

*Leave of Absence**Tuesday, August 3, 1999***SENATE***Tuesday, August 3, 1999*

The Senate met at 10.32 a.m.

PRAYERS[MR. PRESIDENT *in the Chair*]**LEAVE OF ABSENCE**

Mr. President: Hon. Senators, leave of absence has been granted to the following Senators: Sen. Finbar Gangar from July 28—August 6; Sen. Philip Hamel-Smith from August 3—20; and Rev. Daniel Teelucksingh from today's sitting.

SENATOR'S APPOINTMENT

Mr. President: I have received the following communication from His Excellency, the President of the Republic:

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

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

\s\ Arthur N. R. Robinson
President.

TO: MR. VINCENT CABRERA

WHEREAS Senator Finbar K. Gangar is incapable of performing his functions as a Senator by reason of his absence from Trinidad and Tobago:

NOW, THEREFORE, I ARTHUR N. R. ROBINSON, President as aforesaid, acting in accordance with the advice of the Prime Minister, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, VINCENT CABRERA, to be temporarily a member of the Senate, with effect from 3rd August, 1999 and continuing during the absence from Trinidad and Tobago of the said Senator Finbar K. Gangar.

Given under my Hand and the Seal of the President of the
Republic of Trinidad and Tobago at the Office of the
President, St. Ann's, this 23rd day of July, 1999.”

Mr. President: Hon. Senators, with your permission I would like to revert to this item on the agenda because another appointment has to be made, but the instrument has not yet arrived. So with your permission, later on in the proceedings when the instrument arrives, we will revert to that item.

OATH OF ALLEGIANCE

Vincent Cabrera took and subscribed the Oath of Allegiance as required by law.

ORISA MARRIAGE BILL

Bill to make provision for the solemnisation and registration of Orisa Marriages, brought from the House of Representatives [*The Prime Minister*]; 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.

PAPERS LAID

1. The Annual Audited Financial Statements of Urban Development Corporation of Trinidad and Tobago Limited for the year ended December 31, 1998. [*The Minister of Public Administration (Sen. The Hon. Wade Mark)*]
2. The Twenty-First Annual Report of the Ombudsman for the period January 01, 1998 to December 31, 1998. [*Hon. W. Mark*]
3. The Annual Audited Financial Statements of Trinidad and Tobago Forest Products Company Limited for the year ended December 31, 1997. [*Hon. W. Mark*]
4. The Annual Audited Financial Statements of Telecommunications Services of Trinidad and Tobago Limited for the year ended March 31, 1999. [*Hon. W. Mark*]
5. The Motor Vehicles and Road Traffic (Amdt.) Regulations, 1999. [*Hon. W. Mark*]

ORAL ANSWER TO QUESTION

**National Plan of Action
(Children)**

13. Sen. Diana Mahabir-Wyatt asked the Minister of Social and Community Development and Minister of Sport and Youth Affairs:

Could the hon. Minister tell the Senate whether the National Plan of Action for Children for Trinidad and Tobago, drawn up in 1992 under the obligations accepted by this country when we ratified the United Nations Convention on the Rights of the Child has been implemented?

If the answer is in the affirmative, could the hon. Minister state the extent to which the plan has been implemented?

The Acting Minister of Social and Community Development and Minister of Sport and Youth Affairs (Sen. The Hon. Nizam Baksh): Mr. President, as acting Minister in the Ministry with responsibility for the implementation of the National Plan of Action for the survival, protection and development of children, I am quite pleased to address the issue of the implementation of the National Plan of Action as raised by Sen. Mahabir-Wyatt.

The National Plan of Action, now popularly known as the NPA, was not drawn up as part of this country's obligations pursuant to our ratification of the United Nations Convention on the Rights of the Child in 1991. Actually the National Plan of Action accepted by the Cabinet in 1993 was formulated in accordance with the goals of the declaration for the survival, protection and development of children agreed to at the 1990 World Summit for Children. The 1990 World Summit for Children can be viewed as the first major global action toward the implementation of the Convention on the Rights of the Child which was adopted by the United Nations General Assembly in November 1989. In effect, the declaration and plan of action of the World Summit for Children and the Convention on the Rights of the Child are companion documents which serve as a feasible agenda for the well-being of children to be achieved by the year 2000.

Mr. President, the hon. Sen. Mahabir-Wyatt, I am sure, will recall her participation in the International Fellowship of Children's Rights hosted in Sweden during May to June of this year and that in 1995 an interministerial committee was appointed by Cabinet with the mandate, *inter alia*, to implement measures geared toward the attainment of the goals of the National Plan of Action. This interministerial committee, now commonly referred to as the National Plan of Action Committee, was convened under the aegis of the Ministry of Social and Community Development. The committee was reconstituted with Cabinet's approval in 1997 to include representation from all the relevant government agencies as well as the NGO sector. The National Plan of Action Committee, in cognizance of the linkages between the goals of the NPA and the Articles of the Convention on the Rights of the Child, has also undertaken the responsibility to widely disseminate information on the Convention on the Rights

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of the Child and to implement programmes geared toward the well-being of the children.

However, Mr. President, to focus now on the question raised, the National Plan of Action has indeed been implemented and many of its goals have been attained. The hon. Senator may also recall from the brief prepared for her that the National Plan of Action goals are reviewed and updated biannually at the ministerial meeting on Children and Social Policy in the Americas at which Trinidad and Tobago has been represented by officers from the Ministry of Social and Community Development. The Minister attended the fourth ministerial meeting in Lima, Peru in November 1998. Prior to the ministerial meeting technical officers of the relevant agencies from among the Caribbean islands met in Grenada in order to present a unified regional stance in Lima.

This strategy proved quite effective in terms of highlighting and lending precedence to issues crucial to the Caribbean nations. In preparation for the discussions at the Lima meeting, the goals of the world summit, as embodied in the National Plan of Action of Trinidad and Tobago, were reviewed and updated according to the categories of education, child rights, health care and nutrition, water and sanitation and gender equity and women. Mr. President, in light of the vast amount of information that I would be required to disseminate to this Senate in order to provide a comprehensive report on the implementation of the National Plan of Action, I wish to summarize my report.

With respect to education, for the period 1993 to 1997, the net primary school enrollment ratio is 83 for males and 94 for females. For the secondary school level a gross enrollment ratio is available for the 1990 to 1995 period. This is 74 for males and 78 for females. The issues of early childhood development and parent education are being addressed by programmes implemented by the Ministry of Education as well as by my Ministry and also with collaboration from the NGO sector. The effectiveness of these actions has been reinforced by increased budgetary allocations and continuous assessment. Measures are also being taken to monitor the school drop-out rate and to develop curricula at both the primary and secondary levels which would focus more on personal development and life-coping skills.

This administration is striving to achieve equality in basic education in order to provide our child population with greater opportunities for self-advancement. Child rights have become a major focus of Government programmes for children in light of the escalating rate of child abuse, abandonment and neglect. My

Ministry has undertaken, in accordance with Article 42 of the Convention on the Rights of the Child, to widely disseminate information on the principles and provisions of the convention to adults and children alike.

10.45 a.m.

As many of you may be aware, Child Rights Week has been celebrated in Trinidad and Tobago for two consecutive years. The conduct of a project entitled "Promotion of Child Rights in Communities" has been successfully completed in terms of targeting five pre-selected communities in both islands of our nation. Under the impetus of the Attorney General, a comprehensive review of all Children's legislation is currently being conducted in order to achieve conformity with the Articles of the Convention. This review also aims to achieve effective protection of all children, as agreed to, under the declaration of the World Summit of Children.

Also, in keeping with the goals of the World Summit, the legislative review would establish a family court and a children's authority to guarantee, respectively, the strengthening of the family unit and the appropriate care and protection of the children under the law. Policy formulation and programming thrusts have also been directed toward the eradication of all forms of child exploitation including labour, prostitution and pornography. Health care and nutrition are areas in which this country has made great in-roads with respect to the under-five age group.

By 1997, there was approximately a 90 per cent immunization coverage of one-year-olds with respect to diphtheria, polio and measles. For the period 1990 to 1997, there was a 4 per cent rate for moderate and severe wasting for under-fives. In terms of stunting in this age group there was a rate of 5 per cent for the period. Breast-feeding programmes have been widely effective and the incidence of severe malnutrition among under-fives has been reduced to 0.2 per cent. There is now adequate capacity for the evaluation and routine diagnosis of the early child's physical and mental illness. There has also been remarkable goal attainment with respect to access to information and adequate means of prevention and control of HIV/AIDS infection. In Trinidad and Tobago 97 per cent of the population has access to safe water and 79 per cent to adequate sanitation. On a positive note, the rural areas are almost on par with urban areas in terms of access to water and sanitation.

Gender equity and women is another category of goals in which Trinidad and Tobago has attained significant success rates. I speak, specifically, of protection

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under the law as access to all levels of education and career types. The inadequacy of data collection systems in some areas, and the absolute absence in others make the task of updating the National Plan of Action goals an arduous and difficult task. Sadly, this situation persists due to insufficient financial and human resources. The National Plan of Action committee is, at present, seeking to have two data collection systems established. These are, namely: the Child Indicator's Monitoring Systems (CIMS) and the Central Registry for Children in Need of Special Protection. These databases, moreso Child Indicator's Monitoring Systems would make the review and update of the National Plan of Action goals a remarkably easier task.

Trinidad and Tobago, and the Caribbean region as a whole, are committed to the ongoing achievement of the World Summit for Children goals and would seek to set new goals in the future to ensure the survival, protection and development of all children at all times. In June of this year, the Minister joined other Caribbean Ministers responsible for children in St. Kitts, to discuss the stance at the Fifth Ministerial Meeting scheduled for the year 2000 in Jamaica.

Dilemma Accord of 1998 agreed to by this country, identified 39 goals to be achieved by the year 2000. The broad areas which comprised the goals were specified as being health, nutrition and the environment rights: rights to education; child protection rights and gender equity and women. We have already begun to update these goals and, more importantly, to seek to have the new goals achieved via the implementation of the necessary and requisite actions.

Mr. President, I trust that this summary has provided my colleagues with an adequate insight to what has been done to ensure the survival, protection and development of the children of Trinidad and Tobago. At this juncture, I suggest that should there be requests for more detailed information on any particular area or category of goals, that these requests be directed to the Minister of Social and Community Development so that the appropriate documentation can be prepared for dissemination.

I thank you.

Sen. Mahabir-Wyatt: A supplemental question. Mr. President, the Senator said that at present there is a review of legislation dealing with children. This review has been going on for some time. I wonder if the hon. Senator is going to give this honourable Senate an idea of when this review is targeted to be finished, and, perhaps, when the amendments to the Children Act will be brought before the Senate. I think it was brought twice already in 1991 and 1993 and nothing further has happened. Could the Senator give us an idea when this would happen?

Sen. N. Baksh: Mr. President, you would appreciate that discussions are still going on with regard to finalization of these others. I am not in a position, this morning, to say when this would come to the Senate again, but I am sure that it is due very shortly.

Sen. Mahabir-Wyatt: It was just the targeted date for the end of the review that I was concerned with. Does the hon. Minister have a targeted date or does he not know?

Sen. N. Baksh: I am not in a position to give it at this moment.

Sen. Daly: Just so that I understand what is going on, was the answer to the first question, yes?

Sen. N. Baksh: Yes, Sir.

Sen. Mahabir-Wyatt: One other supplemental question, if I may. Did I understand the hon. Senator to say that 97 per cent of the population in Trinidad and Tobago has access to safe water?

Sen. N. Baksh: Yes, this is the answer I have here for that: 97 per cent access to safe water.

SEA TRANSPORTATION SYSTEM (CRISIS)

Sen. Cynthia Alfred: Mr. President, I seek your leave in accordance with Standing Order 12(1), to raise as a Definite Matter of Urgent Public Importance, the crisis in the sea transportation system between Tobago and Trinidad. The matter is definite because citizens of this country, particularly Tobagonians, are experiencing great difficulty in obtaining vital food supplies, building materials and other essentials. In addition, their movement between the two islands is severely restricted especially during the peak holiday season.

It is urgent because if the problem is not redressed speedily, the cost of living would continue to escalate; the quality of life in Tobago would be adversely affected and the citizens of that island would experience even more severe hardship.

10.55 a.m.

It is of public importance because it affects every aspect of life in the island and impacts on the relationship between Tobago and Trinidad, especially in a scenario where there is a perception in Tobago that the Government is insensitive to the need to provide efficient and effective sea transportation between the two islands.

Mr. President: I received this notice late on Friday afternoon and I have had sufficient time to examine all aspects of the application. I am satisfied that it does not qualify under Standing Order 12(1), but might be appropriate under Standing Order 11(1). The application, therefore, cannot be entertained.

Sen. C. Alfred: Thank you, Mr. President.

**SAWMILLS (AMDT.) (NO. 2) BILL
House of Representatives Amendment**

The Minister of Agriculture, Land and Marine Resources (Dr. The Hon. Reeza Mohammed): Mr. President, I beg to move that the House of Representatives amendment to the Forest (Amdt.) (No. 2) Bill, 1998 listed in the appendix be now considered.

Question proposed.

Question put and agreed to.

Clause 2

Senate amendment read as follows:

Delete this clause and substitute the following:

“2 Section 2 of the Act is amended by—

- (a) deleting the definition of ‘Conservator’;
- (b) deleting the definition of ‘sawmill’ and substituting the following:
‘sawmill’ means every breakdown saw or mill designed and used to break down and convert logs into boards, planks or scantlings or to re-saw the boards, planks or scantlings into boards, planks or scantlings of small dimensions.’; and
- (c) inserting the following definition—
‘sawmill compound’ means any area whether enclosed or not, used to operate one or more sawmills’;
- (d) Inserting the following subsection (2)
(2) In this Act a reference to the words ‘Conservator’ or ‘Conservator of Forests’ shall be construed as a reference to the term ‘Director’ or ‘Director of Forestry’.

Dr. Mohammed: Mr. President, I beg to move that the Senate doth agree with the House of Representatives in the said amendment.

Mr. President: Will you be elaborating or not, Mr. Minister?

Sen. Prof. Spence: Mr. President, I thought the hon. Minister referred to the Forest Act, but what was read out was from the Sawmills Act and he did not read the whole amendment.

Sen. Mohammed: Mr. President, there is an error in the Motion itself. If we look at the Motion, we would see that the appendix referred to is the wrong one and that is why there is this mix-up. Appendix II is the Sawmills amendments.

Mr. President: We are dealing with the Sawmills (Amdt.) (No. 2) Bill.

Dr. Mohammed: Mr. President, I started off by asking the Senate to look at the Forest (Amdt.) (No. 2) Bill, but when the Clerk read the—

Mr. President: What the Clerk read was the Sawmills amendment.

Dr. Mohammed: Okay, Mr. President.

Mr. President: I think we are going to deal with the Sawmills amendment. This is what the Clerk read.

Sen. Prof. Spence: The Minister did not introduce the Motion. He introduced the Forest Bill.

Mr. President: If he did introduce the Forest Bill, he would have to introduce the Sawmills amendment.

Dr. Mohammed: Mr. President, I beg to move that the House of Representatives amendments to the Sawmills (Amdt.) (No. 2) Bill, 1999, as listed in the appendix, be now considered.

Sen. Prof. Spence: The Minister only read a part of it. The Clerk did not read the whole thing. The appendix is much longer than she read.

Question proposed.

Sen. Nafeesa Mohammed: Mr. President, in looking at the amendments proposed to clause 2, I thought the hon. Minister would have given us some idea as to the breaking up of the definition. For example, “sawmill compound”. What is it all about?

Mr. President: The question has now been proposed. Maybe you can raise whatever issues you want and in his response, he will deal with them.

Sen. N. Mohammed: I am seeking some clarification with respect to “sawmill compound”. The Minister is inserting the following definition:

Mr. President: Senator, make your contribution and raise the issues you wish him to respond to and when he is replying, he would respond to them.

Sen. N. Mohammed: Mr. President, looking at the proposed amendment here, deleting the definition of “sawmill” and substituting the following, it reads:

“‘sawmill’ means every breakdown saw or mill designed and used to break down and convert logs...”

Much of that definition is in the original definition in section 2 of the Act except, perhaps, the last line or two in that definition may have been deleted, and now we are seeing a new definition for “sawmill compound”, meaning any area, whether enclosed or not, used to operate one or more sawmills.

I remember when the substantive debate took place there were some concerns raised about the area that is used as a sawmill, and there was a question of furniture shops, and so forth, being regarded as sawmills. I am assuming there is an attempt here to clarify the area that is being designated. So, Mr. President, all I can do at this point is wait for clarification from the Minister on the amendment.

Dr. Mohammed: Mr. President, the idea here is to broaden the areas which now fall under the purview of a sawmill that defines a sawmill compound to include areas outside of the sawmill and, in particular, where timber is stored. What we found was that in the original Act, the actual thing that happens on the grounds of the sawmills is that many of these sawmills store logs outside of the compound, and it is difficult for the reinforcement and checks and balances to take place where this kind of situation exists. It was thought that what we need to do, in consultation with the sawmillers themselves, was to broaden the definition of “sawmill” to include those areas outside of the actual area of the mill to accommodate the storing of these logs.

Thank you Mr. President.

Sen. Dr. St. Cyr: Mr. President, clause 3(A), as the amendment is proposed, tells us at (2) that no person who operates a furniture shop shall convert logs, and so forth.

Mr. President: We are doing the amendments clause by clause. We have not yet come to clause 3.

Sen. Dr. St. Cyr: I am terribly sorry, Sir.

Sen. Mahabir-Wyatt: Mr. President, is it in order to ask a question on clause 2?

Mr. President: The Minister has already responded.

Sen. Mahabir-Wyatt: So we cannot ask any more questions on clause 2?

Mr. President: I think you may, because the question has not yet been put.

Sen. Mahabir-Wyatt: Thank you. Mr. President, I am concerned about the lack of precision in the definition. When the definition says that “sawmill compound” means any area, whether enclosed or not, used to operate one or more sawmill, how far does this area extend? One can have a sawmill on a property. Does it extend to the limits of the property, because the property belongs to a particular person, which would mean that if the property is two or three acres and the sawmills are on one part of that, the licensing provisions and the inspection provisions would extend to the entire two acres? There is no limitation to any area, because now it says that it does not have to be enclosed.

Before, if one had a sawmill in an enclosed area, it was not a “compound” definition before, but one could understand that this is where one wanted to establish one's checks and balances and one's inspection. Now this just says any area, whether enclosed or not. Where does the area stop? Is it just where the sawmill is operating, or does it extend to the boundaries of the ownership of the property? It is very unclear.

Sen. Prof. Spence: Could I ask if this change in definition will have any effect on portable equipment used for cutting logs? I think there are such devices where they actually cut the logs into planks in the field. How does this new definition affect those portable mills?

Dr. Mohammed: Mr. President, first, in response to the questions raised by Sen. Mahabir-Wyatt, the sawmill—the actual mill—is fixed. It is on a parcel of land, but what has been happening is that the sawmillers themselves use the immediate facility of the fixed piece of equipment to store their logs.

11.10 p.m.

The intention here is to put in place a legal framework, whereby the officers of the Forestry Division of the Ministry of Agriculture, Land and Marine Resources, would now be able, by way of checks and balances, to ensure that

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there are mechanisms in place to ensure that logs which are stored in the immediate vicinity of the sawmill have arrived from a legal source and transported in a legal way and stored in that vicinity around the sawmill. This is to monitor the illegal practices that have been ongoing, with respect to logs coming from the state plantations and arriving at sawmills.

This amendment therefore, and, in keeping with the question asked by Sen. Mahabir-Wyatt, does not intend to give a specific boundary—the macro limitation for a sawmills compound. It cannot be precise because if one goes up there and sees how some of these sawmills are operating at present and how the logs are actually stored, it is going to be very, very difficult to fix an area within the framework of the legislation to say, well look, this is the specific area within which the sawmill can operate.

With respect to Prof. Spence, a sawmill is defined here as a piece of fixed equipment and it is not movable. One cannot take it and transport it to other points, so that it is fixed in a particular area. Whatever “breakdown saw” is intended to mean here, a sawmill is defined as a piece of “fixed equipment” not mobile.

Sen. Prof. Spence: It is the new definition we have to look at.

Dr. Mohammed: Which according to my understanding, takes away the idea of having “portable saws” or “breakdown saws”. It is very clear within the framework of the legislation that portable saws would not be licensed. Will not!

Sen. Prof. Spence: No portable saws would be licensed?

Dr. Mohammed: No!

Sen. Prof. Spence: I think we need then to look at that clause a little more carefully, because the original sawmill definition has been deleted and there is a new definition. So the question I would like to ask is, does the new definition exclude the portable sawmill, or is it excluded in some other part of the legislation? It is certainly not excluded in this definition here.

Dr. Mohammed: I understand your concern in that, firstly, the legislation does not provide anywhere for the licensing of portable saws. A sawmill as defined, as I understand it, is supposed to be a fixed piece of equipment whether for the breakdown or conversion of logs into dimensional stock.

Sen. Prof. Spence: I am trying to find out whether the intent is in fact, realized in the Act, and the definition here of sawmill does not seem to include

that provision. So perhaps, we should redefine sawmills to make sure that it does, unless it is defined somewhere else in the Act. I do not have the original Act.

Sen. Mahabir-Wyatt: It is here.

Sen. Prof. Spence: That has been deleted. The original definition has been deleted.

Sen. Mahabir-Wyatt: Mr. President, under section 4 of the existing Act, Chapter 66:02, section 4, subsections (1) to (4) deal with an application for sawmill licence, and I think that Sen. Prof. Spence's theory is a valid one, because there does not seem to be anything in the existing legislation that prohibits licensing of a "portable sawmill" which could mean that you are going to run into problems with the amendments if it gets into law.

The technology has obviously changed since the Sawmills Act was passed originally in 1950 and it could be that it was not contemplating the use of the portable sawmills that are now being used, and it could mean that this should be looked at again.

Mr. President: Anybody wishes to raise any other issue before the Minister responds?

Sen. Daly: I would just like to ask if the Minister is prepared to defer further consideration of this clause, because we do not have any assurance. If it is the Government's policy not to license portable sawmills, there is no prohibition in that Act, and I am asking the Minister if he is willing to defer this. It is quite serious.

Dr. Mohammed: Mr. President, I would like to agree with the Senator, that we should defer this clause and come back to it at the end of these amendments.

Mr. President: We will defer consideration of this clause until later on.

Amendment deferred.

Clause 3.

House of Representatives amendment read as follows:

“Add a new clause 4 and renumber existing clause 4 as as clause 5	Insert after clause 3 the following new clause 4. Section 3A Inserted	4. The Act is amended by inserting the following clause 3A.
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Sawmills (Amdt.) (No.2) Bill
[HON. DR. R. MOHAMMED]

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'Permit for
furniture
shop

3A (1) No person shall operate a shop without a permit issued by the Ministry in accordance with section 3B..

(2) No person who operates a furniture shop shall convert logs into dimensional stock without a sawmill licence granted under section 4.

(3) A person who contravenes this section, commits an offence and is liable on summary conviction to a fine of \$100,000.00 and imprisonment for one year;

Application
for permit

3B (1) In furtherance of section 3A, the owner or operator of a furniture shop shall apply to the Director for a permit to so operate and shall pay a fee of \$500.00 or such other fee as the Minister may prescribe by Order, and such Order shall be subject to negative resolution of Parliament.

(2) Where on the coming into force of this Act, a furniture shop is already in operation, the owner or operator shall be entitled to a permit, subject to such conditions as the Director sees fit.

Meaning of
furniture shop

3C. For the purposes of sections 3A and 3B "furniture shop" means a place where wooden products are manufactured for sale, or where wood is used in the manufacture of products for sale."

Dr. Mohammed: Mr. President, I beg to move that this Senate doth agree with the House of Representatives in the said amendment.

To give a brief explanation as to how these amendments came about with respect to this clause. The entire section deals with furniture shops, which would now need a permit to operate and will only be able to cut and utilize dimensional stock for their wood-working business.

Mr. President, the rationale here is that furniture shops are equipped with equipment, which is not really designed for the conversion of logs into dimensional stock, and it is felt that furniture shops requiring a source of raw material should be able and willing to purchase their dimensional stock requirements from sawmillers and/or the state company Tanteak. It is in keeping with these principles that the amendment to clause 4 was made. I beg to move.

11.20 a.m.

Sen. Dr. St. Cyr: Mr. President, the intention here is to clearly demarcate between sawmills and furniture shops. My concern is that the penalty of \$100,000—which is very high—if this clause is infringed, in relation to the size of the furniture shops we are dealing with here, we would need to be sure that it is clear what is happening. I understand that many furniture shops convert cut branches so that in order not to leave room for difficulty, we will seem to need a definition of the minimum size of a log, so that small furniture operators do not get caught where they are not intended to be.

My second comment is on clause 3B(2), because that says:

“Where on the coming into force of this Act, a furniture shop is already in operation, the owner or operator shall be entitled to a permit, subject to such conditions as the Director sees fit.”

In other words, there is no limit on the discretion of the director, so that conditions could be set, even in relation to shops that are already in operation. I am concerned about that clause.

Thank you.

Sen. Mahabir-Wyatt: Mr. President, if I could just refer to the clause which was just referred to by Sen. Dr. St. Cyr. Clause 3C says:

“For the purposes of sections 3A and 3B...”

Clause 3A includes a fine of \$100,000 and imprisonment for one year, which is a very hefty fine, as far as law, when we consider the kinds of fines that we have been putting for far more serious offences. This offence is for operating a furniture shop without a permit. Furniture shop, as defined in clause 3C, is:

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“...a place where wooden products are manufactured for sale, or where wood is used in the manufacture of products for sale.”

There are many very small furniture shop operators who operate on a marginal budget at the edge of the forest making small wooden craft implements, small chairs, that kind of thing. That is covered by this definition, because it does not say “furniture”, it says “wooden products are manufactured for sale”, this could be wooden knives, spoons, swizzle sticks and, according to clause 3A(2), which says:

“No person who operates a furniture shop shall convert logs into dimensional stock without a sawmill licence granted under section 4.”

There are many people who do not even get that far. While I accept entirely the need for 3A(2), I am a bit unsure as to the thinking, the concept behind wanting to insist that small people operating in the conditions that I have described, making trays and wooden spoons for cooking, have to apply to the Minister for a licence before they can operate, pay a fee of \$500 to start, and if they do not get this permit they are subject to a fine of \$100,000 and imprisonment for one year for making wooden spoons.

Mr. President, I am just wondering if we could have a little more background on the philosophy and thinking behind these measures, because they do not seem to make much sense in terms of the present state of our economic and social development. We really need people who are willing to go into business for themselves, and this seems to be somewhat burdensome.

Thank you, Mr. President.

Sen. Moore: Mr. President, just to make a point about this Bill. I am pretty sure it comes because one wants to control illicit felling or cutting of wood from the forest, but my view is—and I want to tell as well that I used to deal with the cutting of wood also—that the restrictions being laid here for furniture shops, I think are a bit tough. As Senator Sen. Mahabir-Wyatt said, a small shop may want to use rough wood to make some implement, for example, the owner of a furniture shop may want to make some article with a curve on it and he would look for a crook, that is to say a limb with a certain bend from a raw tree and may want to fashion that. To me, it would be unreasonable to take that into a sawmill to be cut and then to be brought back to his shop for use. They may not even do it in the way he would like it.

So, I think we must somehow look again at the restrictions we are putting on the furniture shop for cutting and reducing lumber into small wood. I could see on a large scale, yes, but we should have some kind of minimal operation which we should allow the furniture shop to go ahead, and not even the furniture shop, but perhaps anybody. A fellow who may want to cut a piece of wood to reduce it to the size he wants and then, if he has to go for a licence to pay \$500 for it and then reduce it, it would be kind of unreasonable.

I think this needs some careful looking into, Mr. President, before we actually put this into the law, or else it could cause a lot of trouble eventually.

Sen. Daly: Mr. President, I do not know much about this kind of wood, but the point is that, what is happening here is that we do not have any evidence to suggest that furniture shops are a source of receiving, in the technical sense, logs that have been illegally cut. So, this may be a complete overkill. If the rationale behind this is an attempt to control the illegal logging—of course, one could control it if one just patrolled Plum Mitan when it is getting dark, but that is too simple, I suppose. If the purpose of this is to control illegal logging, then first of all we would have to be satisfied, before we put these kinds of restrictions on furniture shop operators, that they contribute to the processing of illegal logs, and I am not satisfied with that.

Dr. Mohammed: Mr. President, the intention here, because of our experiences in the Forestry Division, and the number of prosecutions or charges that have been made in more recent times, what has been happening out there is that some of the owners of furniture shops go to the teak plantations owned by the state and they select small dimension logs, cut them into short pieces, put them on the back of a pick up, cover them and transport them to their furniture shops. Whilst some of them have the capability, in terms of equipment, to transform some of these small logs into dimensional stock, which they then use to craft into furniture—and furniture, I think in this case, is meant to capture things like chairs, tables, wardrobes and things of that nature, rather than small wooden spoons and what have you.

According to Sen. Mahabir-Wyatt, whether one should wish to consider the making of small trinkets, spoons and what have you out of wood, as a furniture shop, I do not think that is the intention here at all. The intention here is to put in place a system where, by the means of a licensing system, we are now able to have the furniture shops properly registered with the Ministry for the purposes of monitoring these shops by way of a licence—for which they are going to pay a

licence fee of \$500—these shops can now, once they are properly registered through the licensing system, be properly monitored by the officers of the Forestry Division.

I do not think the intention at all here is for people who are involved in converting pieces of wood by way of carving to convert logs or dimensional stock into a saleable product. Again, I am saying that the intention here is for those manufacturers who use wood to convert dimensional stock into furniture, *per se*—

Sen. Yuille-Williams: Check the definition.

Dr. Mohammed: I am hearing from across the floor, “check the definition”. The amendment has the meaning of “furniture shop” in clause 3C:

“For the purposes of sections 3A and 3B ‘furniture shop’ means a place where wooden products are manufactured for sale, or where wood is used in the manufacture of products for sale.”

I do not think the intention here is to bring on board those who are converting wooden products.

Sen. Mahabir-Wyatt: We need to define a little more.

Dr. Mohammed: In that case, Mr. President, what we would need to do is to tighten up on the definition as it is, to exclude, if the concern is that this would bring on board those who are making spoons, trinkets and things of that nature. *[Interruption]* We can certainly consider tightening up on clause 3C, where the definition of the meaning of a furniture shop is given, but for all intents and purposes, when 3C was drafted, the intention was not to bring within the loop those who use pieces of wood to convert them to small trinkets, spoons and what have you. It was meant for those persons who have *bona fide* furniture shops, who have equipment at a fixed place for converting dimensional stock into furniture, which are, desks, chairs, tables, cupboards, wardrobes and so forth; that was the intention.

Sen. Shabazz: I was just asking, Mr. President, if it should not be tightened up to say what it means, rather than what it intends to mean. It would be better.

Sen. Mahabir-Wyatt: Mr. President, could I ask the Minister if, perhaps, he would consider deferring this clause as well, so that we could—the intention is clear and obviously a good one, it is just that the wording is so broad, in this particular definition, that it could catch many people that it did not intend to catch.

11.35 a.m.

ARRANGEMENT OF BUSINESS

The Minister of Public Administration (Sen. The Hon. Wade Mark): Mr. President, having regard to some of the concerns expressed on both sides of the Senate, I suggest that we set up a small team so that before we leave here this afternoon we can have some consensus on the matter and defer the amendments on the Sawmills (Amdt.) (No. 2) Bill as well as the Forest (Amdt.) (No. 2) Bill until the end of this afternoon's session.

We can now proceed to the Trinidad and Tobago National Steel Orchestra Bill as well as the Loans Development Motion whilst we can get some Members of the Opposition, some Members of the Independent, along with the technocrats to sit behind the scenes and go through these matters and when we return at the end of the sitting we would have a greater degree of consensus.

Mr. President, with the leave of the Senate, I propose this and proceed to the National Steel Orchestra amendments.

Agreed to.

**TRINIDAD AND TOBAGO NATIONAL STEEL
ORCHESTRA BILL**

House of Representatives Amendments

The Minister of Culture and Gender Affairs (Sen. Dr. The Hon. Daphne Phillips): Mr. President, I beg to move,

That the House of Representatives amendments to the Trinidad and Tobago National Steel Orchestra Bill listed in Appendix III be now considered.

Question proposed.

Question put and agreed to.

Clause 14(4).

House of Representatives amendment read as follows:

“Delete the words “funds of the Orchestra” and substitute the words “monies of the Fund”.

Sen. Dr. Phillips: Mr. President, I beg to move that the Senate doth agree with the House of Representatives in the said amendment.

Question proposed.

Question put and agreed to.

National Steel Orchestra Bill
[HON. D. PHILLIPS]

Tuesday, August 3, 1999

Clause 15(1).

House of Representatives amendment read as follows:

Delete the word "Orchestra" in line four (4) and substitute the word "Fund".

Sen. Dr. Phillips: Mr. President, again this is another amendment related to tidying up the language. I beg to move that the Senate doth agree with the House of Representatives in the said amendment.

Question proposed.

Question put and agreed to.

Clause 20.

House of Representatives amendment read as follows:

Delete the words "Orchestra" and substitute the word "Board".

Sen. Dr. Phillips: Mr. President, I beg to move that the Senate doth agree with the House of Representatives in the said amendment.

Question proposed.

Question put and agreed to.

GOVERNMENT'S AUTHORISED BORROWING

The Minister of Finance (Sen. The Hon. Brian Kuei Tung): Mr. President, I rise to move the Motion standing in my name.

Whereas by section 3(1) of the Government's Authorised Borrowing, the Government is authorised, *inter alia*, for the purposes of financing general development in Trinidad and Tobago or repayment of borrowings effected for general development, *inter alia*, by a statutory authority within the meaning of the Statutory Authorities Act, Chap 24:01 or by an enterprise that is controlled by or on behalf of the State, from time to time to borrow money externally or internally in a sum or sums not exceeding in the aggregate seven thousand, five hundred million dollars in the currency of Trinidad and Tobago and thereafter such sum in such currency as may from time to time be specified by resolution passed by the Senate and the House of Representatives:

And Whereas it is necessary for the Government to borrow further sums of money for the purposes stated in the said section:

Be it Resolved that for the purposes stated in the said section, the Government is hereby authorized to borrow money externally or internally in a further sum or sums not exceeding in the aggregate two thousand, five hundred million dollars in the currency of Trinidad and Tobago.

Mr. President, by the end of December 1993, the borrowing limits under the Government's Authorised Borrowing stood at \$5,000 million. As at that date, the total debt outstanding was at a rate of approximately \$4,600 million, thereby leaving a borrowing capacity of some \$400 million.

In 1994, Parliament approved an increase in the borrowing limits under the Government's Authorised Borrowing from \$5,000 million to \$7,500 million. All these sums are expressed in Trinidad and Tobago dollars. This increase was intended to serve the following purposes: one, to accommodate the assumption of debt of state enterprises, statutory authorities and parastatal agencies, and secondly, to facilitate the sourcing of further borrowing requirements by the central government.

Mr. President, the debts assumed by the Government were estimated at \$1,550 million while the central government borrowings were projected to be \$950 million. These borrowings were to finance the proposed development programmes for 1995 and 1996 and the issuance of bonds for the police accommodation project.

By the end of 1997, the outstanding debt under the Government's Authorised Borrowing had reached \$6,050 million and this was further increased to \$7,300 million by December 31, 1998. Largely responsible for the substantial increase during 1998 was the bond issue of US \$150 million, that is approximately TT \$945 million which was raised under the Government's Authorised Borrowing by a consortium of local financiers.

Mr. President, I wish to inform this honourable Senate that traditionally, all US dollar loans are raised on the external market by international financial institutions. The authority for sourcing such funds is the External Loans Act. With the liberalization of the Trinidad and Tobago financial market and the increased availability of foreign exchange, the domestic market is gradually being recognized as an alternative source of US dollar loans. It is in this regard that a local consortium was awarded the mandate in 1998 to raise US \$150 million since all loans raised locally, whether it is denominated locally or in a foreign currency, must fall under the Government's Authorised Borrowing. The impact on the borrowing limit was significant, thus by the end of 1998, the borrowing capacity was reduced to \$200 million.

Mr. President, in the 1998/1999 fiscal year the borrowing requirements for the central government development programme are projected at \$1,000 million. In addition, the final bonds for the Maximum Security Prison Complex are expected to be issued in the amount of some \$550 million. In order to accommodate these borrowings, and any future borrowings as might be necessary, Government is hereby seeking parliamentary approval for an increase in the borrowing limits under the Government's Authorised Borrowing from \$7,500 million to \$10,000 million.

Mr. President, Trinidad and Tobago currently has favourable access to the international financial markets and will continue to tap this avenue as an integral source of external funding. With the development of the Trinidad and Tobago financial market and the increased accessibility to US dollar loans, it is envisaged that there would be a reduction in the level of borrowings under the External Loans Act and an increase in borrowings under the Government's Authorised Borrowing. I would like to advise that currently, there is unused capacity under the External Loans Act in the amount of approximately TT \$3,500 million. This capacity can be utilized in the immediate future for the sourcing of loans for Government's development programme. It is in this context that Government is seriously considering the merger of both Government's Authorised Borrowing and External Loans Act which will facilitate access to the unused capacity under the External Loans Act without having to approach international markets.

Mr. President, until such time as relevant legislation is brought to effect a merger of the Government's Authorised Borrowing and the External Loans Act, Government is seeking, through the present resolution, to increase the borrowing limit under the Government's Authorised Borrowing from \$7,500 million to \$10,000 million in the currency of Trinidad and Tobago.

Mr. President, I may have confused this Senate with all these numbers, but in summary let me state that two things had provoked this: one, the borrowings in the local market are always done under the Government's Authorised Borrowing which is an Act approved by both Houses and has been around for some time. When you raise foreign currency in the local market, unfortunately, it is not regarded as an external loan, it is still regarded as a development loan and that is because of the way both Acts are so framed. There are really two Acts: the Government's Authorised Borrowing where local currency is raised and an External Loans Act in which you raise external or foreign currency. The source of the loan is what determines under which Act it falls and both Acts have limits. The Government's Authorised Borrowing presently has a limit of TT \$7.5 billion

and the External Loans Act has a limit, I think, of about TT \$5 billion or its equivalent.

There is still capacity in the External Loans Act, but having borrowed foreign currency on the local market, it was applied against the Government's Authorised Borrowing and so pushed the ceiling there.

Sen. Montano: I thank the Minister for giving way. What is the facility remaining under the External Loans Act? How much is left in that facility?

Sen. The Hon. B. Kuei Tung: There is an unused balance in the vicinity of TT \$3,500 million and that is partly because the amount of foreign currency we have borrowed has come down substantially. What I propose to do, incidentally, is to merge the two Acts so that there is one ceiling. The reason being, now that we have liberalized our exchange and our trade, it does not make sense having two Acts because the old Act really was a hangover of the Exchange Control Act, in the sense that they wanted to distinguish how much was raised overseas under the exchange control regime and how much was raised locally.

Now that we have no exchange control, it means that we literally can raise any foreign currency on the local market, but that means that you are now raising that under a separate Act. In my view, it is really not necessary to have two separate Acts for government borrowings.

With these few words, I beg to move.

11.50 a.m.

SENATOR'S APPOINTMENT

Mr. President: Hon. Senators, before proposing the question, I want to revert to items 2 and 3 of the Order Paper. I want to have this document read from His Excellency the President of the Republic of Trinidad and Tobago:

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

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

\s\ Arthur N. R. Robinson
President.

TO: MR. DAVE COWIE

WHEREAS Senator Philip Hamel-Smith is incapable of performing his functions as a Senator by reason of his absence from Trinidad and Tobago:

Senator's Appointment
[MR. PRESIDENT]

Tuesday, August 3, 1999

NOW, THEREFORE, I ARTHUR N. R. ROBINSON, President as aforesaid, acting in accordance with the advice of the Prime Minister, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, DAVE COWIE, to be temporarily a member of the Senate, with immediate effect and continuing during the absence from Trinidad and Tobago of the said Senator Philip Hamel-Smith.

Given under my Hand and the Seal of the President of the Republic of Trinidad and Tobago at the Office of the President, St. Ann's, this 3rd day of August, 1999."

OATH OF ALLEGIANCE

Sen. Dave Cowie took and subscribed the Oath of Allegiance as required by law.

GOVERNMENT'S AUTHORISED BORROWING

Mr. President: We revert to Motion No. 4. I shall now propose the question for debate.

Question proposed.

Sen. Danny Montano: Mr. President, I certainly understand what the Minister has said, but I was concerned over a number of things that he indicated. He indicated that the level of borrowings, under the External Loans Act in 1997, was approximately \$6 billion. He then referred to a US dollar issue that raised US \$150 million at the end of 1998.

Mr. President, I recall very clearly, that in fact, the US \$150 million that the Minister was referring to was raised for the first time in 1997, and it was rolled over in 1998. It would be misleading to let Senators believe that US \$150 million was a new borrowing in 1998. It was really part of the original \$6 billion at the end of 1997, because it was there at the end of 1997. It was raised in November of 1997 for the first time, so it really forms part of the \$6 billion. The sum of \$7 billion, that the Government then owed at the end of 1998, would have been increased by other factors and not necessarily the US \$150 million, because it was there already. It just rolled over. I take issue with the Minister in terms of saying that that is the explanation. The explanation really is that it reached \$6 billion in 1997 because of the US \$150 million. The US \$150 million was simply rolled over in 1998 and, therefore, was still outstanding at the end of 1998, it is not a new loan.

In considering the reasons for this application—and Senators could literally consider it as an application for an increase in your overdraft at the bank or whatever, in your facilities. I had to consider what is really taking place in the local economy. The Minister was very clear in that he said that under the External Loans Act he has a facility of \$3.5 billion available. But while he did not go into it, I understand that the reason for going to the local market is that Government wants to extend the facility under the Internal Loans Act by a further \$2.5 billion.

He then talked about the merging of the two facilities which I am in complete agreement with. But I want Senators to understand, when two facilities are merged, that would give—if it was done as of right now—an unused element of \$6 billion. That is really what would come about. The question is, that is a huge increase in borrowings. What I did not hear from the Minister was, over what period one would reasonably expect that \$6 billion to be drawn down and how would it be used? We know that we are coming up to an election very soon and it would be folly to think that the Government is going to pump so much money into the local economy just to try and—

Sen. Mohammed: Anything is possible.

Sen. D. Montano:—reach the next election. That would completely overheat the local economy.

What I was concerned about too was—I have here the Business Section of the *Trinidad Guardian* of July 29, 1999 which quotes the Minister's speech on the Private Members' Motion a couple weeks ago. He was talking about the policies of the Government and so forth. Basically, what he was saying was, I quote:

“ I probably could say that the first six months of our new financial year has been the toughest since I have been Minister of Finance. It seems almost as if there was going to be no end to the crash in oil price.

...I see as if the first six months of this financial year was when all of the commodity prices, led by oil, methanol and ammonia seemed to have been at its lowest, but in spite of that...”

this is the important factor.

“...but in spite of that and in spite of the fact that without creating any undue problems has been able to tighten the belt basically of Government more than anything else and not without necessarily slowing down the economy.”

12.00 noon

“I wish to reiterate that the impact of volatile oil prices on the fiscal accounts has been less severe than in previous years. This is because oil revenues now constitute an average of about 12 per cent of Government revenues...Notwithstanding this, oil revenues fell by an equivalent of 2.5 per cent of the GDP in 1998.”

Mr. President: Senator, could you identify the document from which you have read?

Sen. D. Montano: The same document. I did indicate this was from the Business Section of the *Trinidad Guardian* of July 29, 1999.

While we hear that, I would read from the *Economic Bulletin* of the Central Bank of May 1999:

“...the Petroleum sector's impressive growth of 3.7 per cent in the first quarter was driven mainly by the strength of the Petrochemicals sub-sector.”

It continues elsewhere. There is a table on page 4 indicating that the growth in the petroleum sector was 1.9 per cent in the last quarter of last year.

So, the growth in the petroleum sector between October last year and March of this year has been very, very strong. One would assume, as we do not have the numbers in front of us, that government revenues from that increased activity in the petroleum sector would have gone a considerable way in offsetting the fall in oil prices. So the point I am coming to is, quite obviously, there has been a shortfall in government revenues. Government needs to supplement its revenues by local borrowing. That is quite understood.

We really had no real explanation to what extent the revenues have fallen and to what extent the Government has cut back on its spending. Because, further on in the Central Bank report at page 10, it says that:

“Expenditure grew by 3.9 per cent in the first quarter...”

So, expenditure has increased. Now, whether the Government has cut back on its planned expenditure is another story, but the fact is that as compared to last year, expenditure has increased. Now, we know revenues have fallen off, so the question is: What has really taken place? So, when your revenues are down and your expenses are up, what is taking place?

The Central Bank says on page 2:

“Monetary policy has continued to be defined by the need to sterilize large injections of resources arising from the government’s deficit spending within the domestic economy. These injections have cumulated to over \$1,000 million since the start of the fiscal year in October 1998 and the absence so far of any government borrowing on the domestic market has complicated the task of monetary policy. However, the Central Bank has conducted an aggressive programme...”

to try to stabilize the injection of the cash by the issue of \$600 million in Treasury Bills—

“...from January to the middle of May 1999.”

It continues:

“Should these conditions persist or worsen a possible fall-off in demand for TT dollar financial assets could pose a challenge for policy, particularly since the prognosis is for some increase in US interest rates in the not too distant future.”

Now, we know that is a reality. The United States equivalent of the Central Bank, the Federal Reserve, in fact, increased the interest rates by one-quarter per cent and the experts are forecasting for at least one and possibly two further increases before the end of this year. The Central Bank continues—I beg your pardon. I would not read that.

The reality is that we have a serious deficit situation. It continues on page 10:

“The government’s financial position has been severely affected...incurred an expanded deficit of \$424.1 million in the first quarter of 1999. This meant that for the first half of the new fiscal year there was a deficit of \$698.6 million, and indications are that a further budgetary shortfall of around \$79.3 million was recorded in the month of April.”

That means there is a budgetary deficit of \$778 million.

“Despite the burgeoning fiscal deficit the government to date has not approached either the domestic or external capital markets for budgetary financing, instead relying mainly on a funding mix that has involved use of its own accumulated balances and borrowings from the Central Bank.”

Later on, a bit further on, it says:

“...government revenue fell...”

in the quarter—

“by a more moderate 2.5 per cent in the first three months of 1999...”

As I work it out, that will be approximately \$87.5 million. I do not know what the fall was for the first quarter of the year, but it would seem to be that the indications, based on what I have read in this document, are that the shortfall of revenue is not that great, but the increase in expenditure is fairly substantial, and that there is a measured injection of cash borrowings from the Central Bank of \$1 billion.

Now, the Minister quite clearly indicated in his speech to us the other day that one of the things he was trying to do—and I think I quoted it here—was that he would try to stabilize the local economy, not by choking off the supply of government expenditure but at least trying to tighten it. I understand that it is a balancing act and a difficult balancing act, but the fact of the matter is things are not easy at all.

I am not altogether sure that the Government could not have and should have foreseen what was taking place sometime ago. Quite frankly, having reached the limit of borrowings on the local market to the tune of \$7.5 billion, it is now necessary, as was indicated, to go back to the local market—either for foreign exchange or for TT dollars, it does not really matter, but it will come out of the local system—thereby soaking up some of the liquidity in the banking system.

Now, the liquidity in the banking system, we all know, has, in fact, caused a drop in the interest rates because the banks have to try to get rid of the amount of cash it has in the system. When the Government goes to the local market, it will pull money out of the system and we can expect another rise in interest rates. Now, we are going to have a tightening of liquidity again, but I do not know how the funds they intend to withdraw are going to be applied. That is the problem.

The IMF Staff Country Report No. 99/48 of June 1999 says this on page 10:

Sen. Mohammed: 1999

Sen. D. Montano: 1999. What did I say?

Sen. Mohammed: 1929.

Sen. D. Montano: It said:

“Growth in the nonenergy sector, on the other hand, may slow to only about 1½ percent, as construction activity contracts following the completion of two

major projects in the private sector and the adoption of a smaller public sector investment program.

The principal threat to this scenario is the continued reliance on overdraft financing from the central bank, which would result from an inability to tap foreign debt markets and to raise the domestic debt limits.”

So, what the IMF is saying is there is an apparent inability to tap foreign markets. I know it is fairly competitive outside, but I do not know what the negotiations are. We have been told nothing at all. We do not know. We have no information on that. It has also been the Government's reluctance to raise the domestic debt limits.

Now, by hesitating to raise the debt limit and, therefore, to borrow money on the local market, you have, in effect, heated up artificially, the local economy. That is what you have done, because you have injected cash from the Central Bank into the local system by a net of at least \$400 million. As I indicated, you will remember that the Central Bank reported that about \$1 billion had been injected from the Central Bank but that the Central Bank had soaked up about \$600 million of that, so that there was a surplus inside there of \$400 million.

The IMF is telling us that one of the drains on the system is the motor car market and the number of motor cars that are coming into the country; I suppose foreign used as well as foreign new cars. Now, the indications are that what we are dealing with here is not serious financial planning but rather a tendency to manipulate the local economy on a very tenuous and temporary basis. So that by pushing cash into the system, and not really relying on the indigenous growth in the local economy to provide the surplus funds what we are doing is stimulating the local economy by borrowings. That is my concern. The Central Bank has, quite clearly, indicated that Government is running a fiscal deficit to the end of April of about \$778 million.

Now, Mr. President, one of the problems that is quite clear is that the Government is having to reckon with some of the so-called windfalls it had in previous periods. You would recall last year when we were debating the budget for 1998/1999, one of the significant items in there—well, everybody noticed—was a significant increase in the collection of value added taxes, and I pointed out that from research—I had indicated that was a temporary situation and was caused by the large importation of construction and capital equipment into the local economy for the construction of the major plants, but that those refunds would have to be paid. In fact, the IMF has referred to it and, I think, so has the Central

Bank, indicating that this may, in fact, be causing part of the fiscal deficit; so that we are now dealing with those serious, huge VAT refunds. It will be interesting to see what happens when we have the numbers for the end of the financial year.

But, Mr. President, it goes on. One of the problems that we have been talking about is: When is a surplus a surplus and when is a deficit a deficit? One of the things that the IMF has had a problem with is exactly that. They have had a problem on the same basis. What they are saying is this:

“The staff has noted some deterioration in the integrity of the statistical base. Gaps and inconsistencies have emerged in the reconciliation of monetary and fiscal data, and reliability of national accounts data has become a concern.”

Now, if the IMF is saying it is a concern, it has to be a very serious concern for Members of this Senate and this country. The IMF indicated elsewhere on page 6, that:

“The central government incurred a deficit of a little over 1½ percent GDP in 1998...”

It says in subnote 6:

“On a cash basis, the budget ran a small surplus, though with assets sales treated as financing, the budget ran a deficit of 2 percent of GDP, compared to 2.2 percent in 1997.”

12.15 p.m.

In other words, depending on how the accounts are treated, the Government is really running at a deficit, so when we keep hearing about surpluses, well, when is a horse a horse, a mule or a donkey a three letter word? One of the things that concern me very seriously is this: notwithstanding the fact that we have close to a \$1 billion shortfall in cash flows—that would be the result of borrowing from the Central Bank—that is the indication of the shortfall in the cash flows. The Economist Intelligence Unit in the issue of July 17, 1999 in talking about the United States Federal Reserve Board's 25-basis-point-boost to interest rates said this:

"Higher US interest rates are also detrimental to Latin America. The main negative effect is that they will lead directly to higher rates throughout the region, raising borrowing costs for both the private and public sectors. Higher government debt-service costs will only worsen the poor fiscal position of most countries."

That is, to some extent, explaining why the Government is looking to borrow on the local market rather than maybe the external market, because they are finding it too expensive to compete for foreign money.

While they are continuing to just spend large amounts of Trinidad and Tobago dollars in the system, and the Minister has said on more than one occasion that there is a belt tightening, to cut the cloth to suit whatever it is, just a few nights ago on the television, milk farmers were complaining that for the year they have not received their milk subsidies. That may be a small indication, but the fact of the matter is, there seems to be a real crunch in terms of expenditure. Is that how the Government is cutting back on expenditure? As far as I know we are still spending \$900 million on the airport, but the milk farmers cannot get their subsidy.

I do not think there is anybody in this country who does not know that the hospital system has reached a disaster level! What is taking place at the San Fernando Hospital is an unmitigated disaster! If it is they are cutting back on the hospitals I would say, shame on the Government. If it is that they have not adequately planned and spent for the hospitals, I would also say, shame on the Government!

We heard, early in the course of the morning, about the Tobago ferry service, we know that is also a disaster. Mr. President, I just came back from St. Vincent and the Grenadines. They have a ferry service, several of them, going up and down between Bequia and St. Vincent and they seem to work all the time. They are privately owned and operated. I do not know if they receive a subsidy, but they work all the time. They are punctual and reliable, and they leave at times convenient to everybody. I do not know why, with an economy that is at least 10 times the size of St. Vincent and the Grenadines, we cannot seem to do the same thing. I just fail to understand it.

I am also concerned that in the face of serious budget deficits, we spend what the Government declares to be \$60 million on the Miss Universe pageant. I cannot imagine anything more wasteful than \$60 million on a Miss Universe pageant! We said so before it happened and we say so now, if, in fact, it is only \$60 million. What I do know is that the Water and Sewerage Authority (WASA) spent a tremendous amount of money down there. The Trinidad and Tobago Electricity Commission and the Telecommunications Services of Trinidad and Tobago (TSTT) also spent money there, and I do not think any of that has been added to the \$60 million. Yet our hospitals are in a disgrace.

More than that, what concerns me is that now that the Miss Universe pageant has come and gone, it was only one day in the life of the country, a one-night-stand, what do we end up with? The company is being wound up so there will no longer be any paper trail, it would never come before the Public Accounts (Enterprises) Committee because it is just, poof, gone, everything just disappeared, completely gone!

What is worse, Mr. President, I was reliably informed that the board of NIPDEC is being changed, and a very well-known professional accountant who has made his name and reputation as a receiver, is being positioned. The suggestion has been made by a reliable informant that, in fact, NIPDEC is going to be wound up before the next election, so when we get inside there would be no trail of anything coming down the line. The airport and so forth, will never be investigated.

In the face of what can only be described as near scandalous expenditure to the tune of \$1 billion, and now we reach the point—almost as if nobody foresaw what was going to take place—where we are being told, "Let us raise the limit of the \$7.5 to \$10 billion." We are not being asked to merge the two loans together so that we can use the existing facility of \$3.5 under the External Loans Act, but we are being asked to make a new facility under the Internal Loans Act. I am less than satisfied with the explanation, and very concerned about the future of my country.

Thank you.

Sen. Dr. Eric St. Cyr: Mr. President, the matter of borrowing has always been one of serious concern. I think that there is nothing wrong, *per se*, with borrowing on condition that there is an asset of equal or greater value which would correspond to the loan. So what we really want to discuss here today is whether, in the context of the general management of the finances of this country, we have what looks to be responsible borrowing on the part of the Government.

I also would have wished to have evaluated what happened in the five-year period before 1994, but from the information given I think what the Minister has told us is that, on an average, the local borrowing rose by about \$500 million between 1994 and 1999.

Let me say something about the local borrowing being merged with the external borrowing. Strictly speaking, once we have a liberalized currency it really does not matter, so perhaps what we should have been doing today is to merge those two borrowing limits and use the excess in the external borrowing.

Perhaps then, since we had to amend legislation to do that, what we should be hearing from the Government is a commitment that when we do merge them, we should reduce the portion which comes from the external borrowing side. Certainly, where there is a very generous leeway in terms of borrowing, even the best of us could be tempted to allow things to get out of hand.

I want to make a comment on what I understand to be the way the Treasury, the Ministry of Finance and the Central Bank have been treating short-term accommodation of the Central Bank to Government deficit spending. I understand that if we took the data from 1997, at December 1997, the budget was in deficit to the tune to \$975 million, and this was not financed by an overdraft from the Central Bank. By agreement the Central Bank allowed the Government to treat both its current accounts, the Consolidated Fund account and its other holdings with the Central Bank, and come up with a net financing position, in which case they had no need to go into what in banking terms would be an overdraft position.

I am hoping that in his response today the hon. Minister would throw some light on that and give us some assurance, because one way it seems to me is that the funds which were being merged with the current funds are really trust funds and should not properly be used in the way that they have been. But I do not draw any conclusion because I need to be more properly apprised of the exact happenings there. It could be that if the bank rate is set at 12 per cent and the Central Bank pays 7 per cent on funds which it holds, it could make financial sense for the Minister of Finance to treat the two as they are treated. But in terms of strict macro-economic financial management, I am concerned because it seems that one—I do not want to use a wrong word here; I nearly said "gambled" with the revenue coming back into surplus, but that, obviously, is not the right word, the word is "current"—that the current fiscal accounts could come back into surplus before any crunch came.

I do hope that the hon. Minister is in a position, I hope he prepared himself, to speak on this matter and give us the assurance that what we are not doing is increasing the net domestic credit to the central government while, at the same time, not explicitly recognizing we are doing that and, as it were, masking the expansion of the monetary base in the process, with the long-term consequences for inflation and so forth.

It is also true, Mr. President, that because of the change of the financial year from December to September, we were not able last financial year to get a very strict assessment of the state of the Government finances. I had raised it on one or two occasions before, that unless we had determined, in a way, how we were

going to close the books off in September, in terms of what was the size of the approved budget and the revenue that we were taking into account up to September, we really were in no position to give a firm assessment of the state of the finances of the nation as at September 1998. I think that we would be in a better position at the close of the present financial year to do that.

12.30 p.m.

What, in essence, I am saying, Mr. President, is that while borrowing is an accepted and normal part of the process of managing a nation's finances, unless the financial accounts of the nation are very clearly set out in a way from which we could make sense, we could well be in the dark as to what is happening. I know that the indicators in very many areas show that the performance of the economy has been quite favourable and one of the most significant indicators given to us a few weeks ago by the hon. Minister was that the debt service ratio had fallen a bit below 10 per cent, which was very favourable indeed. But essentially, I am in no position at this time to give an assessment as to whether these financial matters are exactly what they represent and so I look forward to the closing off of this financial year to make an assessment.

In terms of the resolution before us, I have no difficulty in supporting it. Just to take account of normal trends in inflation and the growth in the size of the economy, periodically we must increase the borrowing limits. However, we need to assess exactly where we are so that we are not taken by surprise by things which are there which we are not able to see at this time. I thank you, Sir.

The Minister of Finance (Sen. The Hon. Brian Kuei Tung): Mr. President, I was hoping that I would get the support of Senators on the other side. I must thank Sen. Montano for his very crisp dissertation on the facts. One thing occurred to me, though, he may have been reading one of the interim reports submitted by the IMF and not the final report. I say that because the interim report did raise some concerns and we were able to address a number of these concerns so that by the time I had the final report prepared—and the final report was actually done, if I remember correctly, in Washington in March or April of this year, so I am not sure what is the date of the report that he had. [*Interruption*] It was June. So that is the final report, okay.

I know that they had raised a number of concerns concerning the data. Part of the reason they have been raising a concern about the data is that the data given by the Central Bank and the data given by the CSO sometimes tend to be different and they are interpreting them differently. Now, the Central Bank uses quite a

different basis for preparing the data and I understand the Central Bank also does interim—well, quarterly reports—whereas the CSO only does reports, I think, half yearly and yearly. The CSO, incidentally, does fiscal data using trends and so forth, whereas the Central Bank gives hard data in terms of quantities and figures.

Having said all that and just to put that aside, I understand any concern that the IMF will have in many countries with respect to the statistical data they collect. If it were not for the statistical data then you would have great difficulty in, precisely what Dr. St. Cyr said, analyzing information. One of the problems we have had, to which Dr. St. Cyr has alluded, is the question of the year end at September. I remember having changed it so for comparison purposes you are now comparing nine months with one year and borrowing is not something that you do only at the year end. Borrowing can be done at any time during the course of the year and your borrowings change the complexion of your finances at any given time based upon when you do it.

Currently we have been using Central Bank not because we want to, but because we have reached the crunch and I have had to wait until I come to Parliament to sort out this crunch. Let me just give some numbers that were recently passed. Maybe it might help explain where we are at present. In 1991 the loan balance under the Government's Authorised Borrowing was \$3.773 billion. By 1995 that had risen to \$5.4 billion. In 1998, that is \$7.3 billion. As I have said, the limit I have is \$7.5 but you can see that the loan balance under the Government's Authorised Borrowing between 1991 and 1998 had gone from a little under \$4 billion; in 1995 it was a little over \$5 billion and now it is a little over \$7 billion.

That means I have reached literally the limit of \$7.5 billion. You will see it is \$7.3 billion. Yet, under the External Loans Act, that had gone from TT \$5.4 billion in 1991 to \$8.7 billion in 1995 and down to \$6.2 billion in 1998. So what you see here is a change in the composition between the Government's Authorised Borrowing and the External Loans Act. Now this External Loans Act is not the total external debt. The total public sector external debt is quite different from the amount that is borrowed under the External Loans Act because the public sector external debt includes things like the state enterprises borrowings overseas, multilaterals like the World Bank and the IDB and so forth, which is not money that is borrowed under the External Loans Act.

Borrowing under the External Loans Act is purely the money that you borrow from private sector sources externally. So you can see, and just to round off, to give you the totals, in 1991 the total debt in both development and external loans was \$14.1 billion. By 1995 it had risen to \$16.8 billion—this is year end—but by

the end of 1998 it was \$16.3 billion. In other words, from 1995 to 1998 we have actually got a reduction of about \$500 million; not a substantial amount but I think an indicator that it is moving in the right direction.

The composition is what creates a problem for me now in that I have more capacity under the External Loans Act and no capacity under the Government's Authorised Borrowing but the numbers have remained relatively stable. As a matter of fact, it has come down from \$16.8 billion to \$16.3 billion in 1998. What it means, to be quite frank, is there may be no real reduction in the amount of borrowings but that the Central Bank has been financing us.

As I said, I have had to do that not because of choice but because I had reached the ceiling. The ceiling of TT \$7.3 billion under the Government's Authorised Borrowing really was aggravated by the US \$150 million that I borrowed on the local market. If that was included in the External Loans Act then you would see that I would have had a lot more flexibility under the Government's Authorised Borrowing because I would have had another billion dollars unused, just to use your expression, whereas I had used the billion dollars and I am going to put it under the External Loans Act where I had a greater amount of spare capacity. It is not the intent of this Government to be using Central Bank credit on an ongoing basis but we need to get the support of this Senate on this Motion so that I can regularize the amount of money that we are borrowing in the local market and so regularize the Central Bank situation.

We see the management of the liquidity quite differently from how Sen. Montano saw it, in the sense that we are worried that any excess liquidity is going to put undue pressure on our exchange rates and we have to—because if there is a lot of money available in the banks it means that there is going to be a greater demand for foreign exchange and so putting further pressure, not only in terms of using scarce foreign exchange resources but putting pressure on the rate as well.

We, therefore, manage liquidity in a way to ensure that whilst we do not aggravate private sector credit—because we do not want to starve the private sector of necessary credit for expansion and development—we, at the same time, have to make sure that there is not surplus credit that becomes available for consumers as opposed to productivity uses. So that our approach has been to manage the amount of liquidity in a way to ensure that we meet a number of very conflicting demands from the private sector, a limited amount of demand for the consumers and just enough to ensure that the economy does not slow down. Our main criterion has been to ensure that the economy continues to grow from year to year.

In terms of a surplus versus deficit, Sen. Montano asked when is a horse a horse, when is a donkey a donkey. The thing is, we have reached a very critical juncture in our economic history. We have reached a point where we believe we have turned the corner and should not have to go back to a situation of very serious deficits but because it is just fairly marginal, sometimes by the stroke of a pen a deficit can become a surplus or, *vice versa*, a surplus can end up being a deficit because the amounts are very, very marginal. Until we achieve our objective of having a surplus of about one per cent or maybe one and a half per cent of GDP I think we really cannot talk about deficits and surplus in any real, material way or any significant way. We are hoping to achieve a surplus of one per cent of our GDP within two to three years. When that happens I am assuming that we can ride out some of the difficult periods that we have had, then we are clearly meeting our macro-economic objectives and our goals of making sure that all the key indicators are well served.

One final point on that is that one of the things we are doing to make sure that we are on track is as well a build-up of our foreign reserves. In 1995 our foreign reserves stood at a little over US \$600 million. Today it is a little under US \$1.2 billion. So you can see that we are moving towards that and that is critical for us because you manage your loan portfolio and your reserves pretty much to ensure that you meet your objectives. This is conflicting because you could reduce the amount of loans but in doing so you may sacrifice our reserves and if you do not have the reserves you do not have the necessary import cover. I think as a country and as a nation we will end up being exposed. So I am trying to manage the two conflicting objectives in a way to ensure that we get growth in both.

Fortunately, as I said, our loan portfolio has been fairly stable, it has not grown and our reserves have increased substantially, so I think we are moving pretty much along a good growth path.

Sen. Prof. Spence: I wonder if I can ask a layman's question which may seem nonsensical to economists and financial people. Why is it not possible to reduce the reserve requirements selectively to individual banks depending upon their loan portfolio? For if they have more loans for development why can you not manipulate it in that way than in a broad brush to reserve so much or not?

Sen. The Hon. B. Kuei Tung: I am not sure if that is possible and whether banks will not claim inequality of treatment if we start selecting certain banks for special reserve requirements based upon their own portfolios. I do not have an answer for that as such other than to say that it seems to be easier to manage it on a broad basis where everybody has to comply, rather than do it on a select basis. I

think you are going to get into a lot of disagreement and argument with the respective banks which will claim that they are being treated either fairly or unfairly as the case may be.

Sen. Prof. Spence: Would it not be a more advantageous situation from the point of view of the country as a whole?

Sen. The Hon. B. Kuei Tung: I imagine that if I were a bank whose portfolio was not “desirable”—and I use the word, “desirable”, in quotation marks—according to the Central Bank and you asked me to increase my reserve requirements because my mix is not as desirable as, say, another bank, I think I can get into a lot of technical arguments with the Central Bank as to why I am doing what I am doing. The thing is, banks are in business to make money. I do not think people understand that. I think when we talk about reserve requirements—that is why when we use a broad band and manage it within that broad band—I was about to say that the Central Bank manages the reserve requirements.

We have been toying and I think—I should not say toying—we have been experimenting with substituting reduced reserve requirements with open market operations. We have not had too much success with it so far but we are moving more and more in that direction because open market operations would allow the banks a little more flexibility and achieve precisely what you are saying, which is they could decide how much they will need to hold for their own reserves with a reduced reserve requirement.

12.45 p.m.

I am very much, incidentally, in favour of lowering interest rates to reserve requirements. The point is, as Sen. Montano pointed out, I am concerned too, that the United States interest rates do not raise too much. You see, if we put too much pressure on our domestic interest rates to push it down, and the United States interest rates keep going up, you are going to find that there is a tendency for people to switch because they would want to move from the local currency where they are getting less returns and move to US. Again, you are going to have real problems in terms of how the system is being managed, where people have a temptation to switch from TT dollars into US dollars. That is something we have to look at to see what is happening.

Incidentally, Sen. Montano was not quite correct when he said that we have been switching from foreign borrowing to local borrowing because of interest rates. On the contrary, as a Government we borrow. The best rates we could get

now is about 12 1/2 per cent long term. The best rates we have got recently on the foreign market is 8.93 per cent. Right now, if we go to the market, I suspect we will get a rate of about 10 to 10 1/2 per cent because of the increases that have taken place in the Federal Reserve recently, but we still find it more attractive to borrow overseas than to borrow locally in terms of interest rates. What you have to manage in that situation is the exchange rate as well, because you would have to repay at the current market and at the current exchange rates. So that what you gain rather in terms of a lower interest rate in foreign borrowing, you may lose in terms of a slippage in terms of the exchange rate.

With these words, Mr. President, I beg to move.

Question put and agreed to.

Resolved,

That for the purposes stated in the said Section, the government is hereby authorized to borrow money externally or internally in a further sum or sums not exceeding in the aggregate two thousand five hundred million dollars in the currency of Trinidad and Tobago.

Mr. President: Hon. Senators, we would suspend for lunch at this stage.

12.52 p.m.: *Sitting suspended.*

2.03 p.m.: *Sitting resumed.*

TOURISM DEVELOPMENT BILL

Order for second reading read.

The Minister of Trade and Industry and Consumer Affairs and Minister of Tourism (Hon. Mervyn Assam): Mr. President, I beg to move,

That a Bill to facilitate the development of the Tourism Industry by providing to investors incentives and concessions and to make provision for matters incidental thereto, be now read a second time.

Mr. President, by Minute No. 88 dated January 11, 1996, Cabinet agreed to provide to approved tourism projects the same benefits that were granted to approved hotels under the Hotel Development Act, Chap. 85:02 and to the amendment of the definition criteria and approval process stipulated in that Act with respect to hotels to allow approved tourism projects to access fiscal benefits.

By Minute No. 2039 dated August 3, 1996, Cabinet agreed *inter alia* to equity participation by the Government of the Republic of Trinidad and Tobago in the Tobago Hilton project which formed part of the tourism development being undertaken by Tobago Plantations Limited. As a result of representations made by

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developers of the project, a technical team was established to hold discussions with the developers. Based on the report of that team, Cabinet agreed, by Minute No. 3062 dated November 20, 1996, to the amendment of the definition criteria for approved tourism projects to include integrated resort developments. Subsequently, the Attorney General caused to be prepared a Bill entitled The Tourism Development Bill, 1997.

The draft Tourism Development Bill, 1997 had a first reading in Parliament in 1997. However, following further discussions among key stakeholders, it was considered that the document should be revisited within the context of the vision of Government for the development of the tourism industry, the revision of the Fiscal Incentives Act and other pertinent legislation. As a result, the Bill was allowed to lapse in Parliament. Since then, there have been extensive discussions among key stakeholders and Government Ministries and agencies.

The proposed Tourism Development Bill, 1999 reflects radical changes, Mr. President. It caters for a wider array of approved tourism projects and attempts to give clearer definitions of the projects which would be eligible for fiscal benefits and to streamline the supporting procedures and systems. In addition, the proposed Tourism Development Bill, 1999 seeks to extend incentives to approved tourism projects for expansion as well as for upgrading of plant. This is intended to encourage entrepreneurs to increase their accommodation stock and other amenities, as well as to provide facilities of international standards.

So, Mr. President, the Bill before us seeks to achieve national tourism objectives; the creation of substantial, meaningful and sustainable long-term direct and indirect employment; the increasing of foreign exchange earnings; the increasing of Government revenue; the enhancement of arts and culture; the inculcation of standards; full input and participation of the local communities directly affected by the projects; the fostering of strong linkages with other sectors such as agriculture, manufacturing and services; and the provision of significant improvements in infrastructure.

Mr. President, Government has devised a strategy to ensure that the development of tourism in Trinidad and Tobago takes place in a manner which facilitates sustainability. It can be argued that Trinidad and Tobago is in a fortunate position, since given that our tourism industry is yet in an infancy stage of development, this gives us the opportunity to plan its growth properly and benefit from the successes, challenges and even the mistakes of other countries.

Government has been undertaking several projects in its effort to lay a solid foundation for the sustainable development of our tourism industry. The proposed

Tourism Development Act is one of these projects. Other critical projects include the formulation of a tourism policy and a five-year strategic plan, the preparation of revised legislation to regulate standards within the tourism industry and the formulation of a human resource development plan, consistent with the needs of our industry. These, I hope, will be finalized within a few months.

Mr. President, the underlying philosophy of the proposed Tourism Development Bill is the development of the tourism industry so as to improve the quality of life of all the citizens of Trinidad and Tobago. Therefore, national objectives for the development of tourism are outlined in the Preamble of the proposed Act and throughout the proposed legislation provisions are linked to these national tourism objectives which are geared to optimize benefits to the economy and to all our people.

Incentives and concessions provided under the existing Hotel Development Act, which is the subsisting legislation for the development of the hotel sector, have produced a fair amount of success in terms of the benefits which have accrued to the country and the population at large. We have witnessed the establishment of a thriving, albeit, relatively small hotel industry, but importantly, mostly locally owned, which offers internationally competitive services and provides a large number of employment opportunities. However, the Hotel Development Act dates back to 1963 and is, therefore, quite dated and inadequate in its provisions.

Tourism is the single largest growth industry in the world with no signs of slowing down in the 21st Century. According to World Tourism Organization (WTO) international tourist arrivals increased by a yearly average of 4.6 per cent to reach the staggering figure of 620 million in 1997. The World Tourism Organization forecasts that international arrivals will be 700 million in the year 2000 and 1 billion by the year 2010. Tourism accounts for 10.7 per cent of world employment and 10.9 per cent of the world GDP.

The economy of our country is sustained to a lesser extent by the tourism industry, and it is estimated to account for just about 2 per cent of GDP and a similar amount, 2 per cent of employment. Our tourist arrivals have increased significantly over the last few years as a result of our marketing strategies and stood at 364,000 in 1998—quite small compared with other countries of the Caribbean—however, Trinidad and Tobago is a small competitor in the global scenario.

Government's vision is that tourism will become a dominant sector in the economy and Trinidad and Tobago will be developed into a premier tourist

destination, albeit quite differently from some of our competitors, both in the Caribbean and in other parts of the world. However, it is recognized that Trinidad and Tobago must provide a more solid and diversified tourism product.

We need to increase and upgrade our accommodation stock, conference facilities and related amenities, and we must provide nature parks and attractions which are unique and which promote our natural assets and reflect our diverse culture, our people and our heritage. To this extent, the Tourism Industrial Development Company in collaboration with the Ministry of Tourism, has been attempting to develop community tourism projects all over Trinidad and Tobago. In fact, I had the great honour last Wednesday to open the new facilities at the North Oropouche River, and we will be continuing to do so in other parts—and I hope in two months' time, similar facilities will be completed at the Caura River.

2.15 p.m.

Mr. President, we are also engaging in a number of heritage districts and the establishment of a number of renaissance districts throughout the country.

The proposed legislation, therefore, seeks to encapsulate the various facets which will contribute to a vibrant tourism industry. It seeks to encourage investors and entrepreneurs to venture into the tourism arena and, in particular, into those areas which might be considered risky, given the fact that tourism is a relatively unexplored area of activity in the economy of Trinidad and Tobago. Therefore, the proposed Tourism Development Act, seeks to revamp the existing fiscal incentive scheme applicable to hotels, such that fiscal incentives and concessions would be extended to a wide array of approved tourism projects as defined in the said Bill.

Mr. President, in short, our vision of tourism development was very myopic, because it related almost specifically to the development of the hotel industry. In contrast, this proposed legislation will encapsulate any project that is deemed to be a tourism project and will attract incentives accordingly. Such projects would include theme parks, cultural centres, convention centres, marinas, tour operators and tour guides.

In addition, it is proposed that provisions be incorporated in the Bill, to facilitate the availability of incentives to entrepreneurs in the tourism industry for the expansion, renovation or upgrading of existing facilities. This will serve to encourage investors, not only to increase their plant stock, but also to maintain existing plant at a high internationally accepted standard.

Mr. President, at the same time, certain safeguards have been introduced in the proposed Bill. First of all, it is proposed that certain activities be reserved for nationals and small entrepreneurs. This is a unique provision in terms of the tourism industry, where a certain level of investment and a number of rooms in a particular facility, will be specifically for the investment of local people. This is in keeping with the national objective that our people are central to the benefits to be derived from development.

Professionalism and excellence are being promoted, so that the proposed legislation requires that beneficiaries of concessions must register with the state agencies to which a responsibility for the development of tourism is assigned; must be members in good standing of national associations representing their specific area of activity; and be subject to annual inspection. These conditionalities are intended to facilitate closer monitoring of the operations of business enterprises in this industry.

In addition, a transfer tax is being introduced to be applicable in a case where an investor accesses fiscal benefits for a tourism project and wishes to sell the asset prior to the expiration of the tax holiday period. This tax is intended to discourage the abuse of the fiscal incentive system. It is somewhat higher than the normal stamp duty and would replace the stamp duty payable in this particular instance.

Mr. President, Government is conscious of the need for effective institutions and systems to support the revised legislation. In this regard, the state's agencies charged with tourism development are being restructured and strengthened and systems are being reviewed and revamped.

Mr. President, there is no doubt, that the proposed Act, will serve as a catalyst for the transformation of the tourism industry and the diversification of the economy of Trinidad and Tobago, so that our continued dependence on the energy sector would be reduced.

Government anticipates that a large number of employment opportunities will be created and through careful monitoring, linkages with the agricultural, manufacturing and services sectors would be enhanced. In short, there will be both backward and forward linkages into the economy.

Mr. President, the proposed Act, I am sure, will be a great fillip to the development of the tourism industry in Trinidad and Tobago. I would like to read some statistics that we have collected to show, that in 1990 visitor arrival in Trinidad and Tobago was around 100,000 and by 1998 it grew to 400,000, an increase of 300 per cent and this has been done through the conscious policies pursued by the Government of Trinidad and Tobago and the infrastructure that has been set up. [*Desk thumping*]

Sen. Mohammed: PNM too.

Hon. M. Assam: I said by the Government of Trinidad and Tobago, which ever party is in power is the Government. I am surprised that the Senator does not understand that—an attorney-at-law.

Mr. President, with respect to accommodation capacity:

	Trinidad	Tobago	Total
Hotels	22	16	38
Guest Houses	25	23	48
Apartments	3	22	25

With respect to the number of rooms:

	Trinidad	Tobago	Total
Hotels	1,390	858	2,248
Guest Houses	301	247	548
Apartments	51	402	453
Villas and Cottages	-	74	74

Mr. President, these are quite instructive figures and it would be very interesting when this Act comes on stream, the effect it would have in terms of, what kind of investment it would attract and the kind of employment generation that could be expected.

This Bill before us this afternoon is divided into five parts. The first part deals with the development of incentives; the second part, approved tourism projects; the third part, customs and excise duty exemption; the fourth part, tax benefit; and part five, transitional and miscellaneous provisions.

Clauses 1 and 2 are quite self-explanatory. Clause 2 deals simply with the various definitions that are going to be used throughout the Bill.

Clause 3 provides for the Minister to whom responsibility for tourism is assigned to confer tax benefit on an approved project—an approved project is defined in the explanatory clauses—which results in the creation of a new facility or the expansion and upgrading of an already existing facility.

Clause 4 would provide for the Minister to make recommendation to the Minister who has responsibility for Trade and Industry, and this responsibility is in respect of the importation of vehicles.

Clause 5 would prevent the granting of an interim approval to a person, who has already been granted such approval, except in cases of additional capital expenditure. This is very important in order that no one can fiddle the system.

Clause 6 would require where a project has enjoyed tax benefits under the Act and if it is to be sold, it would be subject to a transfer tax, so that people do not come in and get out, having benefited from the tax concessions and not paying some penalty. So instead of a stamp duty it would now be a transfer tax.

2.25 p.m.

Clause 7 sets out the requirements to be met by a tourism project seeking to access benefits under the Bill, and this is well defined and the criteria well established.

Then in Part 2, it makes provision for the evolution of a hotel or tourist facility from the status of facility to an approved tourism project. This is also defined in the preamble to the Bill. This will entitle the operator to the requisite benefits under the Bill.

Clause 8 stipulates that only a tourism project as defined may obtain benefits under Part 2, while clause 9 provides for tourism projects being reserved solely for the ownership and operation by nationals. So the nationals of this country, and particularly people in Tobago, would be able to be insulated from any predatory act on the part of anyone outside of Trinidad and Tobago coming in and not appreciating the sensitivities of both the tourism industry and the objectives of the development of small business, of which the tourism industry is a part, to be reserved for nationals of Trinidad and Tobago. So that, an investment of a certain size and a facility of a certain number of rooms would be specifically reserved for nationals of Trinidad and Tobago.

Sen. Yuille-Williams: Before you move off clause 8, could you just speak a bit about the ground tour operations and destination management company in clause 9(c)? I want to get specifically as to which grouping you are talking about.

Hon. M. Assam: Could you repeat that? I did not hear what you said.

Sen. Yuille-Williams: Clause 9(c).

Hon. M. Assam: Clause 9(c)?

Sen. Yuille-Williams: Yes.

Hon. M. Assam: The clause states:

“Tourism projects which will be reserved solely for ownership and operation by nationals of Trinidad and Tobago are:

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- (a) accommodation facilities under twenty one rooms;
- (b) ancillary and transportation services;
- (c) ground tour operators/destination management company.”

You wanted me to speak a little?

Sen. Yuille-Williams: On destination management.

Hon. M. Assam: Destination management will include anyone who is involved in operating any business in the destination of Trinidad and Tobago such as restaurants, tour companies, tour guides; any kind of facility that is managed at the destination and these will be reserved specifically and exclusively for nationals of Trinidad and Tobago. I do not know how much more clearly I could put it. Is there any doubt in your mind as to what this is intended to mean, Senator?

Sen. Yuille-Williams: I just wanted to get clarified that no foreigners can, at all, operate any tour or operation under that clause. No foreigners can at all be involved, that is what you are saying?

Hon. M. Assam: That is what we are saying, yes.

Sen. Yuille-Williams: I just want to get that clear before you finish.

Sen. Mahabir-Wyatt: Mr. President, I am sorry, I had a bit of trouble with this too. Does it mean that no foreigners can operate, for example, any accommodation under 21 rooms or any of the tours, or does it simply mean that if they do operate them, they will not get the tax benefit?

Hon. M. Assam: No, no. There will be no approval by the approving agency or agencies in Trinidad and Tobago for a foreigner, someone who is not a national of Trinidad and Tobago, to own and operate any facility under clause 9(a), (b) and (c). That is what it means. So that, once it is 21 rooms and under, it is reserved, this is an exclusive list, as some constitutions have. It is on the exclusive list, it is reserved exclusively for nationals of Trinidad and Tobago.

Sen. Prof. Spence: I am sorry to press this point, Mr. President, but it seems to me that one then has got, either to have some other legislation or this legislation has to be written differently. All this does is to say one would not get the tax benefits if one is a non-national. So if the Minister wants to do what he is saying, I have no problem with what he is saying, but he either has to change this legislation or enact some other legislation which prevents them from doing some other things.

Hon. M. Assam: What this Bill seeks to do is to provide incentives: fiscal incentives and otherwise, tax benefits and holidays for people who operate these things. I thought that was my preamble all the time, that this Bill is seeking to develop an environment and to put an infrastructure in place to attract investors and we are trying to make a distinction between a foreign investor and a local investor in the context of certain tourism projects. If one is a foreign investor, one will not receive any support, benefit, fiscal incentives for the operation of these things.

Sen. Daly: But one can do it.

Hon. M. Assam: Yes. This is an exclusive list for locals or nationals of Trinidad and Tobago to access the fiscal incentives under this Bill. This is what this Bill is seeking to do. This is almost like an investment bill, but in the tourism industry. That is what it is. So everyone who wants to come here to invest can get the fiscal incentives once it is deemed to be an approved tourism project. Except in these three categories of tourism projects, one cannot access the fiscal incentives unless one is a national of Trinidad and Tobago. I hope I am clear now. Am I clear now?

Sen. Yuille-Williams: Would you grant a work permit to someone who is a foreigner and wants to go into ground operations? Is that what you are saying?

Hon. M. Assam: You have asked me a very impossible question, Senator, because I do not grant work permits.

Sen. Yuille-Williams: The Government.

Hon. M. Assam: A work permit is granted by the Work Permit Committee and issued under the name or office of the Minister of National Security. I think everybody knows that, so I cannot grant a work permit. If somebody wants a work permit, that person sends in an application, it is considered and the Work Permit Committee makes a recommendation to the Minister either to grant or not to grant and he signs it and that is his power under the Act.

Sen. Daly: Does the Work Permit Committee have a policy? That is what we would like to find out.

Hon. M. Assam: Mr. President, I cannot answer that question, because I have no knowledge of the workings of the Work Permit Committee. I do not know if they have a policy or not. I really do not know. I do not know about the policy of many things in the country. I do not know about the policy of the Work Permit Committee, I do not know what is the policy of the Mercy Committee and I do

not know what is the policy of other committees. I do not know! I am prepared to say I do not know. I am not like some people who think they know everything, I do not know.

Sen. Daly: Let me get this straight. Is the Minister telling us that he has no knowledge of the policy of the Work Permit Committee insofar as it might affect applications from foreigners to do tourism projects?

Hon. M. Assam: My answer is the same. I do not know. I will proceed, hoping I have clarified clause 9 and its applicability in terms of fiscal incentives exclusively to the nationals of Trinidad and Tobago.

Clause 10 would provide for the first step, which would be for an owner or operator or intended owner or operator of a facility or proposed facility to apply to TIDCO to have the project approved. There would be certain criteria that would be used to evaluate and allow this particular operator or would-be operator to receive either permission or refusal. There is a procedure that has to be undertaken, that is, the Chief Executive Officer (CEO) upon receipt of the application would be empowered under the particular clause to require the applicant to submit even further information where the information is inadequate and once the proper information is examined, the CEO of TIDCO would make the recommendations to the Minister for approval or refusal, as the case may be.

Of course, there is also a procedure in relation to Tobago. So that the application will go to the Tobago House of Assembly in order to be scrutinized and for the Tobago House of Assembly, if it so desires, to request additional information in the context of Tobago so that the application would then receive the blessing or otherwise from the Tobago House of Assembly and return to TIDCO for recommendation to the Minister.

There is also a provision for an interim approval. The Minister, upon being satisfied that the project is feasible, would be authorized by virtue of clause 13, to grant, within 45 days of having received the application, an interim certificate of approval of the project as an approved project. It is very similar to the planning process where the Minister of Planning and Development, through the Town and Country Planning Division, would give interim approval for a particular plan so that one can proceed, provided as one continues, that one follows all the various requirements in order to get final approval. But, as in the Planning Division, if one does not follow it, the Minister has the power to revoke, so there is a revocation clause set out in clause 14.

In clause 15, the Minister would be empowered, upon receipt of the material, to determine the amount of estimated capital expenditure on the items for the project which he will approve for tax benefits, because there is a scale, a two-tiered system whereby one can receive certain benefits in excess of TT \$120 million or benefits less than TT \$120 million. Of course, the Minister can also vary, if he feels that the level of risk is pretty high and the project will bring substantially more benefits than even a project with a capital expenditure in excess of TT \$120 million; the Minister can exercise discretion in terms of the kind of incentives he would grant to a would-be investor of a project less than TT \$120 million, both in terms of the incentives and the tax holiday, because in terms of TT \$120 million or less, it is up to five years or less; and in terms of \$120 million or more, it is seven years or less.

Sen. Prof. Spence: Could I ask, with respect to the interim approval, is it essential before the final approval is given? I noticed in clause 13, certain stipulations are made to the granting of the interim approval, but those stipulations do not seem to apply to the final approval, so if one has to do the interim and then the final, it is all right; but if one would bypass the interim, then the provisions, as set out in clause 13(1), should also be applicable to the final approval.

Hon. M. Assam: That is correct. It is only where there is an interim approval that it applies, if one goes straight through, then one follows clause 13(1).

Sen. Prof. Spence: If one does not have interim approval, it does not specify that one has to follow laws, so we need to put somewhere else in the clause that the final approval includes 13(1).

Hon. M. Assam: The reason for the interim approval is the issue of the delay. If it goes beyond a certain period and it is causing obvious hardship and inconvenience, and the Minister feels that this project is going to be of benefit to the country in terms of employment generation, the backward and forward linkages, the spin-offs and so forth, he may grant an interim approval because he does not want to delay it, and this is normally after 45 days. However, if there is no need for an interim approval one moves straight to the final approval.

Clause 18 lays down the means by which an owner or operator may obtain a certificate of approval of capital expenditure and the circumstances under which it may be granted. It is important to calculate very carefully what the capital expenditure is, in order for it to be determined what level and extent of fiscal incentive would be approved.

Clause 19 would provide for the granting of additional interim approval by the Minister, and clause 20 imposes a restriction on the granting of such approval, while clause 21 would empower the Minister to extend, by notification, the period of tax exemption where he is of the opinion that the additional capital expenditure warrants it.

Sen. Daly: I thank the Minister for giving way again. Before he leaves Part 2, am I right that this Bill does not make any separate provisions for developers, that is, provisions for developers separate from persons who own or operate tourism projects, that there is no benefit to a developer who is not an owner or operator?

2.40 p.m.

Hon. M. Assam: It is my view that the developer will benefit from dealing with the owner/operator. The developer, in my view, would benefit from whatever he or she does from the owner/operator of the facility.

Sen. Daly: [*Inaudible*]...it is not recognized by this Act.

Hon. M. Assam: No, because a developer does not come under the category. You cannot interpret it to be the owner/operator of a tourism project. We are dealing specifically with the owners and operators, or would-be owners and operators of a tourism facility or project and these are the incentives that we are prepared to offer under the nomenclature as defined by the agency and as recommended by the Minister of a tourism project.

Sen. Yuille-Williams: How does that relate to the integrated resort development?

Hon. M. Assam: The integrated resort development is part of tourism, except this is something that is quite new, it is a new concept because an integrated resort development would include hotel, marina, golf course, villas, and condominiums under one operator. Except that perhaps it may develop in phases. You may have the first phase as the golf course and the hotel, the second phase as the marina, the third phase as the villas and the condominiums, but it would be one operator/owner under the definition of a tourism facility, but with the new concept of integrated resort development. There are certain safeguards in dealing with the disposal of units under the integrated resort development whether they are villas, or condominiums. You just do not come in and get out and get all the benefits passing through, because the Bill provides safeguards for that, but it is one owner/operator.

For example, if you want to look at the Lowlands Project in Tobago, the Hilton Hotel, it is going to be one owner/operator, it is just being done in three phases. You have now the 200-room hotel with the golf course and the wetland. I suspect that the marina would be the second phase, and the third phase would be the condominiums and the villas and so forth, but it would be one owner/operator regarded as a tourism project.

Under Part 3, a person who has been granted an interim approval or an additional interim approval under Part 2, may be eligible for certain excise duty exemptions. That is over and beyond the tax holidays, and over and beyond the other concessions granted in Part 2.

Clause 22 seeks to empower the Minister to grant to an applicant a permit for the importation or entry into Trinidad and Tobago, free of customs duty, and for the purchase in Trinidad and Tobago with the privilege of a drawback of customs duties or excise duties, such building materials and articles of equipment as are specified for the specific use in the tourism project or facility.

Mr. President, clauses 23 to 32 make provisions regarding the permit granted under clause 22, which is the drawback on customs duties for certain types of items as building and articles of equipment. It states the comptroller would be entitled to grant these exemptions, and certain privileges would be forthcoming under clauses 25, 26 and 27 seeking to prohibit certain uses of articles and materials subject to benefits.

Clause 28 aims to provide for the authorized disposal of articles and materials imported under a permit. For example, if you are allowed to bring in a car, you cannot dispose of the car under three years if you got certain exemptions. You would have to come back to the Minister, and under certain terms of conditions you would be allowed to dispose of that car. Similarly, this condition is being imposed in this particular context where you could only dispose of certain authorized articles that were imported under a permit under certain terms and conditions.

Clauses 29 to 32 endeavour to provide for the marking of exempt permits, inventory of all articles imported or purchased under a permit revocation, termination and transfer of permits respectively. And, of course, clause 33 empowers the President by Order, to amend all the Schedules and you will observe there are several Schedules to this Bill.

We turn to Part 4, which seeks to provide for the conferring of tax benefits—

Sen. Montano: I thank the Minister for giving way. You went on a little too fast for me. Under Part 3, would you clarify for us please, whether or not the developers have a facility? While we understand they must pay the VAT on the importation, will they be entitled to claim refunds of the VAT in the construction of their facility?

Hon. M. Assam: I am not too sure whether they would be able to claim refund of the VAT, I really do not know. What I do know is that there are certain situations where an importer is allowed to have his VAT refunded because I believe the VAT system operates in an in-and-out situation where you pay the VAT and you recover it on the other side either from the Board of Inland Revenue, or the purchaser. I do not know whether this will apply to someone importing building materials or whatever that person wishes to import for the specific purpose of erecting or constructing a tourism facility. I do not know.

Sen. Montano: Could you clarify that at sometime?

Hon. M. Assam: Yes, I can clarify that with the Minister of Finance in due course.

Clause 35 stipulates that an owner/operator of a new project would be exempt from tax in respect of the gains and profits accruing to him from the approved project where an approved capital expenditure was made in respect of that project and this is precisely one of the main planks of this piece of legislation.

In addition, Mr. President, there is also the determination or competition of gains or losses that will accrue to the owner or operator of an approved tourism project and this is provided for in clause 36.

Clause 37 makes eligibility for tax benefits in respect of gains or profits accruing to an owner/operator of an approved project contingent upon submission of a return in respect of gains or profits to the Board of Inland Revenue. So that is another important aspect, Mr. President.

By virtue of clause 38, the Minister of Finance would be empowered by order, to exempt from tax, the interest on an approved loan for a specified period. This is something that was of concern to some of the people who are entering the business, if such a provision which now exists in the Hotel Development Act will continue in the Tourism Development Act. There is provision for a continuation of this benefit under the Tourism Development Bill. So by virtue of clause 38, the Minister of Finance will be empowered by Order, to exempt from tax, the interest on an approved loan for a specified period and subclause (2) would impose

certain obligations on recipients of interest from an approved loan exempt from tax.

Mr. President, Part 5 of the Bill obviously would set down transitional and miscellaneous provisions because we intend—if this legislation is approved by this honourable Senate—in the final clause of this Bill, to repeal the existing legislation which is the Hotel Development Act. Consequently, persons entitled to tax benefits under the aforementioned Act, that is, the one that we are to repeal, will also continue to receive the benefits to which they are now entitled so that there would be no loss of benefit to operators in the hotel industry, or in any future tourism project.

Clause 41 imposes the penalty of withdrawal of certificate of benefits on tourism projects where they fail to meet the requirements set out by the Corporation or the Assembly. The Corporation in this case is the Tourism Industrial Development Company, and the Assembly is the Tobago House of Assembly. And if they fail to meet the requirements, they will withdraw the certificate of benefit as will be required in clause 41.

Clause 42 will empower the President to make regulations in general or specific circumstances, and clause 43 will apply the provisions of income tax and the corporation tax to owners and operators under this Bill. There is also a provision for losses that you can carry over some of your losses over a period of time so that people who make losses and would not be able to benefit from the tax holiday concession will be able to carry over some of these losses over a period of time.

One of the important things of this Bill, Mr. President, in my preamble when I was presenting it, I indicated that this has gone through quite a long gestation period starting almost four years ago. A number of investors got into the business and started their hotel or tourism projects with the clear understanding that they would be beneficiaries of all the provisions of this particular Bill, even though the Act had not come into force. When Cabinet agreed to all these various provisions, all these operators had been given commitments as early as January 1996, that they would be beneficiaries of the provisions of this Bill when it came into force, because it had been anticipated that this Bill was going to be enacted into law since 1996.

As I indicated, it went through a number of stages, it was laid in Parliament, it was allowed to lapse because many of the stakeholders were not satisfied with the

provisions of the Bill because there were many complications arising out of customs duties; Inland Revenue considerations; pass through taxes; what are you going to do with an integrated resort development; how are you going to deal with someone who gets a fiscal incentive and sells the property; how are you going to deal with people who get involved in villas and condominiums and they are split off eventually and the asset is stripped. All these very taxing considerations with respect to taxes had to be taken into account therefore, we had to be dealing with the Board of Inland Revenue, the Customs and Excise Division, the Ministry of the Attorney General in terms of the interpretation with certain aspects of the law and it took a long time. So the gestation period was unduly delayed, as a consequence of which, many people who went ahead in good faith are expecting that there would be a retrospective dimension to this piece of legislation, and hence, we have this retrospective provision in clause 44 which deals with this matter.

The clause has to be tidied up a bit because it is too loose, so when we come to the committee stage I would be introducing some very small amendments to tighten up certain areas to give greater comfort to the Members of this honourable Senate, so it would not be ambiguous in its interpretation with respect either to the lawmakers and the law enforcers, but equally important to the investors, or would-be investors in the tourism industry in Trinidad and Tobago.

Finally, Mr. President, we are seeking to repeal the existing piece of legislation, the Hotel Development Act and, therefore, clause 45 makes for such a provision.

Mr. President, I deem it a very great honour to have the opportunity to present this piece of legislation. I thank sincerely my predecessors, all the Ministers of Tourism who preceded me in whichever administration they belonged, for putting so much cerebation into this very important piece of legislation which would redound to the benefit of all of Trinidad and Tobago in our attempt to diversify the economy away from the energy sector which is so volatile as you know. For example, we had, in fact, budgeted for the price of a barrel of oil in the 1998/1999 budget for US \$14.10 per barrel, and to our great chagrin, the oil price fell through the bottom of the barrel and it was in single digits for many months.

2.55 p.m.

Therefore, we cannot continue to rely on energy, even in the gas sector which was quite buoyant and for which we received an enormous amount of investment over the last five years. Commodity prices also fell flat in urea, ammonia and

methanol. It also affected steel prices which also flattened during that period of time.

Mr. President, it is incumbent upon us as a government, or any government, to ensure sustainability in the development of our society, sustainability in the provision of employment, sustainability in the earning of foreign exchange and sustainability in terms of the quality of life of all our peoples. In so doing, we have to refurbish some of the other sectors of the economy. We have to make manufacturing more buoyant. Let them respond to the new technologies, create market space through the arrangements of free trade agreements. We have to have investment protection, promotion agreements and double taxation agreements. We have to strengthen the agricultural, agro-processing industries; we have to strengthen the services industries; make Trinidad and Tobago a technology and knowledge-based economy; we have to increase the financial services and we also have to develop the tourism industry, improve it, because it is one of the greatest growth poles now and into the future in terms of the generation of employment.

Do you want to say something?

Sen. Yuille-Williams: Mr. President, I kept very quiet, I did not want to interrupt the Minister so abruptly. I really wished he would have finished that sentence. Going back to something he said before in his winding up, so that I could prepare for the response.

I am going back to what he originally said about the integrated resort developments. I am sorry about bringing it up at this time, I thought he was going to speak a little more about it. Earlier in this Bill, in clause 6, it says if I purchase a condominium or a villa from the resort, I would not get a tax benefit. I am saying if the person who built it was a beneficiary of a tax benefit, I am saying that I am building for sale and yet I am a beneficiary. I am seeing a little conflict there, could you just clarify that for me please. Sorry to disturb.

Hon. M. Assam: There is going to be a transfer tax. If the ownership of a condominium or a villa is changed from the original owner to someone else, that will attract a transfer tax. Therefore, the person who originally benefited will not be the beneficiary of the whole benefit because of the transfer tax. However, the person who is the second owner will not benefit either, simply because we do not want to encourage speculation in these kinds of activities. Because it is very easy to encourage speculation, particularly foreigners coming here and speculating, in terms of the real estate stock of Trinidad and Tobago. So we wanted to discourage speculation in that regard.

Sen. Dr. Mc Kenzie: Mr. President, I would just like to ask the hon. Minister whether any consideration was given to the construction of dorm-type facilities which will not cater specifically along the foreign tourist line, but the local tourist line for groups: religious people, church groups, scouts, girl guides, *et cetera* and they do not want any specific hotel room or guest house room, they want a dorm-type facility: double-decker beds and so forth? Has any consideration or thought been given to this? It is a cheaper type but it caters to the local tourism market.

Hon. M. Assam: I understand the point the Senator is making but if it does not meet the criteria—because there are criteria set down—as to what will be considered to be a tourism project or a tourism facility. If it meets the criteria, then it will be accorded the various fiscal incentives. But if it does not meet the criteria, then it will not be considered to be a tourism project or a tourism facility. The criteria are very specific.

As I was saying, Mr. President, the tourism industry is extremely important. Its development is extremely important for us in Trinidad and Tobago. We cannot continue to be the victims of the vagaries of the international economic system as it pertains to commodity prices, oil, gas and so forth. We have to build security in our own economic system and, therefore, diversification is the only form of security, therefore the services sector becomes extremely important. We have to move away from the traditional types of economic activity and begin to build the services sector: the financial services, tourism, construction, legal, financial, arts and crafts, entertainment and all these various services. We see that the tourism industry is one of the most important ones. It is in this context and against this background that for the last three to four years, this Bill was being formulated with a view to taking advantage of what we considered to be one of the most important fast-growing and very profitable industries in the world.

Mr. President, I want to thank hon. Senators for all the questions and interventions they made and I therefore beg to move. [*Desk thumping*]

Question proposed.

Sen. Cynthia Alfred: Mr. President, having read the Bill and having listened to the presentation by the Minister, I have to admit that tourism development is something that is very close and very dear to my heart. I looked at the definition of tourism and I want to add something to that definition. It says all the good things about tourism: it must be sustainable *et cetera*. To me tourism is even more than that. The definition for tourism can be equated to the definition of good wine that matures with age. I believe that the sort of tourism we want in this country is the sort that would, indeed, mature with age.

The Minister did mention that this particular Bill has come out of approximately four years of consultation *et cetera*. He did mention that previous governments have made their input into tourism. On that note, I would like to mention that as early as the 1970s the then government—which of course would have been the PNM government—was very concerned, Dr. Williams, in particular, as Prime Minister was very concerned about developing Tobago as a tourism facility.

A particular guest house—I was told by the owner that I can call the name—the Coral Reef Guest House, was the first recipient of a tourism grant in the whole of Trinidad and Tobago, in order that that particular facility would come on stream. Others got the benefit, in Tobago as well as in Trinidad, but this Coral Reef Guest House—and as she informed me, from the time she got that grant she has not looked backed. Of course, we would recognize that a grant is something that is not paid back. So many years later, she informs me that the Coral Reef Guest House is doing very well indeed, having started with that grant from the then government which was the PNM government.

Even since, we have all been concerned about sustainable development in tourism. I want to stress that word “sustainable” because we know that the day Tobago—which is one of the two islands, Tobago of course is considered the tourism island—becomes the sand, sea and sun destination, everything that would have been put in place would be lost. Tobago is surviving right now and Tobago is considered one of the best tourism destinations because of the way in which the tourism aspect is handled. Of course, there are certain things that have not yet been put in place properly and I will speak about those afterwards.

3.05 p.m.

But, the Tobago House of Assembly and all persons concerned with the development of Tobago as a tourism destination must always bear in mind that Tobago is different and it must be kept like that because the day it goes otherwise, it will be just another destination. When you take into consideration the fact that we are so far out in respect of travelling from countries outside, then Tobago’s tourism will die. We cannot afford to have it die.

I want to read something that Mr. Carlos Dillon said some years ago. He is the General Manager of the Mount Irvine Bay Hotel, and in the *Tobago News* of Friday, May 23, 1997 on page 11, the headline said, “Carlos Dillon outlines vision for tourism development”, and he was not only talking about Tobago, he

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was talking about tourism generally. He made certain points about resource protection; sustainable development; social and economic development. Under “Social and Economic Development”, he said:

“In shaping the developmental strategy, recognition must be given to the importance of the existing social, cultural and economic elements of the island.”

Well, here he was talking particularly about Tobago.

“It must, therefore, provide the mechanisms to distribute tourism benefits throughout the island, particularly to small communities and the rural areas.”

Very important, Mr. President. One cannot develop tourism in isolation. One cannot use, say Scarborough as the capital, and say, “We are going to develop tourism here.” Tourism must reach into all the corners of the island, whether it be in Tobago or any other island, or Trinidad, because everybody needs to get involved so that everybody could benefit.

Then he spoke about the competitive advantage consideration and he spoke about the public sector investment requirements. I must mention this little part here. The article said of Mr. Dillon:

“He listed major arguments in favour of Tourism as: providing employment opportunities for both skilled and unskilled labour; generates a high supply of foreign exchange...”

We know that.

“increased income levels, increases gross national product and it requires the development of an infrastructure that will also help to stimulate local commercial and industrial activity.”

He also listed some of the disadvantages which I will speak about another time.

But it is very important that one should look at the infrastructure. No country, no island, could develop properly where tourism is concerned without the proper infrastructure. As I go along, I will show where, in some instances, the Tobago House of Assembly has done quite well in terms of some infrastructure, and in other instances things have fallen down, not necessarily because of the Assembly, but because of the Assembly and the Central Government not seeing eye to eye. But, I will bring that up when I talk about Tobago.

When I looked at the Bill, I had to read some clauses about two or three times and it has left me with a feeling of trepidation. I am wondering whether there is

something in some of the clauses that, perhaps, is not as transparent as it ought to be. That is only a gut feeling. It may not be so, but I felt I should mention it nonetheless.

Mr. President, the Preamble of the Bill says:

“The enhancement of the arts and culture”

It is talking about the areas where tourism needs to be good and I wonder, Mr. President, about the Trinidad Theatre Workshop. One may say this has nothing to do with tourism; I believe it does. I was so saddened when, just a week or two ago, we were informed that once again, the Trinidad Theatre Workshop had to move. Yes, they have been offered a sum of \$350,000 which, I want to assure anybody, can do absolutely nothing. It is so sad.

Then, I come to the Shaw Park Cultural Facilities. We are talking here about enhancement of the arts and culture. We know that at the Shaw Park Cultural Facilities, certain renovations were supposed to be put in place during the staging of the Miss Universe Pageant and, indeed, certain infrastructure was put down. But, we have learnt that, to date—I am subject to correction—that of the sum of \$6 million that was offered to the Assembly to put down those facilities, none has been paid yet. Of course, that leaves the facility in a half-finished state, because from what I understand, the Assembly had to do something because a section of the pageant was going to Tobago, so they fixed over the large stage area but the outside facilities that should have been covered, that is the pavillion part of it, still remains as it was just before the pageant came along.

I would like to know: When does the Pageant Company, through the Central Government, intend to give these moneys to the Tobago House of Assembly?

Mr. Assam: I do not know if the Central Government is talking with the THA, but Mr. Stanley Baird, Secretary for Tourism, is on record stating that not only would the THA use its own funds for the complete renovation and completion of the Shaw Park Cultural Facilities, but they would be done in time to accommodate the pageant activities whenever they came to Tobago. So, maybe the Senator could speak to Mr. Baird and ask him to give her that speech that he made, trumpeting—

Sen. Daly: Trump. [*Laughter*]

Mr. Assam:—trumpeting the fact that the THA would spend its own money and have the facilities ready on time.

Sen. C. Alfred: Thank you, Minister. I did speak to the Secretary and that is not the impression I got. The impression I got was that they would use some of their moneys, and I understand they used \$4 million, but they expected to get initially that \$6 million up front. They did not, and it is because they did not get it up front, that they decided to use some. That is how I got it, Mr. President, and I am almost certain—well, I would not want to say who is dissembling where, but that is what I got.

Still under the Preamble, it says:

“The fostering of strong linkages with other sectors such as agriculture, manufacturing and services”

It is unfortunate that agriculture, which is one of the main streams of tourism development in this country, Trinidad as well as Tobago, is really on the bottom burner of things. I cannot understand; like there is some sort of bogey in this country that many things go forward but not agriculture. A country that cannot feed itself, cannot sustain itself. Here it is put that one of the desirable qualities for sustainable development is:

“Fostering of strong linkages with other sectors such as agriculture...”

Of course, I will come to the sea transportation situation a little later.

It says also under the Preamble:

“The provision of significant improvement in infrastructure”

No country, no government can provide a good product unless it has proper infrastructure put in place and, sometimes, I wonder at ourselves as a people. We talk lightly, perhaps, about certain things, important things, but we do not really get down to the nitty gritty and put them in place. We talk about tourism and infrastructure. Infrastructure means putting down proper dams or reservoirs so that the hotels can get enough water. It means putting down the facilities for agriculture, fishing, *et cetera*. We talk about these things but when it comes to actually putting them in place, or implementing them, something goes wrong.

I would like to go to the Bill itself, certain clauses with which I have certain concerns and I will say what are those concerns. On page 6, the definition of “transportation services” is as follows:

“‘transportation services’ includes but is not limited to aircraft services, ferry services, charter boats...”

“Ferry services” and I cannot overemphasize—no one can—the importance of a proper ferry service between Trinidad and Tobago/Tobago and Trinidad. [*Desk thumping*] There has to be movement. Look at the last weekend, thousands of people could not travel from Trinidad to Tobago. During this period—the August period, the Emancipation/Heritage period, the Great Race—local tourism plays a very important part. But, what happened? So many persons could not get from Trinidad to Tobago. The air situation was not too bad. That worked very nicely. But then, not everybody can pay \$300 to get to Tobago.

I looked at an article in the *Tobago News* of Friday, July 30, 1999 which was headlined: “THA looking for boat to rent”. It went on to say that the Chief Secretary of the Tobago House of Assembly said he was going to look for a boat to rent. Very interesting, because the question is: Where is he going to get the money? He said, “We are talking with our bankers.” Mr. President, talking with the bankers is one thing, but he also went on to say that since 1998, I think for three years now, in the Tobago House of Assembly budget, there has been an item there for a new ferry or a new boat for Tobago and, each time, not one single cent has been given.

3.20 p.m.

I heard the Minister talking about the ferry service. One of the things he said—and I could be corrected—is that a committee is going to be put in place to work out this business of transportation between Trinidad and Tobago. Mr. President, you may recall that I brought a Motion on the Adjournment some time last year on this whole question of sea and land transportation. It amazes me to hear that at this stage when there is only one boat, that arrangements are being made for a committee to be put in place to look at the transportation between Trinidad and Tobago. This has gone on so long, really and truly, it is time that something definite be done.

Mr. Charles, the Chief Secretary, said that they are going to rent a boat, but it begs the question: Where are they going to get the money? Would they be given permission to rent a boat? And then we go on to the businessmen who complain bitterly. In this article in the *TNT Mirror*, of Friday, July 30, 1999 on page 6, it says: “Ration cards for Tobagonians.” I believe they were being a little facetious. The articles continues:

“It’s reaching that point, say businessmen as the island reels under transportation woes”

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It talks about the various businessmen complaining that they cannot get their stuff up to Tobago and so forth. It is not only the businessmen who were hard hit. If the businessmen were hard hit the population in Tobago would also be hard hit, because if you cannot get foodstuff and so forth, then you are hard hit. Even the individuals, the private persons, cannot get their cars up, and one businessman was saying that people should not be allowed to take their cars to Tobago when the businessmen need goods. But, Mr. President, one has to look at it more holistically than that. The businessmen are concerned, but the individuals, the private persons, are also concerned. If there has to be movement, then Tobago needs a new boat—whether it is rented, hired, purchased or whatever—and it needs it now! [*Desk thumping*]

Sen. Tota-Maharaj: Let us return to the Bill please.

Sen. C. Alfred: I seem to remember, when the Chief Secretary made a statement, I think the boat situation was one that exacerbated the situation.

Then we move to page eight, clause 7(b) states:

"Tourism projects seeking to access benefits under this Act -

- (b) are subject to annual inspection by the Corporation in respect of matters concerning Trinidad, and the Assembly in matters concerning the Assembly;"

One cannot equate Tobago with the Assembly. It has to be, "and in matters concerning Tobago". The Assembly, I may remind, is not Tobago, so this should be, "and the Assembly in matters concerning Tobago".

Mr. Assam: Point taken.

Sen. C. Alfred: Mr. President, I need some clarification. On page 9, clause 9 states:

"Tourism projects which will be reserved solely for ownership and operation by nationals of Trinidad and Tobago are:"

It spells out three, but I am wondering if it is just these three. Perhaps we could get some sort of clarification on this. It says three but I am sure there are many others. I believe the question may have been asked, but I think we should get some clarification. [*Interruption*]

Mr. Assam: Mr. President, on a point of clarification, it is not three, it is three categories, so you can have a number of activities within categories.

Sen. C. Alfred: Thank you for that clarification, through you, Mr. President. I am sure we can add to those categories, but still, maybe when we come to the committee stage.

Then we go down to page 10. I am going to leave out page 9 until I come to the Assembly, *per se*. We go to clause 15(4) on page 12 which states:

"The capital expenditure that is approved by the Minister in respect of a project shall be certified by the Minister to the holder of the interim approval granted in respect of that project..."

I am wondering whether, in a case like this, there should not be something else put in place. It seems to me that this is shrouded, not in ambiguity, but something is hidden here, where the Minister after request by a holder of the interim approval, can add, delete, vary and so on. I think it is a lot of responsibility for one person. I am wondering whether there should not be some sort of committee or something where this particular clause is concerned.

Then we go to page 13, clause 18(2):

"A copy of any certificate of approval given by the Minister under this section shall be deposited with the Board."

I think I may have missed it, but it is the first time I am seeing the word "Board", and I was wondering, which board. It just says "Board" and I am wondering how the word "Board" just popped in. [*Interruption*] Is it Board of Inland Revenue?

Mr. Assam: If you read the definition, the word "Board" means Board of Inland revenue. Before you go further, let me say that the Minister does not, in any way, add, delete or vary. It is if he is notified of a deletion, addition or variation, he may require a further certificate. Do not put all this burden on the Minister, he is not going to be involved in chicanery; it is where a deletion, addition or variation is notified to him, he would call for a further certificate; please!

Sen. C. Alfred: That was my point, Mr. President, that the Minister should not be burdened, whether it is he has to make an interim order or whatever. It seems to me that even if it is one in so many, it is still many things he has to do, so in order to clear the Minister then something else should be put in place.

Now, Mr. President, I would like to come to the question of Tobago because, as we know, it is considered the tourism island of the two. Of course, the first thing is the transportation. I already spoke about the ferry situation, but I want to

mention something that Sen. Mohammed told me. She was going out of the country last week and the flight out of Trinidad was delayed because there was a flight from Tobago with persons on it going out of the country, who were already checked by immigration, yet when they got in to Trinidad they were checked again by immigration. I do not know what was the reason for this, but that is unusual; it is not something that normally happens. It held up operations and we know that once you are checked in Tobago, by immigration, you go straight through, you do not have to be checked again in Trinidad, so perhaps there was a slip-up there and that needs to be corrected.

I would like to go back to pages 9 and 10 in the Bill. Clause 11(1) states:

"Where a project is contemplated in Tobago involving the size of investment prescribed in Schedule 9...may apply to the Chief Executive Officer in the prescribed..."

That says, in essence, when the form is made up it is sent to the Assembly for its recommendations. After the Assembly would have made its recommendations, it will then be sent to the Minister. Clause 11(4) states:

"The Chief Executive Officer upon receipt of the application from the Assembly shall forward it with his recommendations to the Minister."

In clause 13(1) it says:

"Where the Minister is satisfied that the tourism project is practical and that it would assist the development of the tourism industry in Trinidad and Tobago..."

The Minister would go ahead and give the necessary approval.

Mr. President, that is really looking for trouble. Just supposing for a minute, that for the recommendation by the Tobago House of Assembly on a particular project that is going to be in Tobago, the THA says, "No, we are not in favour of that recommendation", what happens then? The THA may say yes, but it is only a recommendation, the Minister has the final word. What happens if the THA says no and the Minister says, "But we do not see any problem with this at all, so we are going to recommend it?" Now, this project is going to happen in Tobago, what happens if the THA says yes, and the Minister says, "Oh no, we cannot have this in Tobago?" There has to be consultation, not the Assembly making recommendation, but rather the Assembly and the Central Government should consult with each other so that they will arrive at a proper solution.

It brings to mind the whole question of the Four Seasons Hotel. One may remember that a minister of Government went across to Tobago and made comments about this Four Seasons Hotel without any consultation with the Assembly. So we do not want to aggravate an already fragile situation. The Assembly and the Central Government must work hand in hand because the main objective is for the benefit of the people of the country. But if the Assembly and the Government are in confrontation on certain vital matters the people suffer, and there would be no development. Therefore, in this respect, let there be consultation between the Assembly, however they want to reword it, and the Central Government, so that there would be no after-effects of bitterness and so forth.

In Tobago, some attempts have been made to do certain tourism developments. The Assembly received short-term development funding from the InterAmerican Development Bank, and some of the areas were like the Heritage Park at Fort King George—they changed the name from Theme Park to Heritage Park. But this is very good. I have no problem with it. At one time when I was in the public service I even sat on that committee.

The Heritage Park is good. What, however, disturbs me is the fact that since November of last year when the Division of Culture, which was centred at the Fort, was removed to another building outside the Fort area, but the National Fine Arts Centre—I do not know how many people know how we fought long and hard to get a fine arts centre for the people of Tobago. We have good artists, great ones in some cases, and when I was in the Division of Culture we used to have exhibitions in hotels and banks all over the place. So we said, "Why do we not look for our own place?" After two years of negotiations, we got a fine arts centre. First it was at Orange Hill, then it was moved to an area in the Fort, and that was fine. Every year we got thousands of visitors at the Fine Arts Centre. We had exhibitions and all sorts of things at the Fine Arts Centre but most of all the local artists knew that they could go there, paint, put up their work which would be sold and they would benefit.

Sometimes on a monthly basis, we used to collect over \$4,000 in moneys for the local artists. But what has happened? The Fine Arts Centre has now been closed. It has been shut up, but more than that, some of the staff are still there. It is a big, old, beautiful building but, of course, it was one of the first that will be refurbished under this IADB loan. The building is shut up—to all intents and purposes—all the windows and the front door, but the staff is still there. They go into that building, I believe they open the windows to the side facing Scarborough, and they are there from day to day.

I made recommendations, Mr. President, in respect of this Fine Arts Centre, to relocate it to where the Division of Culture was, even if temporarily, because when the refurbishment work starts—and it has not started as yet, therefore, there is some time—it would be, at least, one year before the contractors move to this particular building where the Division of Culture used to be. The fact that so many persons, local as well as foreign tourists, used to find pleasure in going to the Fine Arts Centre, now there is nowhere, and that to me is a grave injustice. I raised it with the Chief Secretary already and the Assembly really has to do something expeditiously about it. It is stultifying the creative abilities of the local artists, and that is only one.

3.35 p.m.

Now, there is a tourism institute in Mount St. George. It is called the TTHTI, the Trinidad and Tobago Hotel and Tourism Institute. It is doing a very good job training persons to take part in the tourism development and so forth, but there is a concern. That institution displaced the then existing youth camp and even though I have heard so many plans for the youth camp—remember these young people trained in the youth camp, there are so many benefits that could accrue to them and to the community—they are just there like sheep without a shepherd and it is full time that the Assembly takes the thing in hand.

Now, I have asked question upon question and each time I have been told, “Yes, we are going to relocate them to this place in Signal Hill”, which has remained closed now for about—not closed, it has never been opened, that is for about three years now and the young people are suffering. Tourism development is a total thing and when we cannot have places where our young people are going to be trained they are going to go into other activities such as drugs and so forth.

That brings me to the farm school. We are talking about agriculture and tourism and this is another area where there is great cause for concern. I have raised it before and I was told that the farm school operates when the older farmers are given seminars and so forth, but I am not talking about the older farmers, Mr. President. The farm school was designed for young people coming out of school. There is no longer a farm school. What happens to the young people who want to go into agriculture? So the Assembly itself has to get its act together and determine very quickly what it is going to do about these young people, both from the youth camp and the farm school.

One other point I would like to make here in respect of the IADB loan and this is—oh, the decompression chamber I understand has been put in place. Tobago is

a very great area for diving. It has been put in place and it has not been commissioned but it is operational and somebody actually was taken there and the person survived. So that is fine.

On the question of Buccoo, coastal water management is something that the Assembly wants to put in place but I am afraid they are dragging their feet rather on the question of Buccoo Reef because it is supposed to be designated a marine park. I was surprised to learn after at least three years that they are now hiring surveyors to complete a survey. Mr. President, we know about Buccoo Reef. We know it died and it resurrected a little and it is going to die again and I think the Assembly should move very, very fast to get the survey done and then put in place whatever is needed to revive the Buccoo Reef, if it is not too late.

The final comment I want to make in this area is on the two-tier system; that is the two-tier system in respect of air fare charged for locals and for tourists. Now, I am not going to come to a conclusion about this because I have heard it from both sides but what somebody said is if you are going to charge the tourist from outside more than you would charge the local person who is going from Tobago to Trinidad or *vice versa*, then the agents must let people know.

I was in a situation at the Crown Point Airport where some very irate tourists came to me. I followed it up by speaking to the Secretary for Tourism and I would not go into his answer but the long and short of it is that some of them come here, they stay in Trinidad for a while and once they are going to Tobago they have to pay I think it is \$75.00 extra, or some extra moneys anyway. Of course they are not happy about it. I was told that it happens all over the world. Even if that is so then the agents must not wait until the tourists get to Trinidad or to Tobago to tell them they have to pay extra. I know in one case it was very embarrassing for the people concerned. So that is something which I think someone should look at.

Hon. Senator: It is just US \$12.00.

Sen. C. Alfred: Whatever. I think it is more the principle of it than the actual amount of money.

Finally, Mr. President, I would like to turn to Schedule 2. It says:

“Areas of Activity to be Undertaken by Tourism Ancillary Facilities”

I would just like to add, if I may, to No. 9, Theme Parks, the word heritage. It would read, therefore, “Heritage/Theme Parks”, because the theme is not necessarily heritage. And where we have No. 10, “Cultural centres”, it should be “Cultural and craft”, seeing that craft plays such an important part it should be

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“Cultural and craft centres”. “Cultural” immediately brings to mind more the performing arts, but I think if we put in the word, “craft”, then there is no doubt. Before “Special events” I would like to include the word, “Horticulture”.

We have talked about all sorts of things here. Horticulture is a growing industry in Tobago, I am not sure about Trinidad, but certainly in Tobago, and I think it is an area that we can have here. In all the hotels and so forth there are small people planting their flowers and getting them sold and not only sold but there are persons who have those beautiful, big plants in pots which they supply to the hotels, the business places and so forth. So I think under this one we could add “Horticulture”. It is just a suggestion.

So, Mr. President, that is my submission. I hope that I have made some difference to this Tourism Development Bill. I think we all are interested in tourism development and we want to see Trinidad and Tobago as one of the leading countries in the world in respect of tourism but we must cut out the airy-fairy, we must cut out the lightness and the facetiousness and so forth and get down to the basics.

We must put things in place like the infrastructure, *et cetera, et cetera*, so that when somebody comes to our country, whether it is a tourist from outside or whether it is a local tourist, meaning going from Trinidad to Tobago, everything must be put in place so that with the hospitality we know our people are so famous for we would be able to treat our tourists so well that they will not have any second thoughts about returning to this beautiful country of Trinidad and Tobago. I thank you, Mr. President. [*Desk thumping*]

Sen. Prof. John Spence: Mr. President, I would like to congratulate the hon. Minister in bringing a Tourism Development Bill to the Senate but from what he said I must congratulate not only himself but his predecessor or predecessors. One of them whom I will also congratulate is the Minister of Finance who used to be the Minister of Tourism. I am tempted to suggest that perhaps I could persuade the Prime Minister to add to their portfolios, either one or the other, that of agriculture [*Laughter*] [*Desk thumping*] because I am very anxious that we debate an Agricultural Development Bill.

With respect to the Tourism Development Bill, I can understand the need for fiscal incentives for tourism, and certainly I think that many of the incentives are quite appropriate. Before getting down to the actual terms of the Bill, I would just like to make a little comment on the Preamble. I do not like the wording of the Preamble with respect to “The enhancement of the arts and culture” because it

gives the impression that tourism is needed to enhance the arts and culture. Now, I certainly think that culture is not something you should have tourism enhance. Culture is what we enhance ourselves and then we invite the tourists to partake of our arts and culture. So I would like, myself, to make a small point, but I still think it is important, that we delete it in that section and add it under the section which says, "strong linkages". We can have strong linkage to arts and culture but not that they be enhanced.

Similarly with "infrastructure", unless we are talking about tourism infrastructure, it must not be the case that we depend on the fact that we bring tourists here for having a good water supply. We want a good water supply for ourselves and good roads and so forth. So "infrastructure" also, I do not think really, should be placed in that sort of category. With respect to "linkages", I certainly would like to suggest that we include in the "linkages" construction and furniture.

You know, Mr. President, some calculations suggest that the tourism industry in many of the countries of the Caribbean brings a very small percentage of foreign exchange to the country because most of the inputs are also brought in: the furnishings of the hotels, some of the construction materials of the hotels and certainly all the agricultural produce. So I certainly would like to see that we emphasize that these linkages must occur and later on I shall suggest an amendment which I hope would go towards making some of these linkages a conditionality under concessions.

Now, we borrow money from many multilateral agencies and each of them has conditionalities. Money does not come freely. As taxpayers of Trinidad and Tobago, if we are giving money to these tourism developers, I think we should have the right to expect them to do certain things in return. It is true that we are looking for development and we must not put conditionalities which would make that clause unacceptable, in the same way that we ourselves are put out by some of the conditionalities of our international loans. However, we certainly must consider whether we should not at least focus their attention on some of these linkages. I shall suggest how we might do that later on in the very brief contribution that I make.

The Minister has emphasized sustainability and I think this is extremely important. For that reason I myself have stopped using the word, "ecotourism" because ecotourism may not mean sustainability. Ecotourism also means hordes of young people who are after nature. You know, I am told that there is a little book in the United States which tells people how to avoid paying entry fees for

parks in Europe. It actually suggests to them certain points of the national parks where they can enter without having to pay the fee. So that a large number of tourists do not necessarily make for sustainability and I think we have to stop talking about ecotourism and talk about conservation tourism.

If we aim our whole development of tourism on the basis that what we want it to do is to conserve what we have, then I think we can talk about sustainability and this is particularly the case in Tobago. Tobago is in a very fragile situation with respect to tourism. We could so easily go wrong in Tobago whereby the tourism that we develop collapses in a very short space of time and that would happen if we had, in my opinion, large hotel developments in Tobago. For example, the tourism master plan suggests 1,000 hotel rooms in Charlotteville. That would completely change the character of Tobago. Every visitor who goes to Tobago says that one of the things they are attracted to in Tobago is the character of the country and the character of the people, so nothing should be done—

Mr. Assam: I do not want to disturb the Senator but I am sure the Senator is aware that we have put a limitation on the number of rooms in Trinidad and in Tobago—5,000 in Trinidad and 3,000 in Tobago—and therefore we are not going to have this concentration in any one place in order to deal adversely with the environmental conditions. The other point I wanted to raise was the inclusion of furniture and construction. We spoke about backward and forward linkages which would include construction and furniture and many other industries.

Thirdly, he spoke about conditionalities but the only way you would be able to import something into Trinidad and Tobago and obtain the customs duty exemptions and all the other fiscal incentives is that they must not be available— if they are available here you would not be given the concession. So that is part of the conditionality, that once the item is available locally you must utilize the local thing. So I do not think the Senator should have any fear.

Sen. Prof. J. Spence: I am very pleased to hear that, Mr. President. The trouble is that the present Minister may not always be Minister, so I want to see it in the legislation. All that he has just said I agree with 100 per cent, but let us put all that he has just said in the legislation and that would be fine. *[Interruption]* And as my Senatorial colleague has said, some of his other Ministers may not agree with him and they may have more power.

Mr. Assam: Even in the Bible and the Constitution you do not have everything.

3.50 p.m.

Sen. Prof. J. Spence: No, well I think it is important that in something like this we make sure that the future is secure. Indeed, Sen. Alfred gave an instant case in the Four Seasons development of Tobago, where one Minister gave an approval for a very large development which the Tobago House of Assembly was quite unhappy about. So I think it is quite clear that that can happen even under existing circumstances in this Government. So I think it is extremely important that we look at Tobago. Why do we not inform ourselves more clearly of what the people in Tobago really think?

I have mentioned—at least on two occasions in this Parliament—a project which I have been trying to get on stream for the last six years. The hon. Minister of Finance who was then Minister of Tourism in the PNM government could corroborate what I am saying. In 1994, I went to see him as Minister of Tourism, and believe it or not, in 1999, we are still struggling to get the thing approved. And the bureaucracy within TIDCO—by the way, which is put up by passing the Government's bureaucracy—is unbelievable; because it still has not been approved. It was approved in January and it still has not been off the ground in August. Eight months from the time it was approved by everybody to the time when the thing was signed on a dotted line to get off the ground. So honestly, I think that we have to do something about our bureaucracy even in our autonomous institutions.

We really need to know what the people in Tobago think. This is a very simple project to ask the ordinary people in Tobago, do you want to work in hotels like the Hilton type or, would you like to work in guest houses like the Asa Wright type? Do you want tourism develop in that way, as major centres, dotted around the country, with upscale tourists, or do you want mass tourists coming in charters that come from Italy or where have you, by the plane load, spend very little locally and go back and pay all that expenses? What sort of tourism does the ordinary Tobagonian want? We are sitting in Parliament and passing a Bill that decides for them.

Mr. Assam: Mr. President, to disrupt the hon. Senator again, we held two stakeholders' conferences. Maybe he is not aware of them. In fact, Sen. Prof. Kenny was in one of the them. We held one in the Chaguaramas Convention Centre for Tobagonians and the other at the Works Department Offices in Scarborough. This was facilitated by Dr. Auliana Poon and the report has been presented to the Tobago House of Assembly. I have a copy of the report. So we did consult with Tobago in a stakeholders' conference there. Both islands were consulted.

Sen. Prof. J. Spence: Mr. President, I know what consultations are like, I am going to one tomorrow. I am saying, ask the ordinary folks in Tobago, by means of a well-structured survey, what they want and then you will find out. But consultations of that type do not tell what the “man-in-the-street” wants. Of course we have consultations. I have been to hundreds of agricultural consultations, where is the glottis in agriculture? So I think it is still extremely important to survey opinions in Tobago and not rely upon structured consultations. Sen. Dr. Mc Kenzie and myself are going to one tomorrow. I hope it tells us something about the subject that we hope to discuss there.

So I think it is extremely important that we understand the fragility of Tobago. The Southwest of Tobago is gone. There is nothing we could do about that. The hotels have already been built, but there is the other four-fifths of Tobago that we need to protect.

With respect to Tobago, incidentally—I support Sen. Alfred in this regard—I have already drafted an amendment, which should be now circulated, to clause 13(1). What I am suggesting is that in clause 13(1), after “interest”, we insert “and has received the support of the Tobago House of Assembly for projects in Tobago.” Because clearly, the way it is worded, there is absolutely no need for any advice to be given by the Tobago House of Assembly to be taken. But there the people have to live with it. They have to live with the Four Seasons development. It is the same thing with the Planning Bill; I argued that—in the Planning Bill which is still before a Special Select Committee—the people in Tobago have to live with these developments and we want to sit in Port of Spain and decide what should happen in that island. One may ask: Why not Mayaro and why not Cedros and all the rest of it? That is also true, but it is easier to structure a more direct relationship between central government and the entities in Trinidad than it is in Tobago.

We have just been told—maybe, in the newspapers and correspondence—the difficulties in getting to Tobago. I know that myself. My son is here visiting from the United Kingdom. He tried to go to Tobago previously but he could not go. When he was able to go, he found that he had to pay one fare and his wife and children had to pay a higher fare. He is very upset about it, but that is the way we have structured the relationship with Tobago. So I would like to suggest that projects in Tobago should receive the support of the Tobago House of Assembly. This should be taken into account by the Minister.

We had the discussion earlier on and I am still not clear that we have come to the right conclusion with respect to the interim approval and the final approval

because the Minister said in his response to our questioning that the interim approval was not necessary and it could be bypassed. I do not read the Bill in that way, but it is extremely important for us to know. If it is indeed the case that that could be bypassed then the provisions in clause 13(1) must also be put into the final approval. If you say you can give interim approval but you do not need to give it then you can go straight to final approval. If clause 13(1) only refers to interim approval you must put those provisions—both the Minister's and what I have added—into the final approval, if that is the case. So we need to know. Is the Minister's response correct or, does the Bill, in fact, as I interpret it, mean that it has to have firstly, an interim approval? We certainly need to know that.

I would like to know whether the approval of the Tourism Development Bill is going to be given before or after Town and Country Planning approval? Because if it is not after, we could have the situation whereby tourism approval is given under this Bill and people are saying that they have all the concessions and so on. Then it goes to either Town and Country Planning or whatever may replace that. If the Bill is ever passed, then we would have the situation that they do an Environmental Impact Assessment, and they say, no, you cannot have that development. Certainly, it would look a bit silly because the developer was told that he can have all these tax concessions but he cannot now because he cannot have Town and Country Planning approval. So where is the process going to first?

And, of course, be careful now that we have not added another layer of approval. How are we going to solve that difficulty between the various agencies? There is the Town and Country Planning approval; the Environmental Management Authority approval for the environmental impact; then the Tourism Development Bill for the concession. So let us be careful when we talk about one-stop shop and then immediately set up three or four shops.

Mr. Assam: Mr. President, I think the hon. Senator is mixing up apples and oranges. This has to do with approval as a tourism project. It has nothing to do with planning; it has nothing to do with Environmental Management Authority; it has nothing to do with Environmental Impact Assessment; it has nothing to do with that. This is purely and simply—as I said earlier—an investment Bill for the tourism industry. And the interim approval is simply to give interim approval for the project as a tourism project. It has nothing to do with Town and Country Planning or Environmental Management Authority or Environmental Impact Assessment. There are two different things. I want the Senator to understand that this is a completely different context in which approval is being given strictly as a tourism project.

Sen. Prof. J. Spence: Mr. President, I am tempted to say that really it is not that simple. If the Minister thinks that I do not understand that there are two different approvals, all I am asking is: Which do you eat first; the apple or the orange? That is what I am asking. Because I think it is important, in the light of an investor, to know which comes first. Of course I know there are apples and oranges. I do not eat apples anyhow. They are foreign products.

4.00 p.m.

Mr. President, I am a little worried about the statements that some approvals have already been given on the basis that this Bill will be passed. I do not like sitting as a Parliament and being told that Government has already made some concessions and people have expended millions of dollars on the basis that I will take a certain decision in Parliament. I think that is most unfortunate, and I do not think that is the way we should operate in the Government. We should not give approvals conditional upon some legislation being passed in Parliament, so I do not like it being put that way even if that is what has happened. I think that is extremely disrespectful to the Parliament.

I am a bit doubtful still about the transfer tax as opposed to stamp duty, because it seems to me—and perhaps the Minister of Finance may be able to clarify this—that if one is going to replace the stamp duty, then somehow in the legislation, either this legislation or legislation that sets up stamp duty, there needs to be an amendment in order to allow us to replace the stamp duty by the transfer tax.

I suspect that if we leave it the way it is now, what would happen is that the transfer tax will be paid and the Ministry of Finance will then come and say, “You have to pay stamp duty, because that is what the law says. I think we need to look at that point if that is what we want to do, and I certainly have no problem with us doing that. It is a good idea, but I am just saying that the legislation must, in fact, carry out what we want to do.

With respect to clause 7, that is where I think we ought to put in our conditionalities with respect to enforced linkages. It is not mandatory. All it is saying is that the Minister has to consider certain issues when he is deciding what approvals to give, and I am suggesting that when he is looking at those various issues, we mandate him to consider also linkage to the agricultural sector, the construction sector and the furniture industry. He said he is going to do it, so there is no harm in mandating him to do it in the legislation. He does not have to do it. It is just one of the things to consider along with other things.

I think it is extremely important, because we lose the opportunities we are presented with for developing our other sectors and linking them to the Caribbean sector, and end up by finding that, in fact, apart from a few hotel jobs, we may gain very little from the type of tourism development that we go for.

In effect, that is what I think could have gone into the preamble. I do not think there is enough in the preamble to indicate just what we are after with respect to the objectives of this Bill. For example, there is nothing whatsoever about the environment. The Minister spoke very passionately about sustainability, but there is nothing in the preamble to suggest that one of the factors we must consider as being extremely important—indeed this Bill on the whole—is the effect on the environment. I do not want to say anymore about that because I expect that Prof. Kenny will talk about that in his contribution to this Bill.

So, Mr. President, I am in support of tourism development and the fiscal concessions that need to be given. I feel that the fiscal concessions should be linked to certain activities and conditionalities which I think we should mandate the Minister to consider when he is giving these concessions and I think we ought to make special notice of the views of the folk in Tobago when we are giving approvals. I would also like us to include in the considerations, stronger provision being made for the views of the Tobago House of Assembly.

Thank you.

ADJOURNMENT

The Minister of Public Administration (Sen. The Hon. Wade Mark): Mr. President, before moving to adjourn this honourable Senate, we want to inform fellow Senators that we are going to be, at least, having one final sitting before we, too, join our colleagues in the other place to take at least a couple weeks before resuming to continue the business of the Senate.

In doing so, may I inform colleagues that when we meet next Tuesday—which should be our final sitting—we would like to meet very early in the morning, because we have some amendments we have to complete, as you will recall this morning on the Sawmills (Amdt.) (No. 2) Bill and the Forests (Amdt.) (No. 2) Bill.

There is a Bill we introduced today that we would like to complete as well before we take our recess, that is the Orisha Marriage Bill. Also, we would like to, as far as possible, try to complete the Tourism Development Bill. So, what we will do next Tuesday, Mr. President, is address the small amendments and we

Adjournment
[HON. W. MARK]

Tuesday, August 3, 1999

hope to complete them very rapidly, then we will go into the Orisa Marriage Bill and continue with the Tourism Development Bill. I am hopeful that we will conclude those matters.

Mr. President, I beg to move that this Senate do now adjourn to Tuesday, August 10, 1999 at 10.30 a.m.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 4.07 p.m.