senator read in the newspaper—

Sen. Daly: Is it a forgery?

Sen. The Hon. W. Mark: No, it is not a forgery.

Sen. Daly: Okay.

Sen. The Hon. W. Mark: If my honourable colleagues would listen, they would learn.

Sen. Daly: You are not saying anything!

Sen. The Hon. W. Mark: If they are hasty—as my good friend, Sen. Daly is—they would not understand and appreciate. We do not hire people in the public service!

Sen. Yuille-Williams: I asked a question about a circular.

Sen. The Hon. W. Mark: It is not a circular my dear. That is a Minute. It is simple. In managing one's Ministry, a Minister and his Permanent Secretary have to engage in what is called human resource planning. So, if there is a gap in the human resource base in one's Ministry for 1999, the Permanent Secretary would meet with and indicate to the Minister that there is a shortfall anticipated. Some people are resigning, some people are going on vacation leave and some are retiring. Therefore, we need to bring in "X" number of people. The Minister, as the head who is accountable and responsible under section 85 of the Constitution for the general control and direction of the Ministry, needs to know everyone who is working in his Ministry.

Sen. Daly: I ask the Minister, who is well experienced in labour law and industrial relations, whether he would agree that if he has a shortfall in the establishment, he first looks internally to see whether he could fill that shortfall and whether prior to the issue of this Minute, he had looked internally for these resources?

Sen. The Hon. W. Mark: I agree fully with Sen. Daly. We look inside the public service. If, for instance, we cannot find those appropriate skills, we have to buy those skills through maybe employing people on contract. That is clear. We have no problem with that. I was just trying to explain the situation for my colleagues here.

There is a situation where one meets with one's Permanent Secretary to plan in terms of human resource needs. Based on that decision or whatever decisions one arrives at, one's Permanent Secretary has to make a request to the Public Service Commission. So, when there is a vacancy or a gap in one's human resource base,

somebody has to inform the Public Service Commission, because it is the only agency in law, under the Constitution, to appoint people.

The Minister does not hire anybody. The Minister meets with the Permanent Secretary and discusses the human resource needs of the Ministry, because if he does not have sufficient resources in his Ministry, services are going to be undermined and the public will thereby suffer as a result of it. I think it is absolutely wrong. I think that, for instance, many people have been misled by that and I have a comprehensive statement which I would not go into, but I will circulate it for Sen. Yuille-Williams' own consumption.

Sen. Yuille-Williams: Just before the Senator leaves that point, when I talked about a circular, a Permanent Secretary interpreted the Cabinet Minute and sent it to the director of one of his divisions indicating exactly what the Minute said—that there was to be prior approval of the Minister in terms of anybody who is to be there. The approval of the Minister.

Sen. The Hon. W. Mark: I need to be informed of any numbers coming into my Ministry. Yes. She is correct. They governed by remote control. We are not doing so.

Sen. Prof. Kenny: Would the Minister just clarify a point for me? In running a Ministry, if prior approval is required, is it possible that the Minister may disapprove of an appointment?

Sen. The Hon. W. Mark: A Minister would not disapprove of an appointment. Prof. Kenny, one has to be in the kitchen to feel the heat. If one is not into it, that is why I am trying to explain what happens in the public service as opposed to a private sector organization. The CEO in a private sector organization has a different kind of power, but in the public service of Trinidad and Tobago, the institution under our Constitution that is responsible for hiring people, appointing people, promoting people, disciplining persons and transferring persons is the Public Service Commission.

So, what we do is meet as a leadership team and plan exactly where we want to go and exactly the resources we require to get there. Somebody has to take the initiative to communicate that information to the Public Service Commission through the DPA, and the Public Service Commission has a data base. Anyone who wants to work in the public service as a clerk or any other designation or position must apply to the Public Service Commission, not to Minister Mark or Minister Kuei Tung. They do not apply to us. They apply to the Public Service Commission, and

Finance Bill
[HON. W. MARK]

Wednesday, January 20, 1999

when we need people to work in the public service, we do an analysis of what we require and somebody has to make that request to the Public Service Commission, and the Permanent Secretary does that. When the request is made, the Public Service Commission would sit and determine our request and then they would respond. One might get five or six persons who respond to a request and they would come in. It is not a question of the Minister hiring people. The Ministers do not hire. I just wanted to clear that up.

3.15 p.m.

Mr. President: Hon. Senators, I think we have exhausted sufficient time on what was supposed to be a very simple explanation of an issue and we have lost sight of the fact that we are here debating a totally different Bill. Shall we get back on to the business of the Senate, please, that is the Finance (Variation of Appropriation) Bill.

Sen. The Hon. W. Mark: I just thought, Mr. President, that I should clear up that so my colleagues here would know about this matter a little better.

Sen. Dr. St. Cyr also made mention of the weaknesses in the system in terms of the Public Accounts Committee not having met for at least six to eight months. I am shocked at that myself, because I thought the Opposition was the chairperson of this committee. If the Opposition, for some reason, has abdicated its responsibility, and it is talking about being in power—I do not know. If they cannot even run a Public Accounts Committee, could they run a country? They cannot even meet to ensure that expenditure incurred by the country, by the ministries. They cannot meet on a regular basis. Eight months! What a shame! What a shock! In fact, I have to talk to the Leader of the Opposition in terms of what you all are doing here.

So I agree with Sen. Dr. St. Cyr wholeheartedly. I am a democrat and I speak freely. No problem. I am in total support of free speech and we on this side will always defend it with our lives—that is right—the freedom of speech. We have no problem with that. *[Desk thumping]* We are committed. You see the rhetoric, the “ole” talk, cheap talk and the alarm bells and so forth, are sounded, but we have to deal with the brutal facts. Let us deal with the basis of the reality of our country, which is, that democracy is alive, well and kicking. In fact, the democratic process in Trinidad and Tobago has deepened under this regime! Mr. President, I just wanted to deal with the issue of the Public Accounts Committee.

You see, Sir, this \$55 million beauty contest, I will leave that for the Minister of Trade and Industry. I think someone made some reference to that.

The question about the economy, Sir, somebody made reference to the economy in their statement. The fact of the matter is that—and I think Sen. Rev. Teelucksingh spoke about it too—we are going through on a global basis, with the exception of the United States. So far they seem to be somewhat insulated to some extent, but the global economy is under economic and financial stress and Trinidad and Tobago is part of the global economy. We are trying, through the Minister of Finance, our Prime Minister and our Government, to manage our economy as best as we can. I mean to say, we have had three consecutive years of economic growth in this country and we want to continue economic growth and development in our country and to ensure that development is simultaneous with that growth and there is equity and justice in the distribution of our rewards in our country. So we are committed to that process.

Yes, the price of oil continues to fall, there is a weakening of demand for a number of our commodities today. I saw where President Clinton, in the state of the union address, said that he would have to take action against the Japanese Government if they do not open up their markets and continue to flood the United States market with cheap steel. One knows what is happening with Ispat here. There is a weakening in the Asian economy, and it has not recovered and it will take some time before that part of the international community recovers from the experience they have had over the last few years, the last two to three years, in particular.

So, I thought it was very necessary to really intervene here because we have a commitment to paying our workers, public officers. So if we negotiate a contract, we have to honour that contract. We inherited from the PNM, now the Opposition, agreements for two consecutive periods: 1990—1992 and 1993—1995. We inherited that and we settled that whilst we were here, and the hon. Minister of Finance has a duty to honour those commitments. This is the question of arrears in terms of bonds and the buy-out, we did that. So it is no jack-in-the-box kind of “ole” talk, as my good friend said a short while ago in my absence.

When I make a statement that we have done what they have not done, that is a fact. We have settled all outstanding industrial agreements in the public sector for the period 1990—1998. [*Desk thumping*] We did that! That is a fact! We have to honour those outstanding commitments and we are now seeking to meet with the

Finance Bill
[HON. W. MARK]

Wednesday, January 20, 1999

unions in the face of the growing crisis to see how best we can put our heads together to start a new round of negotiations with the Chief Personnel Officer. So I have no problem with us seeking to meet and honour our commitment. Yes, we must do so, unlike the Leader of the Opposition whom the court charged and he is still looking for money. He “ain’t” pay yet, you know! *[Laughter]*

So, Mr. President, we on this side completely support the Appropriation Bill that is before us and I call on my colleagues on the other side to do so as well, because it is a very simple measure designed to reallocate moneys from different subheads to see how we can manage our affairs a little more prudently and efficiently in the context of the development of our economy and our society.

I thank you very much, Mr. President.

Sen. Prof. Kenneth Ramchand: Mr. President, I start with the excitement we felt when the Government gave in its budget over \$1 billion to education. Now we find that \$196 million is being taken away. It reminded me of the excitement we felt when the Minister of Finance announced that the fire station was being given to the Trinidad Theatre Workshop; that too is being taken away. There are a number of other examples of things that have been given and taken away. I think this Government is very much in danger of becoming a “cattle boil” Government. *[Laughter]*

Now, the Minister of Education in his statement elsewhere, does not seem to have too many problems with the taking away of \$196 million from the Ministry of Education, but I do. I want to say why I do. Let me begin with the decision of the Finance Minister to use this money to pay the bonds. I do not want to rub it in, but I just have to agree with Sen. Montano that that is not a little bit of money. The bonds were issued over two years ago, you knew they were falling due, it should not have been necessary to have to come here to appropriate money for that now; it ought to have been allocated in the budget statements. So I do not want to rub it in, but this was a serious oversight and it has led to an adjustment that I feel is not fair to one of the most important sectors in the country, the education sector. It is a very serious and frightening action to take away money from a ministry which is still desperately short of money.

Now, with regard to the mathematics, I think there was a bit of fancy footwork when the Minister tried to explain that this was some kind of savings. It is not really a savings, as far as I understand it, because one had \$894 million allocated for salaries and personnel for a period of 12 months. If the financial year is

reduced to nine months, the allocation becomes \$681 million, not \$697 million as the document states, so there has been an overspending. The money left over, the \$213 million, is not a savings, it is not money that education does not have use for, there are still three months to pay, so no way can it be regarded as money that education does not have use for or cannot use. It is not a savings. It is simply a consequence of changing from twelve months to nine months. From that point of view, every ministry has a 25 per cent savings. So, why target education if you have to scrape together money to pay the bonds? From my point of view, this is a cut.

Now, the area of the education budget from which this cut is being made is personnel expenditure. I just want to go through a number of heads. These include vacancies and unfilled positions. There are many schools which need teachers of art, music, physical education, English, *et cetera*. There are vacancies to be filled and there are graduates waiting for them. So money saved on vacancies unfilled is really a kind of deprivation of existing needs. I know that the Minister of Education has stated elsewhere that the need is in information technology and money is being spent to train teachers in information technology. My discussions with TTUTA confirms that the vacancies do not exist only in information technology. There are unfilled positions in a vast range of subjects and there are people waiting for these positions and cannot get them.

Mr. President, the teachers of this country, as everybody knows, are overworked. If one goes to the schools one will see that most classes have between 35 and 40 pupils. There are more than that in places, but I am just saying as a kind of moderate figure, 35—40. There is one teacher in a crowded classroom with 40 pupils. The wear and tear on the voice and on the lungs is one thing, but if one is going to do a proper job as a teacher, remember those 40 are not the only ones, one has other classes all over the school, and there are seven or eight periods a day. If one is going to handle the written work from five classes of 40 students, that is 200 pieces of writing to grade every week. Mr. President, one has no time to even bathe, that is why some of the teachers go to school in ragged clothes, because they do not have time to bathe or change clothes. We have to have regard for the preparation of lessons, the marking of students' papers, the handing back of those papers and sitting with that class and trying to explain to them what the errors were. We have to remember, one does not just hand back and give back work just so. If one does that, they do not read the corrections. One has to hand them their papers and go through the corrections with them and make them write them over, incorporating the corrections.

So when one says that one has unfilled vacancies, that is not the only thing. One should think about teachers who are doing double work and, therefore, one should recognize the need to employ more teachers in those same schools. Instead of having five teachers teaching English at a particular school, one might need 10, so there are five vacancies there which are not vacancies on the book, but are vacancies if one is really interested in getting the business of teaching done and giving teachers time to prepare themselves and to do their work properly.

3.30 p.m.

This is a very often unemphasized aspect that people do not think about when it comes to budgeting for teaching. The norm, the thing that people aim for is a class of about 25. The norm that people aim for with regard to contact hours between the teacher and the pupils is about three-quarters of the number of periods per week. In most schools there are teachers with only one or two periods off per week and teachers with classes with over 40 pupils. Thus, this is not a ministry that could afford to lose money for personnel.

Mr. President, I would refer to something that everybody knows about. It is not unfilled or overworked alone, it is being underpaid. I want to record that the average salary of a primary school teacher is \$2,500 per month; the average salary of a secondary school teacher is about \$3,800 per month; the average salary of a principal is about \$4,900 per month. These people are on the poverty line, so we are not just talking about vacancies, but we are talking about underpay and overwork.

The Ministry of Education cannot afford to lose money under the Head "Personnel." But even if it could afford to, there is a thing called "vire". If you have a savings under "Personnel" there are so many other things going on in the Ministry, that money can be put in some of the other heads within the same ministry.

There was a very impressive *Medium Term Policy Framework* issued by the Government, dated January 1996. I want to look at some of the plans for education in that document. When you hear them, you would know that the Ministry of Education cannot afford to lose money but should get more money, because these are very important and necessary provisions set down here in the Government's own *Medium Term Policy Framework*. I cannot read all the heads, it really is a good document, but on page 47 it says:

"Maintain free Universal Primary Education through construction of new primary schools, replacement and extension of others;

Provision of educational facilities for those who did not gain access to a place in secondary school;

Expansion of the Early Childhood Care and Education programme.

Expand the School Feeding and School Transport System..."

We should not bracket the last two items under two heads. A school transport system to get our children to and from school on time, safe and in good health, is a major budget item by itself. But at least it is here in the *Medium Term Policy Framework*.

On page 48 it states:

"Develop a well-articulated and fully co-ordinated system of Teacher Education."

There are about four pages of objectives, but I have just selected these. If we thought only of those, the Ministry of Education cannot afford to lose money. It needs more.

Under "Expenditures", I want to go into the details: Mr. President, 170,000 children write the Common Entrance Examination every year from the public schools and 9,000 from the private schools. At the moment, we provide secondary school places for 101,000, so we have 70,000 to deal with. We have to find 3,000 secondary school places per year, which means new buildings, new teachers, new space and new all kinds of things. Just thinking about closing the gap between the number of people ready for secondary education and the number who actually have it, a massive amount of funding is required.

I have a list from TTUTA of all the schools that are in a state of disrepair and do not have water. When the Prime Minister introduced his new-style budget, one of the reasons he gave—or he probably forgot—is that when dry season comes they could do a lot of repairs and so forth. Why are the repairs not going on? Why take away the money now when you could use the money in the dry season to repair and repaint the schools, and give them adequate water supplies?

I am just giving a list of items trying to show, *ad nauseam* I hope, until I get agreement, that the Ministry of Education cannot afford to lose its money. Mr. President, you would be very interested in this document just handed to me, but I have to read it first. There are a number of schools that I know of, not only where there are not enough lab space or the libraries are inadequate, but where teachers

buy their own chalk, bring their own paper and pencils and have to go out to CCS to do their own xerox copying! How could the Minister take away money from the Ministry of Education when there are schools in such a state of unequipped?

Sen. Rev. Teelucksingh talked about security in the schools. The schools cannot even afford watchmen. Money needs to be spent to protect all the important computers and equipment from being stolen, to stop things from being vandalized, protect children from being molested, prevent loiterers from hanging around and selling them marijuana. The whole problem of security and protection has not been addressed, and the Minister is taking away money from the Ministry of Education.

We know that the shift system is one of the banes of the educational system. The Government has talked about de-shifting, ending the shift system. You need millions of dollars if you are going to do that. How can you take away money from the Ministry of Education?. If when he came here and said that he was taking away the \$196 million, he had assured us that all these things in the *Medium Term Policy Framework* were on stream, were being done and that we should not worry, because the Ministry is not losing anything, our aims were being fulfilled and our policies are being carried out, then I would say that it was okay, he could take it.

We know for a fact that the items in the *Medium Term Policy Framework* are not being carried out. There are four schools on the World Bank project: Tobago, North East, Cunupia and West Cocorite. In those areas only 50 per cent of the children who graduate from primary schools, get into secondary schools, so these schools are desperately needed. The sod has not been turned.

In Point Fortin Anglican, for a number of years, 500 children are being taught in temporary quarters on a shift system. The little wooden building they have cannot hold the 500, so they have a shift system for these children. The sod has not been turned, but they are taking away money from the Ministry of Education.

I could go on about the complete revamping of the primary educational system that is needed and the need to expand early childhood care and education, and point out the way in which, if you are interested in solving the problem of poverty and tackling the problem of poverty, ill-health and nutrition and if you want to take pressure off the jails and police, you have to begin by setting up an early childhood care and education and primary school system that would give every child equal opportunity. "So when people rob you dey eh kill you because they vex with you too".

You are creating people with a sense of deprivation and a grudge, people who feel that the system is against them. Give people equal opportunity, and you begin with early childhood care and education, and the primary schools, and you save millions of dollars on social welfare, prison and hospitals. The Ministry of Education cannot afford to lose money.

Mr. President, I would make an observation about something happening at the post-secondary level, that one would call the tertiary level, and indicate again the need for more money for education. There are many of us in and outside the Senate and the university who have been arguing for years that Trinidad and Tobago needs a technical university of Trinidad and Tobago to operate alongside, an autonomous campus of the University of the West Indies in Trinidad. We want that done in a coherent and integrated way by an educational authority, because although we recognize the difference between training in a technical sense and education, that is developing a philosophical outlook—a very broad kind of education and doing deep level research and all that—and although we recognize the need for our society to cater to students who are best suited and want most, a kind of tertiary education which is technical training, we do not want the two systems to grow up apart, separate and in disrespect for each other.

I notice that because there is not some kind of integrated vision of education in the country, there is a parallel system of education growing up in association with foreign investors and foreign firms, which in the short term may look as though it is a good thing. We are doing something with the young people, but you are really not educating or even training them, but training them like monkeys to do a particular job in a particular industry.

Unless this kind of activity is done within the framework of larger educational planning which says that we have a technical university of Trinidad and Tobago, which overlooks our training programmes and relates training to education in our other university, unless there is that kind of system, it is money down the drain and the Ministry of Education needs money to propagandize and push more for this system. If necessary, we should hold conferences so people could air their ideas on how we could face the new age, while still remaining an educated society; how we can train our people for jobs in industry and so forth, while still educating them.

It is a massive problem that any Ministry of Education could face, which our Ministry of Education faces. Therefore, how can you take away money from the

Finance Bill
[SEN. PROF. RAMCHAND]

Wednesday, January 20, 1999

Ministry of Education? I just received a fax from the Trinidad and Tobago Unified Teachers' Association. The subject is A List of Needs in the Teaching Service. [Interruption] I am a spokesman for anybody interested in education, as you are, Mr. Minister. [Interruption] [Desk thumping] I am speaking for you. I am your spokesman.

- 1) In excess of 1,000 existing vacancies to be filled; long delayed upgrading and confirmation of teachers;
- 2) Tobago primary school establishment to be increased by 38 per cent due since the last six years;
- 3) Appointment of principals and vice-principals in primary schools delayed because funds are not being paid; [Crosstalk]
- 4) Reintroduction of the employee assistance programme, security at more schools and improved security in high risk schools: Mucurapo Senior Comprehensive, Chaguanas Senior Comprehensive and Malick Senior comprehensive;
- 5) Increase in annual subvention for secondary schools so that regular repairs can be carried out;

There are one or two other items but those are union matters. [Laughter] I am not partisan. I am an Independent Senator. I am interested in the educational system of Trinidad and Tobago. I am not going to advocate union matters here. I have picked out the points that have to do with the national interest. [Desk thumping]

3.45 p.m.

Mr. President, just to summarize, I think that the Minister ought to have allocated money to pay the bonds in his budget statement—okay, anybody can make a mistake—but I do not think he should take it now from education. I just want to say—and I hope I have outlined the case—that the Ministry of Education is one of the ministries that can least afford to lose money. I hope I have indicated the importance of education in this country and the various directions in which we have to grow and develop if—to use Government's can't word—we are to implement proper human resource development and management.

Thank you, Mr. President,.

Sen. Mahadeo Jagmohan: Mr. President, I am pleased for the opportunity to participate in the matter before this Senate, but I am very disappointed. It is my humble view that Ministers who serve in this Government and who sit in the other place—of those ministries which are affected by the budgetary allocation and movements we see here—should be present in this Chamber to listen to the debate. The fact that they are not here places everyone in a disadvantageous position. To my mind, the most disadvantaged person here right now is the Minister of Finance. It seems as though he was not advised and guided properly, except he says that budget personnel alone did the movements, and I doubt he will attempt to say that.

Mr. President, we got a certain document when we entered the Chamber. This is not the way the Senate should operate. Other documents reach us on time—a lot do—and this explanation has placed me in a disadvantageous position to contribute effectively on this debate. However, we need to proceed.

As Sen. Prof. Ramchand just spoke and made some very important points, with your permission, Mr. President, I will change around the method of my presentation and go in the direction I am about to go. Sen. Ramchand did a good analysis of the education system as it relates to the budget and the allocations here in this document. He made reference to the Early Childhood Care Centres needing to be developed or enlarged. It is almost scandalous when one examines one aspect of the Early Childhood Care Centres or the system. A very respectable organization is managing these centres—I am speaking about Servol. The teachers at the Early Childhood Care Centres barely make \$600 a month in so many cases. Some get \$700 or \$800 per month and they do the same kind of work primary school teachers do and sometimes it is more demanding on them to handle the Early Childhood Care Centres. Mr. President, it is certainly very regrettable and I will deal with this a little further as we go along.

To take note of the amount of money being transferred from the Ministry of Education and reallocated elsewhere, is something that is mind boggling. The announcement was made by the Minister of Education last year that the Ministry of Education will embark on a pilot project of serving breakfast to needy children this year. This pilot project has targeted 1,000 children who have already received breakfast for the year, but we cannot stay with those 1,000 children. Obviously, unlike what the Minister of Public Administration had to say, we will be discriminating against the other needy children across the country. What explanation is there for removing the money from the Ministry of Education?

Finance Bill
[SEN. JAGMOHAN]

Wednesday, January 20, 1999

We have all been talking about wanting this—the Minister of Public Administration went to town on it—efficiency and so forth. The removal of money from the Ministry of Education is terrible. I wish I could have used other words to describe it. The distinguished Sen. Ramchand alluded to a fax he received a while ago. In it, TTUTA has outlined the issue of appointments to principalship not being made in primary schools across the country.

Mr. President, many people including Senators present, really do not know how the lives of primary school teachers, and particularly the children, are being destroyed by the delay in appointing vice-principals and principals in primary schools. What does this mean altogether? The Teaching Service Commission has to take advice from various quarters. One of the quarters it will take advice from when making appointments is the Ministry of Finance, I suppose with direction from the Minister of Finance. Teachers who apply, go through the interview system and pass, are being written and told that they have been successful and will be appointed but it cannot now be implemented because funds are not available for the posts. That is a very sad situation in this country.

All the points were made by the last Senator, about education and what it can do for the society or what it is expected to do, but the bottom line is that education generates wealth. The better-educated people work for the highest salaries in the country. That is a world-wide phenomenon. Therefore, I believe it is sad that the hon. Minister of Education is not present in this Chamber today.

We of the People's National Movement in this Parliament, for the last three years, have been agitating that a branch of the Cipriani College of Labour should be structured somewhere in San Fernando to suit the needs of the people. I am saying this, Mr. President, against the background that the Minister of Public Administration said a great deal, although he hardly said anything about the budget in his half of an hour contribution. The main thing he said is that he supports this Bill before us. There is no indication in this document that there is a transfer of funds to structure a branch of the Cipriani College of Labour and Co-operative Studies in San Fernando. Perhaps somebody would live to regret this.

Regarding a very important aspect, I wish to refer the Senate to page 11 of the document circulated. I crave your indulgence, Mr. President. At the bottom of page 11 we see Project No. 114—Refurbishment of Trinidad House. The actual provision at first was \$5 million. The revised provision took us to \$3,800,000. Now, from that small amount for the refurbishment of a massive superstructure as

Trinidad House, we see a decrease of \$1,200,000. It is such an important building which we sometimes believe is underutilized, because the electricity is bad in some areas or some other problems. Why is this done? This is a mistake. Something should be done about finding money to refurbish Trinidad House to keep it in a better shape.

On page 12, Project No. 114, we see an original provision of \$10 million which is revised to \$1 million and then decreased by—it is showing \$9 million; it is a little confusing. In other words, this should have been a bit of machinery to be handled by the Customs and Excise Division, where we understand there is a lot of difficulty in terms of illegal goods, drugs, arms and ammunition entering the country. Not that we are inviting people to go in that direction, but when you reduce that allocation it means you are going to leave that loose now so people who engage in certain activities may now have a field day. Does the Government really want that? When one looks at this it is frightening.

On page 13, we had the entire list of provisions in the estimate—original and revision which brought a drastic change. Look at the areas: public officers' pensions decreased by \$65 million. What does this mean? That some people's pension would be put on hold or people who want to retire would be asked not to? The Minister certainly has some explaining to do.

The gratuities of public officers were decreased by \$10 million. When these estimates were put together and included in the budget, it meant accountants, economists, financial analysts, specialists in Government spending, must have all put their heads together to arrive at these. What has gone on here? I am just touching a few: Widows and orphans' pension is reduced by \$5 million. Is it that a certain number of people will not be paid or pay by the month will be staggered? Will they be paid every month? I do not know. Assisted secondary school teachers gratuities—problem again.

Mr. President, Sub-Items 13 and 14 are delicate ones: reduced judges' pensions including widows' and judges' gratuities. That is frightening.

4.00 p.m.

On page 16, Mr. President, a building, an outfit, an institution that is of great value to Trinidad and Tobago, the Police Training School—I see they are still calling it St. James Barracks here. We see that there are some moneys allocated. The first figure, item 72, is \$5,944,000 and the second allotment here is \$9,566,000.

that funds have been identified to refurbish and improve the Police Training School at St. James. We do not wish to come back and hear that the Minister of Finance transferred this because it was not an urgent matter. The Police Training School is, indeed, an extremely urgent matter. If that place is improved it will give a feeling of importance to all the officers who teach and train policemen there. It would create a new kind of enthusiasm among the staff there. We hope that item will be carried out.

I invite the attention of the Senate to page 17, Ministry of Education. That matter took a beating already from two Senators but I wish to point out that the decreases here in large sums of money are going to create all kinds of difficulties. I do not know who will pay attention to this, but I want to draw the attention of the Government to the pilot project entered into—maybe we should no longer call it pilot project—of placing security personnel in primary schools. This has paid great dividends. A number of primary schools which got 24-hour security have made great strides. Those schools were vandalized and broken up and so many things stolen and at the end or beginning of every term the Ministry of Education had to fork out millions of dollars to replace equipment and repair the buildings and so forth because they were vandalized. In some of those schools, since 24-hour security has been placed, they are doing better now. Teachers feel safer at work during the day.

There is a particular school in Central Trinidad which I can speak about, where several communities are happier now because they have 24-hour school security. That is one particular school I am talking about only. Could the Minister of Finance not do something now, at this point, and hold back some of these moneys and have arrangements made for security in many more schools or all schools so that the teaching fraternity will be at ease and parents will feel more comfortable sending the children there? Then, and only then, will they understand that the people who have been placed to govern are attempting to govern properly.

I wish to turn to page 18. I see a big word used here which is not always used in government documents. Sub-item 01: “Book Grant to Necessitous Students attending Public Schools”. I would have said needy students. All right, the bigger words must be used. Perhaps this word emanated from the Ministry of Education. Why decrease this figure of \$400,000? Is it that something will happen overnight so that these students will no longer be necessitous? Somebody has to explain this.

Also, Mr. President, we turn to page 19 of the document: Ministry of Health. I see a decrease of \$2,600,000 in one item: Salaries and COLA. I do not know what is going to happen. I do not want to touch that too much. I merely wish to point out that if we are having decreases in the Ministry of Health then more than the Woodbrook Health Centre will be closed down, downgraded or whatever is happening.

In a number of hospital compounds presently the grounds are neglected. The number of staff for the upkeep of the grounds, the buildings and so forth is inadequate. When they go on vacation or they get ill there is no measure or means right now to put in place leave relief staff for the monthly paid sector much less the daily paid people who are responsible for the grounds. There should be absolutely no decrease in the Ministry of Health and then virement of funds could have taken place appropriately. I am suggesting to the Government that the Minister of Finance, by the stroke of the pen, can bring about changes and he should attempt to do that.

Mr. President, we now look at page 20, Ministry of Community Development, Culture and Women's Affairs. Why a decrease under a certain Head here, the National Steel Orchestra? Why a decrease when you already had provisions in the original estimates and you had a revised provision as well? Now there is a massive decrease. Are we going to close down the operations of the National Steel Orchestra or are we going to do something with the pans? Is the final result going to be no National Steel Orchestra? I do not know. Perhaps the hon. Minister in charge of culture will respond at a later stage of the debate.

In the past, the Ministry of Social Development was very close with the Ministry of Community Development, Culture and Women's Affairs. I am taking the liberty to say that there is not any sizable or noticeable improvement to the vagrancy situation in Trinidad and Tobago. Sometimes I get the impression—and if I am wrong somebody kindly correct me—that there are more and more vagrants on a daily basis to be seen in the small towns and the cities of Trinidad and Tobago. I am merely stating that this has to be dealt with very quickly and very seriously.

On page 21, Sir, of this document we see Sub-Head 6 here indicating: "Current Transfers to Statutory Boards & Similar Bodies". What the current transfers will be—okay, that is being dealt with, but the \$2 million decrease to statutory boards and similar bodies, what does it mean? That some of the vehicles

to be repaired at the Water and Sewerage Authority will not be repaired and so leaks will not be attended to in the very vibrant manner in which they should be attended to? Somebody tell us please. What does that mean?

Then, a very, very important area that also indicates a \$2 million decrease is in the “Local Government Bodies” and “Regional Corporation Services—General”. Well, that is a very delicate area. *[Interruption]* I could sit down if you seek the President’s permission to explain. Mr. President, the decrease of \$2 million will deprive local government workers of protective clothing. For example, the cesspool workers in local government bodies must have their protective clothing and their tool allowance and other gear in order to operate effectively or else it could spell danger. All the tradesmen need to have adequate tools. There are cases when some of them have to provide their own tool kit and there are cases when there are certain types of tools the management must provide and a shortfall of \$2 million spells disaster and difficulty for those workers. A second look should be taken by the Government. The Minister of Finance has competent staff at his disposal to deal with some of these problems I have attempted to identify.

A very important area—and the Minister of Finance may tell us—perhaps other Members of this Senate are aware, for almost the last three-quarters of 1998 no ecclesiastical grants were forthcoming to religious denominations in Trinidad and Tobago. This grant is paid quarterly and I am aware, and I have information that it is used for many useful jobs to assist the citizens of Trinidad and Tobago. Will the Government kindly look into this matter? We are hoping that it would not be a question of putting that on hold, there are other matters of greater importance.

4.15 p.m.

The religious denominations do a great deal of voluntary social work to improve the social fabric of the country and bring a great deal of hope to the citizens of Trinidad and Tobago by the special kind of work they do.

Our friend, Sen. Rev. Teelucksingh made a very stirring appeal when he spoke about the protests which took place recently, and are taking place continuously, and that we should not engage children in them. I do not wish to delve too deeply in that, the Senator has done it excellently for us all. I wish to point out that the protests were for amenities covered in these budgetary arrangements, but it was a very, very sad day in Trinidad and Tobago when the hon. Minister of Housing and

Settlements, and indeed the *de facto* deputy Prime Minister of Trinidad and Tobago, came out publicly and it was reported in the media—he has not doubted or retracted it—he said that if people want amenities, they must protest and protest very vigorously. That was a very sad thing to do. I have had audience with certain important people, but the discussions are not yet completed and I would not wish to mislead the Senate, or speak about what I am not well-informed of, or have all the facts on.

The President of the Public Service Association is already on record as expressing concern that Cabinet Minute, Government Circular has indicated that Ministers of Government wish to have the final say before the Public Service Commission engages in hiring staff, whether temporary, on contract, or in permanent vacancies.

Mr. President: Senator, you have exhausted discussion on that matter and I do not wish it to be reopened at this stage.

Sen. M. Jagmohan: Thank you, Mr. President, but I want to let you kindly know with due respect, that I thought in my contribution that I could have alluded to it, but if I knew that I should not have, then I would not have.

Mr. President, I wish at this juncture to state that it is extremely important, and I am craving your indulgence in making this point with respect to a number of things which are happening in our beloved country. The entire lifestyle of the country, all the citizens of the country have to be taken into account and changed. It is no longer a question of the PNM and UNC and who else, it is a question that the entire citizenry must take heed. One of the things happening, and Government funds are being used to deal with it, is: we seem to be targeting criminals in a particular way and not targeting other people who are giving incentives to criminals to commit crimes. The lifestyle of all the people of Trinidad and Tobago has to be changed. I am talking about the reckless use and consumption of beverages which get people intoxicated without any limitation, and drive them into actions that are anti-social, illegal and not good for the society.

Somebody might have alluded to it earlier, but we are hearing it from technocrats that six proposed secondary schools which were to be built in the country would now be put on hold because of the transfer of funds from the Ministry of Education. This is going to be a terrible thing. Even moneys which were to be used in building primary schools. There is a certain school in Trinidad that was built for 450 children, an annex was built on to it and there are now 956

Finance Bill
[SEN. JAGMOHAN]

Wednesday, January 20, 1999

children on the roll because that school led itself into being considered “a prestige school” so everybody in the society wants his or her children to go to it. I am saying that the Government should reconsider the question of putting on hold the construction of schools which are necessary for the education of the children of Trinidad and Tobago.

The Ministry of Education really is in a bad way. Some years ago, consideration was given to having a better regional education office in South Trinidad and a very impressive building has been structured, almost completed at where we normally call Apex Fyzabad, or in Fyzabad, the location where the old Hilo food store once existed, and about 2 years now, funds cannot be found to complete that building. We are requesting, appealing, to the hon. Minister of Finance to engage discussion with the Minister of Education and find means to complete that building and let it house the office it is meant to house. That will do a great thing to boost the education system in Trinidad and Tobago.

Mr. President, the press is reporting it in a very subtle way and it must be complimented for not taking the matter out of proportion, but there is rumbling taking place in the protective services of Trinidad and Tobago at the moment for different reasons. We ask the Minister of Finance, the Minister of Public Administration and the Minister of National Security to pay attention to this matter and do not allow it to go on in the way it has been going on any longer.

Mr. President, there is a very important matter which I had raised for the past three years in the Senate, for which there is approval and this is one of the vacancies that should be filled and is not being filled. After advice from consultants, and a great deal of study from local experts, it has been agreed that instead of having AO IIs, AO IVs, and AO Vs in ministries, they should have the same AO II, and AO IV, but also have deputy permanent secretaries, and the Government seems not to be paying any attention to this. I am wondering whether it is a measure of another administration that was being put in place, or something else. We look forward to seeing the Government pay attention to that.

With these few words, I thank you very much for the opportunity to speak in the Senate.

Mr. President: We would suspend for tea at this stage. This sitting is now suspended until 5.00 p.m.

4.27 p.m.: *Sitting suspended.*

5.03 p.m.: *Sitting resumed.*

Sen. Prof. John Spence: Mr. President, I just have a few questions. I am sorry that the hon. Minister has not yet returned. Some of them I was able to get answers from him during the tea break. I apologize for being late and I hope that not having heard the Minister's presentation, I do not ask any question to which he referred, but I do not think so.

The first question I would like to ask is: Why was provision not made in advance for this particular activity? It is possible that the answer to that is that the negotiation was still going on and that is why it could not be made in advance. It seems to me that if Parliament was really going to be passing a budget which is real, the way to treat with that issue is not to allocate all the funds to all the different ministries and then take them back when one finds out exactly how much one has to pay out to civil servants, but to put these funds as a surplus and then just use up the surplus.

We would not be having this strange discussion today about moving money from the Ministry of Education and the like if the arrangement was done in that way. It seems to me that if we really had to shift the allocations at a later stage—sometime before the end of September, we had to make these adjustments—because we did not know what sums had to be paid out under this particular head, then Parliament really was being misled by making allocations which clearly had to be changed later. They would have to be changed if it was necessary to pay out a sum of which we could not forecast the value.

It seems to me that if what I am saying is correct, then it really means that Parliament is not being given due regard when we are being asked to vote on things. It is true that we have the executive which really runs the country, but Parliament does have a role to play. Formally, we approved the estimates, so it seems to me that it is the duty of the executive to be straightforward in the way the estimates are presented, but perhaps the hon. Minister could address that issue and demonstrate to us that it is not correct in saying that we were misled with respect to the allocations that were made in the budget which we approved at the end of 1997.

I think I know the answer to this question, but I will ask it anyway. When were the payments actually made? I assume they were made before the end of September, otherwise it would seem to me that we have a serious problem. I assume they were made then or the bonds were issued.

The third question I have is: Is it legally correct to spend an allocation which was made over a 12-month period when, in fact, we reduced our period of budget to nine months? There are two questions I ask in that regard. Is it legally correct? And secondly, even if it were legally correct, are we really treating Parliament correctly in this regard? Because when we approved the change in the financial year, at that time, it was already known that these provisions had been made or they would have to be made.

By that time, it would have been clear that they would have had to be made. So, why were we not told then, because the question did arise during that debate as to how we were managing the accounts when we made this change from nine months to 12? It seems to me again here, that it is not a question of being given false information but not being given enough information as a Parliament, if we are, indeed, the body responsible for approving the budget. As I put it here, locally, is Parliament being hoodwinked in this regard?

Finally, I am not an accountant, so it may be that I am not asking the question the right way, but I have to put it in the simple terms that I understand and hopefully, it would make some sense. If we made a budget to get an income of \$100 and let us say that the expenditure was to be \$98, so we had a surplus of \$2.00, and it turns out that with the budget of \$100 we have issued bonds for \$20—which we have not had to pay out in cash—if our income was still \$100, somewhere about we have \$20 in cash, because the bonds were issued and they had to be accounted for in the accounts. So, I am not talking about accounting. I am talking about cash now.

If we budgeted to receive \$100 cash but because of having to make provision within our budget for this \$20 in bonds, we could not spend that \$20 because it had to be committed. It must be that we could not have spent it because it was transferred from other ministries. What happened to that \$20 in cash? Perhaps one can explain this by the way one deals with accounts, but it seems to me in straightforward terms, somewhere about, \$20 in cash has evaporated, or \$439 million, because we did not pay that money out in cash; we issued bonds.

Even if we do these paper transfers in order to satisfy the way we keep our accounts, the accounts are one thing, but the cash is something else. What I would like to have an explanation of is what happened to that \$439 million in cash. Either we did not receive that amount, therefore there was a shortfall in our forecast of income or we still have \$439 million which would only be so when the accounts are finally settled as a surplus.

I would like to understand precisely what has gone on here. Apart from the accounting, I would like to have some understanding of the cash flow issue, because as a parliamentarian, I am being asked perhaps not to approve it, but to make some comment on the procedures. I certainly think that these financial things fall within the ambit of Parliament and really it is incumbent on the executive to give Parliament all the information that is necessary at the time that it is known to the executive, and not three months later.

Thank you very much.

Sen. Dr. Eastlyn Mc Kenzie: Mr. President, I am going to be very brief. My understanding is that the Minister of Finance budgeted for a 12-month period. The period was cut short and his revenue and expenditure were reduced to a nine-month period. The reason we are here discussing this variation proposal is because we probably did not cater for the bond encashment to public servants.

My first question is, if we had not changed the financial year and brought it forward to the end of September so that we would have had unspent money from these various ministries, what would we have done? This is one of the questions I would like the hon. Minister of Finance to answer. It means that the ministries would have carried out their projects to the end of the year, and they would have used up the money. So, if they did not carry their projects to the end of the year because we shortened the financial period and we had this extra expense that we did not remember to cater for, where would we have got the money?

Secondly, I know that some of the projects catered for were not done and I understand why they had to take away some of the money they had, but what I could not understand was, if they had budgeted money, for example, for FUNDAid, as they had in the 1998 budget—single mothers, low income housing—and they did not have time within those last three months to carry out those projects, why are we not using the money to cater for those projects in this year? Probably there is a reason.

Another point I would like to mention is the fact that although the bonds were issued and some people have not yet received their bonds as we have been reading in the newspapers—the matter has been settled, but not everyone has received his encashment of these bonds does not come into effect until the end of January, 1999. What I want to find out from the hon. Minister of Finance is which year are we talking about? Is it for the bonds that will mature at the end of January 1999, or is it for what has gone before? What I am talking about is the

Finance Bill
[SEN. DR. MC KENZIE]

Wednesday, January 20, 1999

maturity date. They would have been issued but one could not cash them at maturity value probably until the end of January 1998 or 1999, so I do not know if this is for what has gone before or what is to come.

Finally, Mr. President, I would like to remind the hon. Minister that in several schools, like Bishop's High School in Tobago, there is a need for graduate teachers. Just recently, the principal announced they have no graduate teachers in Biology, English Language and Accounts. If at any time the Minister finds a surplus or sees where he can vire funds or move funds, it would be nice if he will remember that he heard in this Parliament, Senators pleading with him for funds to take care of these deficiencies in different ministries.

5.15 p.m.

On that note again, I heard it on 92.1, just last week I know Sen. Alfred and the Chief Secretary had a conversation and the question was brought up about the Signal Hill Technical/Vocational wing of the school which has been closed for two years after being handed over. It was stated that the reason for the closure was because Cabinet has not approved staffing for the wing. As a consequence, the children are deprived of that technical/vocational education and that wing has been closed for two years. I would like the hon. Minister to take note of this, so whenever he is going to put back some funds into the Ministry of Education for 1999, that he dictates some of the areas where these funds should go.

Thank you very much, Sir.

Sen. Martin Daly: Mr. President, I too regret arriving late today, but unfortunately we have started again the nonsense of sittings on the days other than Tuesday and, when we do sit on a Tuesday we announce one agenda and then we are changing agendas. We started that nonsense again. I apologize for being late, I had a business commitment today which I could not shift. That is the insensitivity of the way this business is arranged.

I really do not understand what is the rush of this. If it was urgent, there was the Tuesday before; and if it is not urgent, there is next Tuesday. I know Sen. Rev. Teelucksingh cannot bury the dead or marry people because he never knows when he is going to be brought here. Some of the lecturers have to leave their students without classes. So we have started the nonsense again. So I apologize for being late. I know that I have to be here at 1.30 p.m. on a Tuesday. I cannot foretell that I am suddenly going to be told that I must come here 1.30 p.m. on some other day,

but as must be painfully obvious to everyone by now, I am leaving it to some of my colleagues to take up these points. Happily, they are taking them up.

So I am sorry I missed Sen. Dr. St. Cyr's contribution, but I find it interesting that this Finance (Variation of Appropriation) Bill is being discussed in the conduct of democracy and free speech. I find that very, very interesting, because, Parliament is one of the institutions that bring things to the surface. If we did not have this procedure, we would never find out, for example, and I refer to the explanation under Ministry of Local Government, that we needed \$2 million to partially fund the deficit in landfill operations of the Solid Waste Management Company Limited. We would never have known that.

Now, I know the commentators say I am not gracious in my remarks but I do not intend to change. Basically, what we are describing here is pouring money in a hole. *[Laughter]* Two million dollars to partially fund a deficit in landfill operations. So we have poured \$2 million into a hole and it does not fill the hole. Now, I find this quite astounding. If we can simply come here and sign off on this, then something is wrong. I plan to follow this up by way of parliamentary questions, but I cite it as one example of how Parliament is an institution and the procedures to which the executive has to submit, bring things to the surface better for our examination.

We have very little separation of powers here between the legislative and the executive arms, and that is why sometimes the executive gets a bit angry with those of us parliamentarians who notice these things. Because, of course, they would prefer that nobody knew about it and nobody examined it, but that is part of the tension of politics, but that is why we are here. Indeed, that is why institutions such as the press find it necessary to bring to the country's attention the very interesting Cabinet Minute that my good friend was trying to defend today with a lot of waving of arms. It is very important that those things be brought to the surface and if there is a legitimate explanation of why we had to put \$2 million in this hole, or why we have to be hiring public servants on contract, then, of course, it gives us the opportunity to press—note I do not say pressure, just press, at least in the first instance—the Government to explain these things. They probably all have very innocent explanations. That is why we are here; that is why we have a free press and a parliamentary institution, so we can get answers to these questions. I really would have liked to hear a little more about this hole in the ground in which we poured \$2 million, but I guess I will have to follow that up in another way.

Finance Bill
[SEN. DALY]

Wednesday, January 20, 1999

The other thing about which I am also concerned is the nine-month/twelve-month issue, but from a different perspective, to which I will return in a minute.

The other thing that is interesting, when we see how the Government spends or does not spend the money that we allocate to it, is again because the Government is forced with the executive—They are very sensitive when you refer to them as the Government. Little political ironies come to light because the business of the media and Parliament is to force the executive to disclose things.

I find it very interesting that in the explanation of transfer of funds between various subheads that we needed \$1.1 million which was necessary to complete the payment of an interim monthly allowance to judicial officers as approved by Cabinet in Minute No. 926, dated April 16, 1998 with effect from 1/1/97. Now, of course, the delicious little irony there is that the executive have not found it possible to approve the salary increases for the judiciary contained in the Salaries Review Commission Report, but here is a clear acknowledgment that the power lies within the Cabinet to approve remuneration for judicial officers. While we will have to have that whole debate about the SRC—there was no debate in the other place, as far as I can see, just a lot of nasty mud slinging. On this occasion I am totally sympathetic to the Government. I think it is quite outrageous, some of the things that were said about ministers of Government in that debate. I mean, fair is fair. The point about it is, it is a delicious little irony. The judges cannot defend themselves, they cannot come here and speak for their salary increases, and it is a very simple thing for Cabinet to approve the salary increases.

Then, we see that again, there is another little irony. We spent \$145,000 to look after our President. I think it is very useful that this should have come to our attention. When not one, but two persons who have occupied high office in this Chamber have thought it necessary, in the course of disagreeing with His Excellency on action he has taken under the Constitution, to deliver the unseemly and low blow of suggesting that he is not competent by reason of his health. I think it is disgraceful that in the course of a disagreement with the office of the President over how he exercises his constitutional function that anyone would deliver such a low and disgraceful blow. The presence of this \$145,000 gives me the opportunity to register my protest.

What is so ironic is that the two persons who have done it are both persons who held high office in this Chamber and should, therefore, know better. I think it is an absolute disgrace! May I say, therefore, that this \$145,000 is probably some

of the best money that any government ever spent, [*Desk thumping*] to restore the health of our President who, on any view of the matter, has had a brilliant political career; we should thank God we have him. This is the best money the Government has ever spent in a long time.

Why is it that we cannot disagree without delivering these low blows? Why is it that, we know if we are discussing salary increases for the office of the Minister that we have to degenerate into what is called the politics of personal destruction and make *ab hominem* attacks on various ministers? I absolutely deplore it. I think it is all very disgraceful and if we do not know better, then if we are violent in our language and our conduct to each other in this Chamber, we are then going to turn around and make remarks about the violence of persons who attend fetes and so forth, what kind of example are we setting? If we introduce this kind of hate mode, what kind of example are we setting? Therefore, I think it is very interesting that this should come to our attention at this time and I hope within the Standing Orders it would give me an opportunity to express my disgust that people should conduct a debate in that fashion.

Now, on to the nine-month/twelve-month issue. I will tell you what troubles me about it. I do not ever begin on the basis that anybody is a thief, a hoodwinker or that anybody is trying to fool anybody. I simply proceed on the basis that politicians would like to tell us as little about their activities as possible. But I do not proceed on any prejudged basis. What concerns me about the nine-month/twelve-month issue is this: Funds were voted for a twelve-month period; the activity for that year was closed off after nine months. So to my simple way of thinking, unless we spent the money very badly, we would have three months appropriations inside the Treasury or wherever it is kept. Therefore, if we are conducting a variation in those circumstances, what I would have liked to have seen was some kind of trial balance sheet—that is how I would know it in the private sector—that shows me or satisfies me that the transfers we are making here are the transfers of funds that were not spent in the nine-month period where we have closed off the books. [*Desk thumping*] I would like to see a trial balance sheet or I would like to be given some assurance that none of the funds we are using here, we are taking out of the money that had been left over, so to speak, to spend in the last three months of the year. That is the assurance that I would like.

Obviously, if these allocations are being made in relation to the funds that were available up to the closure of the Government's books on September 30, there is nothing wrong with it. If, of course, there is no money left or no sums

available to make that allocation within those nine months and one is dipping into what would have been left to spend for the remaining three months, then, of course, that would be quite wrong, that would require some serious explanation. Therefore, I would have liked to have seen some trial balance sheet or some statement to assure me that we are not using the money that should have been left over for the last three months of the year to satisfy commitments that arose in relation to the previous nine months. I think without that information we cannot really make any judgment about whether the Minister, in fact, is disguising a supplemental as a variation, but I think it is a legitimate question.

5.30 p.m.

In reference to what I was saying before, I do not think we should start off by saying unpleasant things about the Minister. We have to ask him questions. If he gives an unsatisfactory reply, then we may increase the pressure on him. I am really getting very concerned about the way in which we cannot conduct civilized debate in this country. I sincerely hope that the Senate is not going to degenerate into that. I am really very hurt that the people who made those unseemly attacks on the President are two persons who have held high office in this Chamber.

On the same basis, if we are going to question the Minister about the 9-month/12-month split, I think that we start off on a civilized basis and not on the basis that we have caught him in some kind of dishonesty. He may not want to disclose everything. The people who prepared the information may not have been sensitive to the issue, so it is a civilized enquiry, but a very important one. I really think that at some stage we should get some kind of balance sheet that shows us the position as at September 30, when the books were closed off.

As I understand it, the Minister is asking for this variation in order to close off the books, to seal off things. Maybe after he has done that, he could put out some kind of document or information for us which would satisfy us as to the true state of affairs as at September 30 when the books were closed.

The last thing I would mention, Mr. President, is that I have a little difficulty with the explanation. It is a small thing, but it has to do with accountability and the raising of expectations. It is said in relation to the Ministry of Culture and Gender Affairs, that one of the savings realized was due to the fact that the National Steel Orchestra was not launched as anticipated.

I wonder if that is not a half-truth. I thought we had a National Steel Orchestra and even if it had not been launched—in terms of Mr. Carlos John cutting the ribbon and so forth—that there were people learning to read music, for which I compliment the Government—and I would return to that—and we had musicians or people of ability learning to read music and preparing for the eventual launch of the National Steel Orchestra. Therefore, this statement is rather bland because it does not tell me very much about what money is being spent on the preparation of the launch. I would have liked to see something about that, not because the money is big, but because of the importance of the subject.

I repeat, if what we read is correct and the persons going to be members of this orchestra are learning to read music as a precondition to becoming members, the Government is to be complimented because the thing that has kept back the steelband more than anything else in this world is that we have not encouraged these highly talented people to read music.

I would give an example. I do not want to go into too much detail, so I would put it this way: I attended a New Year's eve party in a very cold place, a long way from Trinidad. I participated—let me put it that way—in an occasion where a band, completely comprised of foreigners, most of whom thought that Trinidad and Jamaica were in the same place, played Arrow's "Hot, Hot, Hot, to end the party. They could do that because they were able to read music.

They did not need to come to Trinidad and Tobago to know where it was, or to hear the record. It was a piece of music marketed internationally, and they were able to play the music. That was the best advertisement for us because they saw that our group was responding in a certain way and they started asking questions. That is how you get cultural exchange and market your product and your island; with very little money, for the cost of a music sheet, which costs—and I know you have ruled on it, Sir—a great deal less than what we are going to be producing in Chaguaramas in due course. I anticipate that we would see something next year in the variation in relation to the Chaguaramas landfill. I cannot wait, but we will come to that. [*Laughter*]

I think it is very important that if we are making a statement that we have not realized expenditure on the National Steel Orchestra, that some more explanation should have been given, at the risk of repetition, because of the importance of the subject, and not necessarily the size of the money.

With those few remarks, Mr. President, I thank you and hope that some of these explanations we have been seeking, would be forthcoming.

Sen. Philip Marshall: Mr. President, I rise to make a short contribution on this Bill, which seeks to vary the appropriation provided for by the Appropriation Act of 1998, and to authorize the requisite transfers.

There would always be arguments on the integrity of the information presented. We heard Sen. Montano possibly querying whether we did record a fiscal surplus or not for the nine-month period ended September 1998, if we do not have a different system possibly of recording the accruals of liabilities incurred at year end or the accruals of commitments like the payment of salaries due, because traditionally, Government accounting is based on a cash flow basis where we recognize generally revenues or expenditure when they were incurred.

You may remember that in the budget debate, the Minister of Finance in response to one of my suggestions said that possibly down the road, when he has better infrastructure at his command, we could look at introducing cumulative budgets. What I suggest is, if we had during the course of a government's five-year tenure, cumulative budgets of expenditure or revenue against any particular subhead, what we would then have is a situation, where if one year from the next there were variations in the actual expenditure because of the cut off based on the fiscal year, one year would be taken up with another.

Therefore, if in Sen. Prof. Ramchand's contribution when he said that we have reduced education by, for example, \$100 million expenditure in one year, maybe it was in the previous year we had increased education expenditure by \$100 million. Thus, on a cumulative basis for three years, you may report, if the government was three years in office, what we would really see was the original sum voted, both in recurring and development budgets against a specific head, and what was the actual sum incurred and the sum total presented to this House for variations in appropriation for that specific head of expenditure. What would be removed is this argument about whether we are spending according to budget on that specific head of expenditure.

I think this is a very important issue when we are trying to reconcile the expenditure on heads of items where we say that those are the items needed to take the country forward in a competitive sense. I do not know whether the Minister would be able to ensure that even if we have it as an information memorandum, as a side note, that we could say at the end of a fiscal period "also received but not yet paid for", or "also committed but not yet paid for" where liabilities amounted to "X" number of dollars. He may be able to also do that with

respect to money owed to the Government, whereby we may say, "revenues due but not yet collected" not yet finding itself in the Treasury; and "prepayments made amount to "X" amount of millions of dollars.

Thus, our statements would not be dissipated in its information content by these accounting entries, which I believe the New Zealand government has now incorporated into their government reporting, but we have not been able to do so. In fact, most governments do not operate reporting systems other than a cash accounting and a cash flow basis.

I would like to see, in addition to coming to Parliament with appropriation for expenditure, some sort of analysis of variances with respect to shortfalls in revenue. I disagree with Sen. Rev. Teelucksingh in his contribution when he said that we have the money. I do not think that the Minister of Finance has the money. We have been faced, Mr. President, with an adverse impact on our terms of trade because of the falling oil prices and commodity prices in methanol and ammonia, where we may have certain revenues payable to us in terms of gas based on those prices.

What may also be good is, again, an information memorandum presented to Members of this Senate where we understand what may be the cumulative shortfall in revenue in a certain area. Thereby, it would provide us with the explanation of why certain development or other expenditure simply cannot be incurred.

I would also suggest that what the Minister of Finance also presents for us is some benchmarking of revenue collection against other factors that could be used as a guide. Take for example, value added tax. If you look at our GDP and you are able to make some adjustments for items that are zero rated or VAT exempt, what does 15 per cent represent to our domestic value added, meaning that our GDP is TT \$40 billion? I cannot remember what our exports are, but does our VAT collections represent a reasonable estimate of 15 per cent of our domestically consumed GDP? So we would have some idea and some feel of the functional contribution being made by his revenue collection and special support units. If the Minister does not have the revenue, we cannot undertake the expenditure.

Why I think it is good for us to insist on this additional accountability, is because, I have always said that many people who should pay more tax in Trinidad and Tobago feel that they should not do so because maybe the Government or any government is not ensuring the priorities or accountability for the expenditure. We have to reverse that trend and demonstrate to our citizenry

Finance Bill
[SEN. MARSHALL]

Wednesday, January 20, 1999

that we would account for the taxpayers' money and by the same token, people would pay the tax they ought to. Where some citizens attract PAYE, by the fact that they work for public and other private sector organizations which hold themselves accountable, it is unfair that those citizens pay all the tax they are supposed to, while others do not. It is important for Government to preserve this equity.

I would like to see that we continue to have reports from the Minister of Finance in terms of all his effort to make sure that our revenues are properly collected and we undertake the promised expenditure because the revenues are available.

One of the key areas as well—and it was raised by the Leader of Government Business in the Senate when we were talking about the human resource management in the public sector—talks a little about the Salaries Review Commission. I have spoken about this before. How do we begin to reward our exceptional performers in the public service? We have to reward them. The reward for failure cannot be the same as the reward for success. [*Desk thumping*] Yet, we may say that we do not have the money on an across-the-board basis to increase the Government's public expenditure. I would seriously like the Public Services Commission to consider a new view of compensation in the public sector that is based on pay per performance.

This is what I am suggesting: leave the present salaries as they are, set up specific revenue enhancement or cost reduction targets for specific ministries. To the extent that these ministries and the people in the public sector can reach these targets or exceed them, pay them a performance bonus. Bonus may be a wrong word, but pay them a significant part of that agreed performance targets.

If we think about it logically, it does not cost the Government any more because if the workers share in part of a cost reduction or part of a revenue enhancement, it means that all the taxpayers are better off, people's morale is increased, they would come to work with a specific performance objective, and we can then retain motivated people in the public sector. Most importantly of all—and I am again referring to the contribution by the Leader of Government Business—no minister, or permanent secretary can motivate people.

5.45 p.m.

The system must embrace good people in such a manner that they know if they perform they will be recognized and rewarded. We could get all the people who

provide collective public service goods to perform in a manner to put their hearts and lives into it if they feel there is reward and recognition, and share, therefore, in the vision of the Government in moving the country forward.

Mr. President, it was timely that we got these *Parliamentarians* and I was just looking at the July 1998 issue. They were talking about New Zealand and some of the five areas in which New Zealand managed to change their whole performance. I will read two of them. One was:

“Flexible labour markets which encourage and reward innovation, enterprise and rapid adjustment to new opportunities must exist...”

Similarly, I know the Government has started back with private sector, government and labour in the whole tripartite organization and I believe that this body must make sure and really share the vision in terms of our budget priorities.

Another area that led to the transformation of the New Zealand situation, was that they reduced their public debt from 52 per cent of gross domestic product to, in fact, 20 per cent and are now targeting it to a reduction of 15 per cent. Our public sector debt in total, local and foreign, is \$20 billion and our GDP is \$40 billion. So Trinidad and Tobago’s debt as a percentage of GDP is 50 per cent. If we were to, therefore, attempt to reduce it to 25 per cent—half it—it would mean that our debt would be then reduced to \$10 billion instead of \$20 billion.

How, therefore, can we do this? In the Minister's annual budget, debt servicing represents 31 per cent of the annual budget. Debt servicing represents \$4 billion, and that was the first slice of his budget. So I am saying—and I am just making a proportional reduction here—if our public sector debt could be reduced from \$20 billion to \$10 billion, does that mean our annual recurring debt servicing could possibly be reduced from \$4 billion to \$2 billion? This is both the interest and the capital elements.

This is what I am proposing. If somehow, the Government could sell or privatize any of its assets, whether it be unused land or anything, to reduce that debt, can we then have available an additional \$2 billion to the Minister to deal with human infrastructure? Again—and I have made the point before—think about it. The priorities, first of all, go to physical infrastructure because we need it—roads, bridges, schools, *et cetera*—but our human infrastructure in terms of crime, education, *et cetera*, keep getting worse. So we are having great roads but unfortunate people because we do not have the money to do both. Can we look at

Finance Bill
[SEN. MARSHALL]

Wednesday, January 20, 1999

reversing it, whereby we say sell some sort of assets, reduce the debt to be able to have some more money immediately spent on the social infrastructure to stop our human capital depreciating or not being as competitive as it could be?

Look at it another way. If the Government could spend more on people and adult renewal and re-education, would it not mean that those people may possibly earn more? Education would give them better job opportunity or increased earning capacity. What that would mean is that Government would then be able to charge for services they now provide free. When you provide a free service the recipients of the service very often do not appreciate it and the providers of the service do not feel themselves held accountable because they say you are getting it free. Whereas, if you charge a fee, even if it is uneconomical, the service provider has to come up with some performance measure and the user of that service will appreciate it. However, the only way he could afford it is if we help him build his intellectual capital so that he possibly can earn more and his disposable income is not, in fact, reduced.

I know this is a tenuous argument but what I am saying is, we have to be innovative, because look at this budget. The Minister of Finance has to take the first \$4 billion and repay for past expenditure, so he does not have the money to make this transformation. When our revenues fall, because of the world price shocks as I have just described, virtually we have to begin to borrow to do any development expenditure, thereby increasing in succeeding budget years, a great percentage of the annual budget to fund past expenditure or borrowings.

So we are in a vicious circle, and somehow we have to put our heads together very innovatively, to reduce that proportion of our public debt to rechannel it into longer-term areas, possibly to increase the capital of our people. In fact, in the new connected economy—connected by communication—they say that very often intellectual capital will be the asset and physical capital will be the liability.

I address the issue of schools and shifting. We build more schools, but what happens? It means that in any day or any week the school is only used for 8 hours out of 24. Can we really afford that? Is it possible, as hard as the psychologists may tell us, to use physical plant to the highest extent of utilization? That means continue with the shift system for some period and take the money saved to invest in teachers. I do not know whether this is plausible; I am just throwing out this as an idea. The Government keeps investing in physical infrastructure and we have no money to invest in the human and intellectual infrastructure, and to reward and

recognize those people who can be the leaders of our changed behaviour and our competitiveness.

Possibly, we should look—even if we have to build new schools in certain areas because it may be in a certain area—at combination buildings where the school can be designed to also serve as a community centre so there is multiple use of the same facility. When weekends come, it is not a question of the school being shut down. This is when the adults in the community use the school 24 hours a day. We have a framework of thinking that when it is dark we should not be working. If Trinidad was in the North or South Pole, for four months in the year we would be going to work and playing in total darkness. Look at any factory. All factories in the world, to be economically profitable, work 24 hours a day, seven days a week.

I am just trying to think some things innovatively. If we have the required security, can we use the existing plant to its maximum? Maybe people could go to school at night—not children, but adults. Maximize physical infrastructure so whatever there is available can be spent on human infrastructure.

Mr. President, really, with that brief contribution, I am basically saying that the only way out is to have the partnership with Government, private sector and labour. We see what is happening. The leader of the Senate already said that Trinidad and Tobago is part of the region and the region is part of the global environment. We are now in a global economy. Shocks in any part of the world are going to eventually redound to Trinidad and Tobago. There is nowhere to hide.

The World Trade Organization (WTO) liberalization—I believe financial services—marched this year. We have to become competitive. We have to redirect our available resources to the development and competitiveness of our human capital. In the energy sector we are certainly doing that, with the skills training, with the schools, and where we encourage foreign investors to invest on a mandatory basis to the development of our people in that sector. Even if they eventually leave and get jobs abroad they will repatriate their funds to Trinidad and Tobago. So do not necessarily feel that people trained are lost to us if they go for jobs abroad for some period of their lives. We still have that investment and will benefit from the repatriation of any funds.

Mr. President, with that I end my contribution, and there are many challenges ahead for us. Thank you.

The Minister of Finance (Sen. The Hon. Brian Kuei Tung): Mr. President, let me thank Senators on both sides for having made a contribution to this Bill which, as you know, is a Bill entitled an Act to vary the appropriation of the sum, the issue of which was authorized by the Appropriation Act, 1998.

Mr. President, I have listened very carefully to the comments that have been raised and I assure Senators that as a Member of Government, we are not against providing full and frank information. By frank I mean information that is being prepared for dissemination for public purposes. As a matter of fact, Mr. President, let me just remind Senators that whilst we talk about a variation of appropriation *per se*, we had provided information as well to the other place and I notice Members used that information as part of their contributions.

I remind Senators that strictly speaking, the variation was really only—as you would recall—one item, which is the public sector debt. I asked for an increase in the Ministry of Finance’s appropriation and a corresponding decrease in the item, Pensions and Gratuities as well as the Head under the Ministry of Education.

. Having said that and having tried to put it into context, let me see if I could indicate where we have reached. In the first place, the words “savings”, “cut”, “take back”, “slash”, or whatever word has been used with respect to expenditure from the Ministry of Education, in this context could be considered as purely academic. I am about to close the accounts for the period ending September 30, 1998. So to ask me, “Why are you cutting this?”, it is no longer “why are you”. That is behind us, to be quite frank. What is behind us is that we have literally stopped spending money—if you want to call it that—under 1998 and whilst I have to come to you for approval—and I will explain later on why I have to come for approval and how I am doing it—there is really no gainsaying money should not be taken from education because it is important.

I agree there is no one here sitting in this Chamber who would agree that education should be given a back seat. This is merely a matter of convenience for us in terms of cutting the so-called appropriation for the Ministry of Education because the money can no longer be spent. The books have literally been closed. I am about to give the final account to the Auditor General.

I am saying—and I am sorry Sen. Daly is not here—the reason we are rushing today is because under the Constitution, I have to close the accounts within 120 days of the year’s end. Therefore, I have until January 31, which is going to be 120 days from September 30, to close the books. I am sorry if I have caused some

confusion by asking you to come out here today. I did not want to come next week because it was getting too close to the end of the month. Therefore, I took the time to come today so I can have the President assent the Bill, once approved, so I can continue the process of closing the books. That aside, let me apologize but let me state we are about to close the books and we can only do so within certain parameters.

6.00 p.m.

As I said, it really does not make any sense saying do not take money from education or do not take money from here and so forth because it is too late. The real and practical aspect of savings, cuts, slashes and take-backs or whatever you choose to call it is really during the accounting period. If I come here with a variation of appropriation that is going to affect the current year, then you have every right to say, “do not do this or that” and it will have some influence on me because then I can say, “let me take your comments into consideration”; but at this point we are not cutting back the Ministry of Education. It is too late for that. What I am merely saying is that I am changing the appropriations as a particular matter of convenience for me.

I am here, therefore, to say having given me a 12-month budget for 1998, I should have spent—let us start on the other side because I want to address something that has been raised many times, it was raised more recently by Sen. Daly. If you give me a 12-month budget I normally say to meet this expenditure because, remember, appropriations are normally expenditure, you do not appropriate revenue so the appropriation is how much of the revenue that I am going to collect is going to be spent by the Government. Therefore, I expect that these are going to be my 12-month revenues and it is based upon certain premises which I outlined. However, having agreed that we can expect those revenues I am going to spend this money during the course of the year.

The first thought that occurred to me while the Members were speaking was if I did not have available to me the three months’ revenues for October, November and December, because we truncated the year to nine months. Accepted? If I do not have those revenues, therefore, I really do not have the expenditure. So all the contributions which said that we really did not have 12 months are perfectly correct but I also do not have 12 months to spend it so I could not pay October salaries out of the 1998 budget. I had to pay October salaries out of the 1998/1999 budget. That makes sense. I did not pay salaries twice but I also did not have the revenues twice because the October revenues came into the 1998/1999 budget.

I agree with Sen. Daly that, maybe, in terms of giving information and being able to help you to understand, that I could have come with what he calls a final balance sheet but that is the wrong expression accounting-wise. It would have been a trial income and expenditure or revenue expenditure account. It could not be a balance sheet *per se* but I know what he was getting at. I should have brought that and I do have some numbers but remember, the books not having been closed, I could only have brought an intermediate one if you want to call it that. But I should have brought that and I am sorry I did not. I want to remind Senators, however, that once the books are closed you are normally provided, as parliamentarians, with the finished product that is audited by the Auditor General because the Auditor General lays the finished account in Parliament.

Just to answer your question, therefore, I really cannot spend money the revenues of which I have not collected. Therefore, I could not go too far off. I could not spend \$11 billion even though you had approved that for me last year and only collected \$7.5 billion without really aggravating many of our economic programmes because you would be talking then about a deficit in the order of over \$4 billion and that is not in the card. I have not spent the whole \$11 billion, I have spent approximately \$7 billion. I have collected a little under \$8 billion so I did have some room.

Let me say, as a categorical statement, I managed the closing of the books literally, fairly closely. As a matter of fact, I have been criticized in the other place that I manage it a bit too closely. I was criticized by saying I have been known to defer revenue and to incur and to prepay expenses. Sometimes you do that but I have taken the attitude that as long as I am not going to interfere with my economic objective of a surplus, generally speaking I bring as much of the expenses as I can into it, even though some of them may not even have been—I literally could have been criticized of having prepaid.

These bonds are unusual expenditure in the true sense of the word and I will tell you why. Over the last 10 years of adjustments we have had to make entries which have not really met conventions in the true sense. They have not been normal conventional entries because we have gone through an abnormal period. I will give an example. In deferring the expenditure—and we talk a lot about cash accounting as opposed to accrual accounting—in not paying salaries and the increases to public servants one can argue that you are building a liability which you are not booking, which is correct because we deal on a cash accounting basis.

So, we are not booking these liabilities and then suddenly we meet with the unions and say—let me also state it was not the Government's intention to pay these bonds last year. That is why it was not budgeted in the first place. But because negotiations are dynamic and because we realize that things had to be done we agreed to pay them and we agreed to pay them firstly, under some duress, and secondly, because we felt we could do it without impairing our economic objectives. So I agreed to have them paid, after the Minister had done his negotiations, during the course of the period January to September and we started to book them. That is another trick in the whole thing. Do you book them in the year in which the bonds are issued? Because the bond is just a piece of paper which says I owe you money which I will pay you in two years' time.

If, strictly speaking, you are on a cash accounting basis, one can argue, why are you booking the bonds now? You should book the bonds when you have to pay. But there are other conventions which say maybe you should book them then. So we decided we were going to take the more conservative approach and we are booking them now because we want them to hit the books in the year—even though we need not bring them in, as some people can argue that we need only bring them in two years from 1998 when they become actually due when a hard cheque has to be written. But, again, as I said, these are unusual times and we have some unusual systems. Maybe 10 years from now we would not even understand what we are talking about because no such transaction may arise where a liability arises, you recognize the liability at another time and where you actually pay the liability at a third duration. Which time should you book the liability for the expense?

I said all this because I wanted you to understand that we are here because of peculiar circumstance. I reached the point where, having not spent the last three months' money—October, November and December—as people would have expected, and having spent that money more in recognition of a new budget, I am about to close the books but I have issued bonds and non-cash mechanisms.

Just on an aside, let me talk about non-cash mechanisms. Please do not think that non-cash mechanisms mean that there are no cash transactions. There is a cash accounting part of a non-cash mechanism because a non-cash mechanism may say I will use the money that you owe me as Government to pay off a mortgage that I owe to NHA. The Government has to book it because we cannot say there is no cash. What is meant by non-cash mechanism is that we will not pay to you in cash. It does not mean to say that cash did not pass. Once you recognize

your mortgage is in arrears and the Government owes you money we are going to offset it. Once we agree to that, the Government still has to make an entry that recognizes that your mortgage is now paid up by that amount and that the NHA has now collected it and that the Government, in turn, has reduced the liability. So there is an entry, if you can call it that, for a non-cash mechanism. Do not think that because we say non-cash and we are on a cash basis, therefore, no entry is made?

The non-cash mechanism included things like motor vehicle purchase loans, students revolving loan funds, scholarships and so forth. All these things are technically cash transactions but it is called non-cash mechanism merely for the sake of indicating that it is not where we settle the liability to you in cash.

I found myself where I had as much as \$439 million in these mechanisms and bonds that I have to book. The Constitution, regrettably, only recognizes supplemental appropriation. It never recognizes a reduced appropriation. In the Constitution under section 113—and that is why I said I got legal advice. The legal advice is that the Constitution always anticipated that you may come back to Parliament for more money. If you want to look at it in a logical sense, if you had given me, as you have, 12 months' money and I only made nine months, technically I should come back to you and say take back three months. However, having taken back the three months, one of my Heads, which is the Ministry of Finance, needs to be increased, so now I want a reduction and a supplemental. In that case, it would appear to be more logical. If you bring it down, maybe, to a board room where a company has similar circumstances, where a chief executive officer has incurred an extraordinary expense—and you would pardon me for treating bonds as extraordinary partly because they are not an ordinary transaction and partly because they are not budgeted for—that I would have gone to my board and said, I need some more money. I will not use savings in that sense in a board room but this is the legal language and this is the approach that Government and public expenditure take.

This is not a savings in the true sense and I can assure you there is no way I would have spent October, November and December's intended budgeted expenditure by calling it savings. The word "savings" is used merely to say because legally I have come here to Parliament and you have given me \$11 billion, I could not say, give me another \$400 million above that \$11 billion when I am not going to spend \$11 billion. I am expected, rightfully, to spend around three-quarters of that \$11 billion, which I have.

But in one particular Head, the Ministry of Finance, which is where the sub-head, the items for these bonds reside, maybe, as I was explaining to one of my colleagues, if I had Sub-Heads in each ministry I would not need to come here at all. I will tell you why. If I was able to allocate the bonds, and they were allocated to every Ministry, I can do that. I know precisely each public servant who has got bonds and how much it has been and I know which ministry he belongs to. I can take it and say, all those who were paid under the Ministry of Education will go to Education and, believe you me, I will not have to come here because the three months extra, October, November and December, would have been more than enough for each ministry for me to have done that and I would not have been here with any arguments about whether I am taking the correct approach or not because each ministry would have had, at least, another 25 per cent of its expenditure which was unspent.

As I said, this is a matter of convenience. The simplest thing to do would have been to say, take two Heads which had two savings and ask you for it. I know it sounds academic and I am sorry but I am not the maker or framer of the Constitution and I do not know of any other way to have it done other than what I have done here.

I hope you would understand that in coming here with this Appropriation Bill that it is the way in which I have been advised is the way to do it and that if I had attempted to reduce expenditure by any appropriation bill I would have to modify section 113 of the Constitution and I would need a special majority for such a thing.

I hope I have been able to answer many of the questions that have been raised. Sen. Montano is not here but he did ask, how was it left out of the budget? He asked what would have been the effect of this particular budget on the bottom line. I am satisfied that after booking this \$439 million—remember I was saying \$439 million not \$287 million because I have already found some of it—I am going to end up with a very small surplus of around \$30 million or \$40 million.

The fact is, I have not yet closed the books and there is still a number of off balance sheet items that I have to address. I am in the process of determining whether we can address some of them or not. I can assure you that as at this point in time we do have a small surplus in our fiscal accounts. I want to be careful about why I am saying surplus on fiscal accounts because many people do not understand that you can have a deficit on your actual books but have a surplus on

the fiscal. The way the IMF—and I hate to go back to the question of the IMF, but I understand we have been using IMF accounting conventions even before 1987—and there is a manual that clearly stipulates how you arrive at a surplus or a deficit on your fiscal operations. We have met that convention from time to time.

There are, as I said, a number of non-balance sheet items which I am looking at and if I can accommodate some of them or if I am obliged to accommodate some of them, then I will have to bring in some of them. But I am satisfied at this point, after this transaction, that there is still a small surplus on it.

That reminds me to go to another comment that Sen. Dr. St. Cyr had made. He had asked me why we had returned to the IMF with the question of the oil price. Let me talk a minute about the oil price. The oil price is probably—and in the old days it was a little more traumatic than now because, fortunately, we have been able to diversify a little more than in the old days when we were so heavily dependent upon oil. The oil price is like a guess. If I go too conservatively people might assume that I have deliberately done that because I do not want to indicate that there is going to be expenditure, and if I go too low I have no choice but to try to make up for the loss of revenue, because of a very low oil price, by raising taxes.

6.15 p.m.

I am on record as saying that one thing this Government would like to do is to lower taxes and I think we have done it very successfully and I would tell you why. Our measure of success is the fact that in 1998 it took us two or three years before we began to realize it—we had collected in excess of \$300 million more in VAT than we had budgeted in nine months and that is because we are beginning to see the success of a lower tax rate where the base is becoming much wider and we are getting much wider compliance now.

Similarly, with PAYE, corporation tax we collected more money and it was on that basis, despite a reduced oil revenue in 1998, I was able to compensate and still make expenditures like this bond and still make a small surplus because we had exceeded our revenue projections handsomely, and I am talking about non-oil revenue. We also expected that as the economy grows we would get a little more benefit from the wider economy in terms of everybody making a small contribution. So we are not going to use higher taxes unless it is a question of last resort.

PROCEDURAL MOTION

The Minister of Public Administration (Sen. The Hon. Wade Mark): Mr. President, on a procedural motion, and in accordance with Standing Order 9(8), I beg to move that the Senate do continue to sit until the conclusion of the matter now before it.

Question put and agreed to.

FINANCE (VARIATION OF APPROPRIATION) (1998) BILL

Sen. Prof. Spence: Mr. President, the problem is that we are all not accountants so it is a little difficult to follow. When the Minister is talking about his surplus is he talking about the prorated 9 months or is he talking about the 12-month allocation?

Sen. Daly: Mr. President, could I ask my question in another way? The money that is being transferred, is it coming out of the surplus, meaning the surplus that is left between the 9 months and the 12 months?

Sen. The Hon. B. Kuei Tung: I would answer Sen. Prof. Spence. When we speak of a surplus here, what we do, and maybe if you would understand the working of the Ministry of Finance, I have a monthly meeting with what I call the Finance Management Committee which comprises the senior public servants in the Ministry of Finance as well as the senior persons in the Central Bank and we analyze, on a monthly basis, where we are going. Every month we collect our revenues, we have our expenditure, and most expenditure are fairly well forecast; salaries, debt servicing, rents and what have you. So you really do not have tremendous movement away from it and when you look at your oil price, you say, our revenue is down a bit and that is why last year I went on a drive to get more revenues because I knew I had to compensate for the loss of revenues from very early. When I speak of a surplus, I am always talking of a surplus using the International Monetary Fund conventions and that is what I look at on a monthly basis. When I talk here about a surplus, even after this, it is the nine months I am talking about, it cannot be the surplus of 12 months.

Sen. Daly missed the first part of my contribution where I said it is obvious I cannot spend savings or surpluses as you call it, from October, November, December in the true sense of the word, because I never had the revenues. I never had the opportunity to collect October revenues except for the new budget

period, therefore, I could not spend money which I did not collect and that is why today whilst we are debating this—and it seems a bit academic—it is really not a cash transaction in the true sense. We have talked much about it and I hope I have been able to explain it in as much a layman's language as possible. I do not want to get into accounting terms, but the reason this is proving to be so difficult to understand, is because it is really not a cash transaction, but an accounting transaction which has to go into the books before I actually close the books as of September 30, 1998. That is what brought me here.

Sen. Prof. Spence: Mr. President, the Minister must show a deficit during that period unless he collected more revenue. It must show a deficit.

Sen. The Hon. B. Kuei Tung: That is what I am saying. In spite of the oil price, I collected a little more, but more than that Senator, I also trimmed expenses. That is why I also provided you with a number of transfers of virements to show you some of the things we had to do over the period to be able to cut.

Let me give you some ideas. I have increased revenues and I think the number which jumps to my head over last year was \$167 million; that is what we collected over and above in the non-oil sector. We had a reduction in the oil sector I think, of about \$300—\$400 million. Then I had cuts in expenditure and that saved me about \$100 million last year. More than that, we had cuts in the capital expenditure because we did not spend all the money as budgeted for one, because the year was truncated to nine months, and another, because some of our projects were running behind time. So there were savings in those areas, but not in terms of savings of not having to spend the money in October, November, December as being suggested today.

Sen. Dr. St. Cyr, I want to make two comments: one personal and one not personal. I am not going to be a part of any Government that threatens any of our democratic rights and I am saying that without fear or favour or anything else. It does not mean to say that we may not go through some gyrations getting to some things and I would give an example because I do not want to be misquoted.

I remember when the second quarter Central Bank results came out, I was asked for a comment and I said I cannot comment about the state of the economy off-the-cuff; I would not do that. You cannot treat the economy with an off-the-cuff comment. Worse than that, I am not going to be the one who gives any off-

the-cuff comment because it is going to have such far-reaching consequences that I am not prepared to do it. Therefore, I undertook to give a full disclosure to the press a few days later, and they all agreed.

I called a press conference and I gave them a release. The release clearly stated that there is no way we are going to escape what happens to the rest of the world. We are not that insular, we are not that fortunate, we are coming out of a difficult time and we have now found that the turbulence in the global economy is such that it is beginning to affect us in some way or the other. We had been good in putting some strong fundamentals in place, and our economy is a little more robust and less delicate or fragile than it would have been in the 1970s or 1980s because we are putting things in place and there have been tremendous strides made in the economy. Therefore, whilst we cannot escape what is going on around us, I think we have strong fundamentals, and more than that, we have demonstrated that the people of Trinidad and Tobago are prepared to be mature in dealing with whatever shocks may hit us.

One question that came to me from the media was: Have you provided any models—because I have always talked about doing different models of different oil prices. I said yes, I have done as much as a \$5.00 reduction in oil price. So from \$14.00 I had reached all the way down to \$9.00, so if the price gets down to \$9.00 I know what kind of revenues I can expect, and what action I would have to take. Lo and behold, the next day I see a newspaper article that says: “Do not worry, be happy”. There is no way in anything I had said was I suggesting that. The point is, I am not getting into a fight with the media if that is the way the media interpret what I had said. But they went further. They mentioned that I said that we are comfortable even with a \$5.00 oil price. I talked about a possible \$5.00 reduction in the oil price, they translate that to say with \$5.00 a barrel for oil, we are all right, we are happy.

I wrote the newspaper after that and told them it was not the truth and they could have the transcripts. It was on tape, but do you think the editor took me on? He has done his mischief, he has created an image and perception that is totally false and he has no responsibility to correct it. Even if he does, the damage is already done. So I ask you, should I get in a fight with the media? I am not getting into a fight with the media, I am not going to threaten the right to write junk if they choose to do so. Unfortunately, he is powerful because his headlines scream at the people and whether it is “murder” or “don’t worry be happy with a \$5.00 barrel of oil”, I am not picking up anybody’s fight, whoever wants to fight could fight.

Finance Bill
[HON. B. KUEI TUNG]

Wednesday, January 20, 1999

My point is, I am in Government and I am a democrat. I am strongly democratic and I say that in all honesty, that I treasure for me and my children and my children's children that they must enjoy the democratic freedoms which we enjoy now. We are going to go through some maturity and growing pains, but I am not going to be a part of anything that endangers anybody's right and expression to which they are entitled.

Sen. Dr. St. Cyr, I can assure you there is no risk of making any threats to any of our democratic institutions. As a matter of fact, one of the things I feel is happening is that we are becoming a bit too thin skin when we live in the public eyes.

My friend, Sen. Shabazz has left but he knows I am one who walks up and down the streets of Port of Spain and elsewhere totally unsecured in the sense that I do not have a security officer following me up and down, unless he calls one or two of the females he may see with me as part of my security these days, but that is merely to keep the ambience. More than that, off and on, people throw remarks at me and say things, I have never felt that they were personal or that they were being thrown at me in a way to endanger me, and I think people in Trinidad and Tobago accept that is life. I do not think that I have ever felt that our institutions would ever be threatened in that way and I am not going to accept that as part of Government. I assure you that if this Government ever attempts to do anything like that, I have a choice: I either fight it to my death, with my last ounce of blood or I walk; whichever comes first.

In terms of revenue forecast, Sen. Prof. Spence, I am sure is beginning to recognize—and I accept what he said, that obviously if you make a poor attempt at revenue forecast then you are going to have a poor attempt at expenditure. I want to ask you to consider how volatile this world has become. You cannot even begin to forecast one week, one month, two days of our commodity prices. It has become that volatile. Business houses are now so rapid, their vision changes, the businessman changes with ease and they have to. The hallmark of a good organization, whether it is the Government or a business, is the flexibility to change, recognize change, and to have a remedy to deal with changes. If we do not do that, I can assure you we are going to be stuck, become archaic and we are not going to have the progress that we need.

If my forecast appears to be somewhat volatile or not soundly based—and I started to talk to you about the International Monetary Fund and the fact that we

had asked them. Let me assure you that in arriving at an oil price, the first person I turn to is the Minister of Energy and Energy Industries who provides me with some idea as to where—he, his technocrats and the people available to them because they consult with Amoco and so forth and they give us ideas—they think the oil price is. I normally ask the Minister to give me a range rather than one fixed price. He is not going to tell me \$14.50. He would say between \$14.00 and \$14.50 and I would look at it. Or he may say between \$8.00 and \$9.00. Then I would look at other ideas. I ask the World Bank what they see, I also ask the IMF. The last time I spoke about the IMF, I may have been a bit too glib because they are not the only person we consult and sometimes the views are as diverse as we have consultants. In other words, if I consulted 10 persons, I get 10 different ideas.

It is not based on just the International Monetary Fund. We looked at the IMF the year before, we looked at them this year and we probably will consult with the IMF this year for another one.

6.30 p.m.

Sen. Jagmohan asked, “Why is the Minister of Education not here?” We thought this was purely an academic exercise and we did not think it was necessary for the Minister of Education to come here to defend this. There is no question of a cut. This is purely an accounting-type exercise and I hope they appreciate it as we do.

Sen. Prof. Spence: Now we have understood that it is a nine-month period we are talking about and we have understood that our receipts have balanced our expenditure which included the provision made of \$439 million. What I understood the Minister to say was that we got in cash all along the way and then we had expenditures which included some cash and \$439 million. If that is the case and we balanced, then we have \$439 million in cash, because we did not pay it out. So what has the Minister done with the cash?

Sen. The Hon. B. Kuei Tung: It has to remain there. I think it occurred to me while Sen. Marshall was speaking. If we had tremendous surpluses to the order of \$3 billion a year, we would be able to get exactly where New Zealand has reached, where we would be able to cut in half our public debt quickly because all of these surpluses would build up in reserves and we could use it to pay off our debt.

In this case, I do not know what the state is of our balances in the Central Bank, but remember we begin at the beginning of the year with a certain set of balances,

we go through the cash receipts, and he is right. This bond money was not an actual cash disbursement. I am not sure where we are going to end up because we might have started the year with a negative figure and ended with a small positive figure because it all ends up in the wash. It is not that the money is used for any other purpose. We use our accounts at the Central Bank as a balancing figure. Sometimes we have to borrow from them if our cash flows are such that our expenditures have been pre-paid, but it moves; it is not static.

Sen. Daly asked about the National Steel Orchestra. It was launched on Independence Day 1998, but we have not incurred any substantial expenditure yet, even though some has been provided. While we say that savings were there, it is not that we did not launch it. It was launched a little late, but it was more in terms of hiring and identifying who was going to be part. We had not yet secured instruments, uniforms and so forth. We just launched it, and we closed the year a little earlier, one month later, so we really had not incurred any expenditure. It is not that we did not spend the money although we had it. It was just not used.

One final point. I think, Sen. Marshall, it would be at present almost impossible for us to use memorandum accounts for the accrual purposes. We could do it but it requires so many resources at this time which we cannot spare. I am all, incidentally, for a more accrual basis than a cash basis. I think the accrual is certainly more accurate than the cash. The thinking is that over a period of time one's cash would even itself out. Somewhere along the line, one would not be able to escape one's liabilities. If we look at the numbers more as a trend—which is what we should use Government accounts for, instead of hard numbers, which is what a stock broker or stock exchange would require. They require hard numbers and would need accruals, but the numbers in a company are a little smaller and easier to manage. In Government, it is so huge and dispersed that it is almost impossible to use an accrual basis.

Sen. Daly: Could I just trouble the Minister one second? Would it be a good idea when this is all finished—I appreciate I may not have got conceptually the trial balance sheet right—to lay in Parliament some sort of closing statement?

Sen. The Hon. B. Kuei Tung: I thought you got that, Sen. Daly, that the actual audited fiscal consolidated revenue and expenditure was laid in Parliament, but if you wish, I could lay something now. Maybe next time I could get some

Finance Bill

Wednesday, January 20, 1999

interim position as to where we are now, and on that basis you can understand what you have done in terms of supporting me here. [*Desk thumping*]

Question put and agreed to.

Bill accordingly read a second time.

The Minister of Finance (Sen. The Hon. Brian Kuei Tung): Mr. President, in accordance with Standing Order 63, I beg to move that the Bill not be committed to a committee of the whole Senate.

Question put and agreed to.

Question put and agreed to, That the Bill be now read a third time and passed.

Bill accordingly read a third time and passed.

ADJOURNMENT

The Minister of Public Administration (Sen. The Hon. Wade Mark): Mr. President, I beg to move that this Senate do now adjourn to Tuesday, January 26, 1999 at 1.30 p.m. which, as you know, will be Private Members' Day.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 6.36 p.m.