

*Leave of Absence*

*Tuesday, November 09, 1999*

**SENATE**

*Tuesday, November 09, 1999*

The Senate met at 1.30 p.m.

**PRAYERS**

[MR. VICE-PRESIDENT *in the Chair*]

**LEAVE OF ABSENCE**

**Mr. Vice-President:** Hon. Senators, leave of absence has been granted to Senators Ganace Ramdial and Brian Kuei Tung from sittings of the Senate during the period November 09, 1999 and continuing during their absence from the country.

**SENATORS' APPOINTMENT**

**Mr. Vice-President:** Hon. Senators, I have received the following communication 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 Ganace Ramdial is incapable of performing his functions as a Senator by reason of his absence from Trinidad and Tobago:

NOW, THEREFORE, I, ARTHUR N. R. ROBINSON, President as aforesaid, acting in accordance with the advice of the Prime Minister, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, DAVE COWIE, to be temporarily a member of the Senate, with effect from 9<sup>th</sup> November, 1999 and continuing during the absence from Trinidad and Tobago of the said Senator Ganace Ramdial.

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 4<sup>th</sup> day of November, 1999.”

*Senators' Appointment*  
[MR. VICE-PRESIDENT]

*Tuesday, November 09, 1999*

“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. KELVIN RAMNATH

WHEREAS Senator Brian Kuei Tung 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, KELVIN RAMNATH, to be temporarily a member of the Senate, with effect from 9<sup>th</sup> November, 1999 and continuing during the absence from Trinidad and Tobago of the said Senator Brian Kuei Tung.

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 4th day of  
November, 1999.”

**Mr. Vice-President:** I ask your leave to defer the swearing in of the two Senators for later in the proceedings.

**ENVIRONMENTAL MANAGEMENT (AMDT.) (NO. 2) BILL**

Bill to amend the Environmental Management Act, 1995, brought from the House of Representatives [*The Minister of the Environment*]; read the first time.

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

*Question put and agreed to.*

**PAPERS LAID**

1. Report of the Auditor General of the Republic of Trinidad and Tobago on the accounts and financial statements of the Intellectual Property Office for the year ended December 31, 1998. [*The Minister of Public Administration (Sen. The Hon. Wade Mark)*]

*Papers Laid*

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2. Report of the Auditor General to the Minister of Finance in accordance with Section 9(5) of the Exchequer and Audit Act, Chap. 69:01, on Expenditure under the Appropriation Account of the Tobago House of Assembly. [*Sen. The Hon. W. Mark*]
3. The Petroleum (Royalties) (Onshore Crude Oil) Regulations, 1999. [*Sen. The Hon. W. Mark*]
4. The Registration of Clubs (Amdt.) Regulations, 1999. [*Sen. The Hon. W. Mark*]

**SHIPPING (MARINE POLLUTION) BILL**

Bill to provide for powers and jurisdiction in relation to pollution of the seas from ships, intervention on the high seas in cases of oil pollution, dumping of wastes at sea, prevention of pollution from ships, preparedness and response for oil pollution emergencies, liability and compensation for pollution damage and matters incidental thereto [*The Minister of the Environment*]; read the first time.

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

*Question put and agreed to.*

**NATIONAL ART GALLERY AND MUSEUM BILL**

Bill for the purpose of establishing the National Art Gallery and Museum and for matters incidental thereto [*The Minister of Culture and Gender Affairs*]; read the first time.

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

*Question put and agreed to.*

**MOTOR VEHICLES AND ROAD TRAFFIC (AMDT.) (NO. 3) BILL**

Bill to amend the Motor Vehicles and Road Traffic Act, Chap. 48:50 [*The Attorney General and Minister of Legal Affairs*]; read the first time.

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

*Question put and agreed to.*

**MOTOR VEHICLES AND ROAD TRAFFIC  
ENFORCEMENT AND ADMINISTRATION (AMDT.) BILL**

Bill to amend the Motor Vehicles and Road Traffic (Enforcement and Administration) Act, Chap. 48:52 [*The Attorney General and Minister of Legal Affairs*]; read the first time.

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

*Question put and agreed to.*

#### RELATED BILLS

**The Attorney General and Minister of Legal Affairs (Hon. Ramesh Lawrence Maharaj):** Mr. Vice-President, Bill No. 1, the Integrity in Public Life (No. 2) Bill; Bill No. 2, the Constitution (Amdt.) (No. 5) Bill; and Bill No. 3, the Constitution (Amdt.) (No. 6) Bill are interrelated. I therefore seek leave of the Senate to deal with them together.

*Question put and agreed to.*

#### INTEGRITY IN PUBLIC LIFE (NO. 2) BILL

*Order for second reading read.*

**The Attorney General and Minister of Legal Affairs (Hon. Ramesh Lawrence Maharaj):** Mr. Vice-President, I beg to move,

That a Bill to provide for the establishment of the Integrity Commission; to make new provisions for the prevention of corruption of persons in public life by providing for public disclosure; to regulate the conduct of persons exercising public functions; to preserve and promote the integrity of public officials and institutions, and for matters incidental thereto be now read a second time.

Mr. Vice-President, the Senators in this honourable Chamber would recall that these matters were discussed during the last session of Parliament, but the session had to come to an end and, in principle, the matter was before a joint select committee. It was decided that in the new session of Parliament, these Bills would come back. The facts of the Bills are well known and hon. Senators would forgive me if I do not go into all the details of the measures, in light of the fact that I understand this has been discussed, and it is proposed to have these matters go before a joint select committee. What I would do, basically, is say what the measures deal with.

Mr. Vice-President, the three Bills which are before us contain the recommendations of a joint select committee which was appointed to consider integrity laws in Trinidad and Tobago. The Integrity in Public Life Bill would repeal the existing law and seek to give effect to the amendment to sections 138 and 139 of the Constitution as proposed in the Constitution (Amdt.) (No. 5) Bill. The provisions of the Integrity in Public Life Bill would enable the Integrity

Commission to exercise greater jurisdiction and control over the financial activities and ethical conduct, not only of persons in public life as prescribed by the Constitution, but also that broad category of persons exercising public functions.

Mr. Vice-President, the scheme now proposed in the new legislation reflects a distinction between those persons in public life who by virtue of the officer being engaged in the formulation of government policy and who are therefore required to file a financial declaration with the Integrity Commission, and those persons who are not involved in policy formulation or in the disbursement of public funds, but nonetheless perform public functions.

The Bill seeks to widen the net of persons who would now constitute persons in public life. The definition of “persons in public life” will therefore now encompass not only Members of Parliament and Ministers of the Government and their Parliamentary Secretaries, but also members of the Tobago House of Assembly, municipalities, local government authorities, boards of statutory authorities and state enterprises.

Another important feature of the Bill is to invest the Integrity Commission with the necessary authority to prepare a public disclosure statement. The statement will be compiled by the Integrity Commission from the financial declarations file and will reveal only those areas of a declarant’s financial dealings which would impact upon his decision-making and which would create a perception of conflict of interest. It would not, however, reveal the net worth of the declarant whose interests do not conflict with his public functions.

**1.45 p.m.**

The Bill would require a person in public life to declare, in addition to his income, assets and liabilities, any gifts received by spouse or dependant children. It would also allow the Integrity Commission to deal with any gaps or inconsistencies found between income received and assets declared. This would effectively place the onus on a person in public life to explain any sudden accretion in the value of his net assets and to establish the source of income which would have given rise to such accretion.

The intention is that it would be easy to detect any aspect of corruption and that the Integrity Commission on an examination of a declaration, if it is found that the income and assets which have been declared would be insufficient to fund the growth in the net worth which is disclosed—so that it has raised the presumption that there must be some other income to account for that growth.

*Integrity in Public Life (No.2) Bill*  
[HON. R. L. MAHARAJ]

*Tuesday, November 09, 1999*

Mr. Vice-President, in order to enhance the investigative ability of the Integrity Commission to carry out its functions in an effective way, the Commission would be allowed to draw upon the expertise of various law enforcement agencies. The Integrity Commission may also direct the Commissioner of Police to carry out further enquiries or investigation which he thinks necessary and expedient.

The Bill also increases the penalties and criminal sanctions which may be incurred for any breach of the provisions of the Act. A person in public life who fails to adhere to the provisions of the law would now be liable to a fine of \$250,000 and to imprisonment for a term of five years.

There is provision for the forfeiture to the state of any property which a person in public life fails to disclose. The code of conduct provided for in Part IV enables the proposed integrity legislation to enhance the question of ethics, thereby ensuring that there is a promotion of higher standards of conduct in public life. Mr. Vice-President, Part IV essentially provides a framework against which acceptable conduct can be judged and creates a new offence. It seeks to address issues of public morality such as:

- conflict of interest;
- insider trading;
- influence peddling;
- acceptance of gifts; and
- the practice of lobbying,

so as to safeguard public confidence.

The Constitution (Amdt.) Bill (No. 5) will amend sections 138 and 139 of the Constitution, to widen the jurisdiction and powers of the Integrity Commission. The Bill would do three things:

- (1) Provide for the widening of the net of the persons currently required to submit declarations to the Integrity Commission;
- (2) Provide for integrity legislation to establish higher standards of conduct; and
- (3) Invest the Integrity Commission with additional powers.

Then there is the Constitution (Amdt.) Bill (No. 6) which would amend sections 121, 123 and 125 of the Constitution for the purpose of investing the Public Service Commission, the Police Service Commission and the Teaching Service Commission with the authority to enforce standards of conduct.

When this matter was discussed on the last occasion in this honourable Chamber it was felt that these Bills needed further consideration by the Parliament and the most effective way was to have them done through a Joint Select Committee of Parliament. Having regard to the procedures and the Standing Orders it is not possible to do it just like that, one has to move the Second Reading of the Bill; but I would move the Second Reading on the basis recognizing that the Government would support the Bills going to a Special Select Committee of the Senate.

I beg to move, Mr. Vice-President.

*Question proposed.*

**Hon. R. L. Maharaj:** Mr. Vice-President, the honourable Senate agreed to do the three Bills together, but when one is taking the vote it would have to be done on a separate basis. The hon. Senators can speak on the three Bills at the same time so there would not be three contributions.

**Sen. Nafeesa Mohammed:** Mr. Vice-President, it is very rare indeed for us to be graced with the presence of the hon. Attorney General, in such a tranquil mood and, perhaps, events in recent times may have been causing that, and we are, indeed, grateful for that change.

Mr. Vice-President, we, on this side, certainly welcome the announcement that these three Bills will, in fact, be referred to a Select Committee of the Senate. Once again, I know that—not the immediate bills that are before us—draft bills were, in fact, put forward before the previously appointed Joint Select Committee of the Parliament of which I was very pleased to be part of the deliberations of that particular committee. I think it was appointed way back in 1997. There are several Senators here who served on that committee and I recall that we did, in fact, engage in very extensive consultations, having sent out some 3,000 letters requesting views on the Green Paper. They were, in fact, circulated. There were several sessions held throughout the length and breadth of Trinidad and Tobago, and at the end of the day we were, in fact, able to get the views of some people and they certainly were very helpful in enabling us to arrive at some kind of position with respect to the Green Paper. I think we need to make a point on the process that was embarked upon, because in the initial stages, if the hon. Attorney General were to look at the terms of reference of that Joint Select Committee, it was specifically appointed to look at the Green Paper on Integrity in Public Life, with a view to making recommendations arising out of the provisions of this Green Paper.

*Integrity in Public Life (No.2) Bill*  
[SEN. MOHAMMED]

*Tuesday, November 09, 1999*

**1.55 p.m.**

During the course of our deliberations there were three draft bills that were, in fact, put forward before the committee: the Integrity in Public Life Bill, I think that was a 1995 Bill, and there were the two Constitution (Amdt.) Bills. Those Bills, from what I gather, emanated from a Cabinet decision and were not, in fact, part of the original terms of reference of that Joint Select Committee, but certainly in the process that followed we did look in some detail at those particular Bills.

I think it was in November 1997 that the report of that Joint Select Committee was presented in the Parliament, but prior to it being laid here I distinctly recall that we on this side submitted a minority report because there were certain areas of concern. We felt there was a need for deepening the provisions with respect to integrity in public life as it related to those Bills that we had looked at. In an effort to arrive at some kind of compromise, at the end of the day some little give and take took place and eventually a report was laid in the Parliament.

In that report certain amendments were proposed to the original Bills that were laid in this Chamber. When the new session of Parliament resumed I believe another committee may have been appointed or if not, it was not until July of this year, before Parliament was prorogued that the Bills in their amended form did, in fact, come before the Senate for debate. This took place just on the eve of the local government elections and we were taken by surprise at the haste with which they suddenly brought them back on the agenda.

We had extensive debates on that occasion; it was in July of this year, I am sure the hon. Attorney General would recall the discussions that took place. It was, in fact, recognized that there was need for further analysis and study of the particular bills that were presented then. I think it is the same bills from July that are now before us. Parliament was prorogued, those Bills would have lapsed and here it is today we are looking at these three Bills once again. I am very happy indeed that the Bills would, in fact, be referred to a select committee. Based on a discussion I had proposed to delay the process because we are all in agreement that there is need to bring on board effective integrity in public life legislation. We acknowledge that while there is an Act in force, Integrity in Public Life Act 1987, there is need for more teeth in the present mechanism which exists.

Mr. Vice-President, if I may make a general statement or quote from a document that was compiled by a study group appointed by the Commonwealth Parliamentary Association. It is entitled the *Commonwealth Parliamentary Association Study Group Report—Conflict Of Interest Legislation*. It was



compiled in Australia and at page 1 of this group report, in the introduction, it says:

“The Westminster system is ultimately dependent for its success on those who are elected and appointed to operate it. However, public perception of government officials is most important, for the integrity and authority of government depends not only on the quality of those who govern, but depends also on the degree of public confidence in those who govern. Both of these factors must be constantly monitored to ensure that the public trust which is given by the people to those who operate the system of government is not abused and thereby destroyed. For if this happens, the system of government is incapable of serving the public interest and must ultimately collapse.”

Mr. Vice-President, we all live in Trinidad and Tobago and we know what the state of things are like in our country.

Page 2 of this document deals with “Public Integrity - Conflict of Interest: What Do These Expressions Mean?” There is a very long section but I would like to quote one little paragraph from it. After talking about corruption, misconduct and what have you, an attempt was made to define “conflict of interest”. It states:

“Thus, conflict of interest” is the expression used to describe this betrayal of the public trust or interest for one's private interests although today, no such betrayal is necessary, for the mere appearance of a betrayal is sufficient to impugn the integrity of a Member.”

There is so much in this document to look at. It also states:

“(2) Where a conflict of interest arises, to resolve the conflict by either (a) disclosing the conflict and withdrawing from the matter which in some cases will require the matter to be dealt with by someone else; or (b) disclosing the conflict and being permitted to continue to execute one's public duties on the basis that the public interest will be furthered.”

These are just reminders to all of us here in this parliamentary Chamber in terms of some of the issues that arise when we are looking at integrity in public life. We need to remind ourselves, regardless of what political party we belong to or what our political affiliations are, that we are involved in public business and, therefore, there are certain standards expected of all Members of Parliament and, indeed, all those engaged in public life. From time to time, we need to remind ourselves of these standards.

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Mr. Vice-President, I have in my possession a copy of the report of the Joint Select Committee of the Parliament that was appointed to consider the Green Paper on Integrity Legislation and to submit recommendations to Parliament thereon. This document is dated November 6, 1997 and it sets out the chronology of events as it relates to the Green Paper and these three Bills that we are, in fact, discussing here this afternoon. I do not intend to go into any great details on it but simply to highlight that in the deliberations there were certain areas of concern. In fact, these areas are highlighted at page 6 of this document where it focusses on the issue involving, for example:

- “the exclusion of Senators from the purview of the Integrity Commission;
- declaration of family interests and whether a person in public life should reveal the income of his spouse and children;
- the inclusion of members of the Municipal Corporations and Local Government Bodies in the ‘net’;
- whether members of the Judiciary/Magistracy should be included in the targeted groups for scrutiny and therefore fall under the jurisdiction of the Integrity Commission;
- post employment restrictions on persons in public life;
- the educating of members of the public, especially young people, about the importance of maintaining a high level of integrity in their own lives;
- standards of conduct and a Code of Conduct for Ministers and Parliamentarians;
- Management Trusts, Blind Trusts and the vesting of the Integrity Commission with power to order a person in public life to place his assets in a Management or Blind Trust.”

Mr. Vice-President, after lengthy discussions, eventually, I think in relation to Senators, our position being members of a political party in the Opposition, we had no difficulty in terms of supporting the idea that Senators should, in fact, fall under the purview of the Integrity Commission, but there were very strong arguments for and against the inclusion of Senators. At the end of the day what is being attempted in the Bill before us is, for example—if you look at the definition section of persons exercising public function at page 7 of the draft Bill, you will see that it includes all persons holding office under the Public Service, Police Service, Teaching Service and Statutory Authorities Service Commissions, as well as Senators, members of the diplomatic service and advisors to the Government.

What they have done is to actually include Senators under the category of “persons exercising public functions,” which really brings Senators under the legislation as it relates to the “Code of Conduct” which is in Part IV of the Bill on page 20. There is a code of conduct that is prescribed in this draft Bill. I think that in the committee stage we would be able to go into greater discussion as to whether that is sufficient or not.

Mr. Vice-President, the issue of the inclusion of spouses, dependants and so forth, generated a lot of discussion. At the end of the day, the draft Bill that we are looking at now, did, in fact, water down, to some extent, that inclusion. That is still an area of some concern. I know that some people would have concerns about that particular aspect of the Bill.

One of the provisions in this draft Bill as well, that is different from the earlier Bill, is the stiffening of the penalties from \$20,000 to \$250,000, and the question did, in fact, arise as to the criteria for setting a penalty. While the idea of stiffer penalties may have some weight, we have seen where in recent times in our country the stiffest penalty of all being imposed, in terms of criminal behaviour and conduct, when nine people were hanged and that has not really made any impact in terms of the crime rate and the situation involving murder in our country. When a person could be murdered for a pen in a shop, that kind of senseless killing still continues to stalk our land, so we really have to wonder about the effectiveness of simply legislating, going for a big figure in terms of how successful it is as a deterrent for whatever activity you are talking about. Certainly, we need some kind of strengthening mechanisms but whether this *carte blanche* imposition of \$250,000 is going to be a deterrent for people in terms of their filing a statement or whatever it is, we need to look into greater detail on that issue.

Mr. Vice-President, there is another area that is still of concern to us, because when we look at the report presented to the Parliament it did, in fact, say that there was consensus on most of the provisions in the Bills looked at. The fact remains there were areas that we felt still needed to be thrashed out and discussed.

When we look at the code of conduct, for example, in Part IV of the current Bill, we feel that this code does not go far enough. In fact, we had been suggesting that a code of ethics that had been introduced in 1987 by the then National Alliance for Reconstruction government, contained some interesting provisions which we felt could be incorporated in this new legislation, dealing with integrity in public life.

**2.10 p.m.**

For example, in this Code of Ethics which was approved by the then Cabinet and parliamentarians including Ministers there are certain provisions here. There is a section 18 which says:

“Ministers should disclose in their register of interest the following additional information:

- (a) the beneficial interest of the Minister, or a member of his immediate family, under any trust, and in any nominee company, with a statement of the nature of operations of the trust or company;
- (b) any trust of which the Minister is a trustee, with a statement of the beneficiaries and the nature of the operations of the trust;
- (c) partnership and joint venture interests with a statement of the nature of their operations;
- (d) liabilities;
- (e) shareholdings...
- (f) land and property owned by the Minister.”

Mr. Vice-President, we were advocating that other provisions of this code be incorporated in this kind of legislation. There is a section 21 which says:

“A Minister should divest his shares and similar interests in any company business involved in his department.”

Section 22 says:

“It should be unacceptable for a Minister who is required to divest to transfer his interests to certain other persons or bodies, for example, to his spouse, to another member of his family, or to a nominee company or trust.”

Mr. Vice-President, we know how these things operate. That is why in the discussions of the operation of a management trust we were very intensive because although the provisions are there, we feel that people can still hide behind these entities which are legal instruments. There is need to beef up this legislation so at the end of the day there will be standards and mechanisms in place to monitor the *modus operandi* of persons who hold public office. We have to assume that persons who are elected or holding these high positions are people of some degree of integrity. We have to operate on that basis and we know that over

time there is need for concern, and it is something throughout the Commonwealth. I know that several other countries have been looking at these issues and there is need to be continuously reviewing the legislation and strengthening the provisions that exist.

Mr. Vice-President, there was another area that we need to look at in some detail and that is the fact that with respect to the Code of Conduct, if there is a breach of the code, what are the sanctions? This is where the idea of setting up of a special committee of Parliament—perhaps an ethics committee—this is an idea that is being touted and one at which we need to look in some detail.

I know recently there was a parliamentarian visiting our country from India, Mr. R. C. Bhardwaj who did, in fact, prepare a paper where he made some comparisons with our Standing Orders in our House of Representatives, the Senate and the Indian Parliament and they, in fact, do have a provision that sets up an ethics committee so if there is an allegation of a breach of the code of conduct as it exists in the legislation, perhaps mechanisms can be put in place to refer that matter to the appropriate committee of the Parliament, a committee that we would need to examine in greater detail to see how possible it is to introduce such a committee.

Basically, we are indeed very happy to know that the three Bills are going to a select committee of the Parliament and we trust at the end of the day we would be able to come up with a piece of legislation that would establish the mechanisms for integrity in public life that would be workable. From time to time we have heard statements being made that the present integrity legislation is like a toothless bulldog, but we want to ensure that at the end of the day we have something in place that would give more teeth to the systems which exist; that we would be able to beef up and strengthen the present mechanism so we would have proper checks and balances in our system to ensure that those persons who hold high office and are involved in public life will, in fact, be able to display what everybody in our country expects of them. There are no exceptions. We are all included. We as parliamentarians need to take stock of the situation, examine ourselves, and see what we can do because we really have to go back to some basic core values in life of honesty, truthfulness and integrity in public life.

Mr. Vice-President, I thank you.

**Sen. Philip Marshall:** Mr. Vice-President, I rise to support this very important Bill, an Act to provide for the establishment of the Integrity Commission; to make new provisions for the prevention of corruption of persons

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in public life by providing for public disclosure; to regulate the conduct of persons exercising public functions; to preserve and promote the integrity of public officials and institutions, and for matters incidental thereto.

Mr. Vice-President, this issue of corruption is one that is being discussed at every level. It is being discussed in developed countries, and it is an issue relating to developing countries. It is top of the list of organizations such as Transparency International and it has been partly a cause for the economic problems that have been faced in East Asia. I mention that because the whole issue of corruption and lack of transparency is not one that simply exists in the public sector, but also in the private sector.

Mr. Vice-President, therefore, this Bill and the issue of independent organizations such as the Integrity Commission are an important model for the governance of our country both in the private and public sectors. I would read from *The Economist* of October 30 th 1999.

“WASHINGTON

Attacking corruption, or at least appearing to, is a priority for almost every emerging economy. As academic evidence mounts that graft deters investment and economic growth, aid agencies tie their largesse more directly to clean government,...no country can afford to ignore its reputation for corruption.”

That is from a public sector point of view. I would read from a magazine called *Impact* “Corporate Governance Goes Global” and it is reflecting on the problems in East Asia about corporate governance. It says:

“Life Lessons

The time has definitely come.

‘Good corporate governance is important for enhancing individual countries’ long-term economic performance and strengthening the international financial system,’ an OECD-World Bank paper says. ‘This is one of the basic lessons that the world has learned from the recent crisis in emerging markets.’

Like many basic lessons, this one did not come without pain. By Institute of International Finance estimates, foreign equity investors lost \$240 billion in the East Asian and Russian crises—blowing much of it, no doubt, on companies whose poor corporate governance standards were clearly visible long ago.”

Mr. Vice-President, I therefore raise the point that the issue of corporate governance affects not only public sector, but the private sector. It goes on talking about the concept of good corporate governance in the private sector and the whole issue of shareholder value, it goes on to say:

“After all, nothing raises one’s output like having a demanding boss, and Wall Street increasingly believes companies perform best when watched closely by their owners.”

Those owners naturally are shareholders who have to report on the performance of the company. In the case of shareholder value and public sector organizations, our owners are not shareholders, but taxpayers and, therefore, we should focus on the issue of taxpayer value as opposed to shareholder value. One of the important components, not only of this Bill, but the other legislation put forward by the Government of the day is the issue of the Freedom of Information Bill.

Mr. Vice-President, I believe there is no greater control than having to report to your stakeholders, to report to the citizens of the country. And why this is an important issue—I do not know where Trinidad and Tobago falls on the profile of issues and studies done by Transparency International but—it has been proven over and over again that where we lack corporate governance in public sector spending or discretion, what is really important is not a matter simply of not being able to account for the inputs, but maybe the decisions are warped and the projects on which money is spent do not redound to the long-term development of the country.

I keep saying all the time, I said it several times, that it is very easy to spend money on hard projects where you can see the concrete, whereas, to enable the transformation that many emerging economies need, we need to spend the money on the soft assets, the intellectual capital, the community development, the socio infrastructure, and this type of expenditure sometimes does not lend itself possibly to the ease of lack of accountability of maybe hard projects. These studies have therefore shown that where countries have good corporate governance, they have good decision-making.

James D. Wolfensohn, who is the president of the Board of Governors at the Annual Meeting of the World Bank and International Monetary Fund in October of 1996 said in a speech:

“...Let’s not mince words: we need to deal with the cancer of corruption...In country after country, it is the people who are demanding action on this issue...Corruption is a major barrier to sound and equitable development...”

Mr. Vice-President, I flip back to non-government organizations. I said in this honourable Chamber a few months ago that in a very well-developed country in Europe, the president of a charitable institution was on trial for putting into his pocket US \$47 million worth of charitable donations. So when we talk about corruption, this is a worldwide issue and it is something we should talk about openly, it is something that we need to get to the very fundamentals to correct in our society because we least can afford to have misspent money so urgently needed for our development.

Mr. Vice-President, I am not sure of the source from which I am reading but I believe it is a World Bank report. It says:

“Corruption is a symptom of fundamental economic, political, and institutional causes. Addressing corruption effectively means developing strategies to tackle these underlying causes.

The major emphasis must be put on prevention, that is, reforming economic policies, institutions, and incentives. Efforts to improve enforcement of anti-corruption legislation using the police, ethics offices, or special watchdog agencies within government will not bear fruit otherwise.”

So the whole issue is that of prevention and establishing strong mechanisms in our institutions where money is spent and where we need to develop specific controls.

Mr. Vice-President, some aspects of these reforms under the heading of “Economic Policy Reforms” may fall under these subcategories, for example: tax reform, simplifying and strengthening tax systems and strengthening collection capacity reduce corruption in customs and tax administration. This is an important issue, and again, I have said it several times.

### **2.25 p.m.**

Mr. Vice-President, there is no greater role for Government than to demonstrate the issue of equity to its various citizens. When you may have a tax collection system where people in the public service—professionals or other individuals—who are trapped under PAYE regimes, pay their taxes and others get away with it because of weak collection mechanisms, you set up a permeable framework of immorality where the people who escape their due share of tax, therefore, are providers of the encouragement of maybe people in the public sector agencies who may be vastly underpaid to continue with a relationship that is not above board. So, there are many issues to support this.



Another issue is the question of privatization and the importance of legislation like this to ensure that there is utter transparency. So, when Government takes a very important economic stand or direction, that they may have to privatize what was formerly a public sector company, because it is not meeting its financial bottom line, because it is drawing more from the Treasury than what is being put back into society, in terms of employment, *et cetera*, there must be transparency. So, when the citizens of the country see that such a decision is made on the basis of good economic sense, that goes well for the future of the citizens in the long term and it is not some short-term event for the benefit of those who administer at the point in time. Well-designed environmental and public sector policies are also key to the whole issue of assuring a population at large of the importance of transparency.

Mr. Vice-President, in other areas, I talked about the need of looking at the underlying causal effect and our underlying institutions. Under those areas of institutional reform may fall the following sub-headings: the whole issue of Government financial and management reform. We have talked several times in the Senate of the need to modernize our financial budgeting process, where we begin to focus, not on inputs; not accounting for the money that has been given to a state agency or ministry but accounting for the outputs. If the money is spent to a certain level, were these the anticipated outputs in physical, qualitative or other terms that should have been produced with the consumption of those resources? Unless we have that measurement and focus on outputs, outcomes, standards of productivity and performance, we have no control.

All these issues are very important because a society can be devastated by poor management although we can account for every cent. So, in a sense, corruption, in a very generic description of the word, where people in charge of major resources go about it in a haphazard manner, is a very important issue of this. Civil service reform is one of the issues of the institutional strengthening to have in place a situation where the population as a whole feel that the people who provide them with the service should operate at a certain level of quality, productivity and integrity, because their levels of pay, employment, conditions and training really manifest what these people are expected to do.

Mr. Vice-President, where members of society see that certain sections of a public service are grossly underpaid; where the difference in wages in a certain area between the private sector and public sector is so vast—sometimes it is referred to as the temptation gap—where the temptation gap is huge, even if taxpayers feel there is a little looseness in accountability, they rationalize it is

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acceptable because in fact, of that vast gap between what some people are paid and, what is expected of them, and what they should otherwise be paid. The endemic cause of this is if we have a situation where good people who work hard and deliver are paid the same as people who do not—I have used the term several times—where the reward for failure is the same as the reward for success, where we never differentiate between good people who should be retained and well-paid and other people who should be put aside because they could not care about the delivery of service to the taxpayers who pay their salaries. Unless we make some of those fundamental changes, the whole issue of the integrity that we wish to promote in a Bill like this, would in fact be severely dissipated.

We heard the Leader of Government Business, Sen. The Hon. Wade Mark, speak in an interview about Public Sector Week, which is going to be celebrated from November 14—20, 1999. He talked about the need of having a well-trained, educated and motivated public sector, and he is quite right. Trinidad and Tobago cannot improve its competitiveness in this ever-increasing competitive world, without the help of the public sector. The public, private, social and, of course, the labour sectors, join altogether to provide our overall level of competitiveness.

Mr. Vice-President, if citizens in this country do not realize what is this whole issue of public performance, training and recognition of people, if we do not change the underlying structures—by the way, I am glad to see that the President has recently appointed two people from the private sector to be members of the Public Service Commission. Two people who, in terms of their previous experience in a government agency and human resource management would probably bring to that commission a new way of thinking and, a new recognition to put in place what Sen. The Hon. Wade Mark has been talking about for years.

If we have a public service that is professional and where the pay structure rewards honest effort, it means we can shield many public servants from all sorts of avenues of patronage. This is one of the key matters. I know that Sen. Daly hates me to talk about Singapore but I will still mention it. *[Laughter]* Please do not think that I think anything from the Far East is good because their financial system collapsed but ours did not; so, they have a lesson to learn from us. One of the whole issues in Singapore moving forward was, this whole aspect of technocratic isolation where because of the fact that they said that people in Government—top civil servants and ministers—must be well paid because they make the most important decisions, they were able to recruit in the service of the country, top people who need not have feared for their future financial security, even if the government of the day changed. This is an important issue.

Mr. Vice-President, in Trinidad and Tobago, there is a situation that if someone gives up his or her work in the private sector and goes into Government, if the Government of the day loses the election, nobody wants to touch them with a barge pole and he or she cannot get a job after. So, there is the great risk of a person's financial security by attempting to serve the Government. When are we going to come to grips with the whole underlying issue? I am not saying that paying people more money is going to increase their productivity or skills overnight. What I am saying is, if this Government were to set up and announce publicly, that come the next election, Ministers of Government would be paid four times what they are now paid and top public servants would be paid three times of whatever it is they are now paid, and whatever the Government does it therefore, sets up the means by which talented people, who may not have great sets of capital accumulation, are then in fact, encouraged to come and serve their country for a short time, I think this is a very important issue. We could never have integrity if we are having wages paid to people who must make decisions about billions of dollars in investment and cannot send one child to university abroad, if they do not win a scholarship. How could we have integrity?

**2.35 p.m.**

We have to go at some real fundamental issues in terms of dealing with the financial terms of people who are expected to govern and to make important contributions to this society, and if the rest of the population cannot see that, what they are really saying is this: That we really like things the way they are. We like to complain about corruption but, really, we do not want to pay people enough so that source of income could even satisfy basic requirements and needs of somebody in that position.

So, Mr. Vice-President, I end, without going on too much, to say that this is a very important step forward. Although we may be dealing with this in a Select Committee of the Senate, it is not only a question of changing the wording of this Bill, but all the accompanying legislation, environment, institutional strengthening and the way we look at things in the public service and in the public sector so as to provide an environment where people who are attracted to work and to serve the country, must do so without any question of their having to be marginalized or put in a position of financial insecurity for the benefit of their country.

With that type of environment, this legislation, added to by the certainty of punishment—because, Mr. Vice-President, you could put large fines and you could threaten people, but if the predictability of punishment and wrongdoing is not there, there is no prevention in the legislation which you offer.

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Mr. Vice-President, with those few words, I support this Bill. I support the freedom of information and other amendments to the Constitution whereby Trinidad and Tobago is being taken in a direction where these are issues which are discussed openly and where we can set the stage for being a role model in terms of those who govern and integrity becomes a byword in our life.

Thank you, Mr. Vice-President.

**Sen. Martin Daly:** Mr. Vice-President, I will be very brief for two reasons. First, the Bill is going to a Select Committee and, secondly, I learned from Sen. Prof. Spence earlier this morning that we are going to have the pleasure of seeing the new Minister of Tourism in his new costume, and I really do not want to put that off. The thought of the new Minister of Tourism with his beach umbrella, his Pimms number one and his Speedo is far too exciting to waste any time.

I just want to emphasize, as I have done in a debate previously because I think it is very important, that most of the antidotes to corruption are not contained in this Bill at all. I want to reiterate my position that bulging filing cabinets of declarations of assets and liabilities which, if someone is corrupt, will inevitably be false, will not solve the problem. I made that point already.

Therefore, I am looking forward to persuading the committee that what we must do with this legislation is work on a proper public disclosure statement and work on a code of conduct to which everyone can subscribe, which can be enforced by the various bodies which regulate them and I said that in the case of parliamentarians, we must regulate ourselves. I like the idea of an ethics committee but by somebody of our own, possibly with an independent chairman. But, the remedy does not lie in this legislation.

I do, however, want to take up something that always amazes me about partisan politicians. I listened very carefully to Sen. Nafeesa Mohammed welcoming integrity legislation, and implicitly and explicitly, looking forward to working with her other colleagues on the Government side and from the Independent Benches on this legislation. I also noted many Members on both sides nodding their heads when, on this occasion, Sen. Marshall spoke about an aspect of life in Singapore of which I heartily approve, and that is paying people in public life properly.

I am just amazed that the Government and the Opposition, if they are sincere, have not been able to get together and deal with the Salaries Review Commission Report. It is totally hypocritical for each one to be saying to the other, "Look, they are doing it again." "Well, is you!" "Is you!" And they are playing a cat and

mouse game because they perceive some short-term political advantage in being able to tell the population, “Is not we who fix ‘weself’.” To me, to be talking about anything to do with corruption, while the Government and the Opposition are playing this absolutely foolish cat and mouse game about the Salaries Review Commission Report, is quite unacceptable.

Indeed, while they play it, one group of people in the society who are very, very exposed and are doing—what is it?—80 per cent of the judicial work—the magistrates—are starving. They cannot get any improvement in terms and conditions because the Government and the Opposition are playing this cat and mouse game, and the Government is hurting itself because the take-home pay of a Minister and those of lesser ranks, really, means that they have to make a colossal personal sacrifice in order to serve the country. How can the Government and the Opposition continue to believe that such a thing is acceptable? How can they?

I would like to hear Sen. Nafeesa Mohammed on that aspect of a bipartisan approach, but they are both equally to blame and if they join forces to explain to the population why the Salaries Review Commission Report should be implemented, that they have not had anything to do with its input or its results; they are not the ones fixing the salaries; the Salaries Review Commission is doing it; it is an independent body. If they get together and explain to the population, they did not do the fixing, it was the Salaries Review Commission, and it is necessary for people in public life to receive a decent wage, then we would really be getting somewhere in this bipartisan approach.

Paying people a decent wage does not simply have to do with their standard of living while they are serving the country in poverty, it has to do with the fact that if they have any capital, they have to make inroads into it. It has to do with the fact that in order to serve the country, they have to deprive their spouses and children as well. The sacrifice is not confined to making a sacrifice for self, they have to take the whole family along in the sacrifice. How could that possibly be right?

Therefore, I totally agree with Sen. Marshall and I certainly do not want to put off the appearance of the beach umbrella and the Speedo any longer than is absolutely necessary, but I want to support Sen. Marshall and say that it is a complete farce to ask people who are paid ridiculous wages when they serve the country to be involved in filing declarations of assets and liabilities. But, why are we bothering to do that at all?

By definition, unless they are bringing into the service of the country assets that they have already acquired, it makes the keeping of these filing cabinets and

another bloated commission a complete waste of time. Because they can only be bringing assets that they have already earned by some other endeavours and it stands to reason that if they are straight, those assets will only diminish while they use them to mind themselves, their wives and children. I am glad to see that everybody is nodding. Now, get up and do something about the Salaries Review Commission and do not worry about fixing yourself, or the magistrates, or anybody else.

Thank you, Mr. Vice-President. [*Desk thumping*]

**Sen. Muhammad Shabazz:** Mr. Vice-President, again, on this side we really see this Bill to be very important. We have discussed this before and one of the points that I still hold is that, really and truly, this Bill is not an Integrity in Public Life Bill, it is really an anti-corruption bill, because the aim of the Bill, really, is to ensure that people in the public service are people who give service to the public and should, in no way, become corrupt. As a matter of fact, what it seeks to do is to ensure that your savings, or the number of assets you have from year to year, does not really increase so far beyond your earnings.

As a matter of fact, if you made \$10,000 a year, your savings, if it were \$2,000 last year, should really be about \$3,000 or \$5,000 the next year at most. If your savings or your assets go beyond what your earnings have been for the year, you are going to be in some kind of trouble or some problems and you will have to face this thing called the Integrity Commission. To me, that is as simple as it is supposed to be. That is what it is really saying they want to do; that they want to make sure, again, that your savings do not increase what your earnings have been. They are asking you to come to this commission every year and report where your assets have been, what your increase has been, so that they could be sure that something did not go wrong or somebody did not pass money under the table, or over the table to you, to ensure that your assets have increased in any way.

The reason I say this is an anti-corruption bill is because when you speak about integrity, as I have said before, there must be some level of morality. You cannot talk integrity—and throughout this Bill where I have looked, I see only on page 9 that misbehaviour was mentioned and we need to look at that. It says at clause 8(2) that:

“A member of the Commission may be removed from office by the President acting in his discretion for inability to discharge the functions of his office whether arising from infirmity of mind or body or any other cause, or for misbehaviour.”

What does misbehaviour mean? The Bill does not define that. If the Bill is going to take some ethical form, some standard of morality, let us know what you mean when you talk about misbehaviour.

I go to page 20 at clause 24(1) where it says that a person should:

“(c) arrange his private interest whether pecuniary or otherwise in such a manner as to maintain public confidence and trust in his integrity.”

A better explanation, if you are really going to talk integrity in a serious way. All through the Bill, when they talk about integrity, a person at clause 24(2) shall not:

- “(a) use his office for the improper advancement or his own or his family’s personal or financial interests or the interest of any person;
- (b) engage in any transaction, acquire any position or have any commercial or other interest that is incompatible with his office, function and duty or the discharge thereof;”

Now, besides the Bill seeking to ensure that your assets are not increased in a way that cannot be explained, it is also seeking to ensure that it does not happen with your family. That is to say, if you had some deal from which you got a lot of money, rather than being able to place it in your wife’s account or in your son’s account, the Bill is now saying that should not happen. They, too, must report.

If we are saying that we do not object to that and we are saying we are fine with that, we are still saying, on this side, that corruption will not be stopped only by looking at people’s finances. The point has been made more than once.

As a matter of fact, there is a belief that the people who are involved in good business transactions, who understand the working of the system, will find ways to present their income tax to you in such a way that you will not be able to detect if there was corruption. You feel that you are not pulling in money on the VAT, or that VAT is not making the kind of money it should, and you might say this is because you do not have the infrastructure. Because, you could still go to a store sometimes and buy something and not take a bill if you do not want. There are ways. Corruption will not be stopped by only implementing things, putting commissions and doing a number of things like that.

In addition to that, the last time I said it and I say it again, this is a government that keeps telling you, “Bring the evidence.” So that even if you put forward corruption to them and show it to them, they are asking you to bring the evidence and then when you bring the evidence, they say, “Go ahead and investigate it if

you want. Bring more evidence.” They find ways that when you bring the evidence to them, you must also go out there and be the investigator to bring all the evidence and to prove everything to them. So that we know corruption will not be stopped only by seeking money measures and by reporting people and things like that.

**2.50 p.m.**

We told them before, and I will tell them again, that they are going to stop corruption by how they operate, by the type of vision they present to the country. In this House we hear much about what the PNM did and how the PNM was. In 1956, the PNM had a vision in this country. Regardless of what it might have been, they had a vision to change the way of the people, the life of the people; to lift the masses in a different direction; to bring us out of that kind of subservient way in which we lived to make us better and more independent. The PNM walked with a mission, and most of the time, I could say that 90 per cent of that mission has been accomplished in this country. [*Desk thumping*]

We saw the NAR come into power. I must say here that even though they are dead or seem to be dying, they too had a vision. They had a vision for this country, because in their time, we were talking about what we call patriotism. There was a vision for this country. Probably they might have gone about it the wrong way and they might not have understood certain things which caused them to not carry out that vision in the manner they should have.

The PNM came into power again and we had a vision. We had a course to stay on, to move away from the financial position we were in to take this country in a new direction and to work regardless, and make sure that vision was accomplished.

This Government has no vision. [*Desk thumping*] None whatsoever! They play games. They do things in a certain way when it suits them and, when they do things like that, the question of their morality will always pop up. [*Desk thumping*] We look at certain things and we wonder where is this vision.

I just want to show how the people look at things. The last time we debated this Bill—I travel on the Bus Route from Laventille to Port of Spain many times—I heard the hon. Sen. Daly talk. A child was knocked down and killed on the Bus Route just around that time and they talked about no traffic lights on the Bus Route and police on the Bus Route. There were so many roadblocks on the Bus Route after that; police at about four points from Laventille to Port of Spain.



Now, we are hardly even seeing the police. What do you think the people will think of this Government and their morality, Mr. Vice-President? They did not put up any traffic lights between Laventille and Port of Spain. When a child gets knocked down again, we will see them running again to put back the police and to make statements as though they really care about the people. There must be a factor of caring in morality and integrity. *[Desk thumping]*

How could people feel when they look at this Government? I do not want to get at the Attorney General, but I could tell him this: he defended human rights, and now he is defending the wrongs of humans. That will always make people talk about morality. *[Laughter]* Although Sen. Nafeesa Mohammed brought up the question of hanging, how could he tell people about morality when hanging was such a big issue?

I said it here last week. They hung people so much to make a point for the election, just as they brought the Integrity Bill and, after the election, hanging, which was so good, was over. And they talked about morality? How could we talk about morality and integrity to people when we see a government that was supposed to be—and people look at this—a government of the trade unionists; a government that opposed the parasitic oligarchy, now hugging up that oligarchy? *[Desk thumping]* It is not their fault because no statement has been made, nobody has said anything, and we now see trade union people being arrested at 1 o'clock in the morning. And we talk about morality and integrity?

What does integrity have to do with dollars and cents? If I have no money and I have integrity, am I not better than the man who has plenty money and no integrity? When we talk about corruption in the government service, from where does the corruption come? Does one know where the corruption came from, when they were a trade union government and they have now become a business government? I say it with due respect to all businessmen. It is the businessmen who corrupt high members of Government and holders of high offices. It is not poor people. They are now hugging up at all levels. *[Desk thumping]*

As long as there is corruption, it comes from the business people and the business community 90 per cent of the time, whether it is internal or external; whether it is Acker coming in, some foreign businessperson, InnCogen, whoever! It has to come from there. It will not come from the masses on the street. Why do we not want corruption? I am not saying that the business people are corrupt. I want to get that clear to the hon. Senator. I am saying that 90 per cent of the time when there is corruption, it must be in a framework where there is money, business and business people. I am not casting aspersions on anybody or saying

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anything against anybody. I want to make it clear. That is what they are courting: this union Government. They threw me off a bit, but I will come back on track. When they were playing table tennis and running and exercising, they are now playing golf.

Mr. Vice-President, let us move a little further. Why do we not want corruption? Mainly because corruption would affect, not so much the people at this level, but the masses. We do not want a man taking \$100 million or \$50 million, because the masses—the people whom we represent at this level—will now see that what has been happening is that the money could have gone to a hospital or a number of other places. When they put down a road that is not good and the costs went up too much, it is because they were depriving the masses of certain things to which they were entitled. That is why we do not want people to be corrupted. *[Desk thumping]*

I heard my dear friend, Sen. Martin Daly, make this point more than once. The salaries! Why are we not paying the salaries? It is about morality again and other conditions? Everybody will agree that they could do with more money despite whatever level they are at. This Government only comes with conditions that involve the Opposition when they want to look good or they do not want to look bad to the people. *[Desk thumping]*

We raised salaries and took the flack for it in this very House. Everybody will remember that. The PNM raised the salaries under the Patrick Manning administration and took the licks in this House for it. Does anybody know why? To raise salaries, it is the duty of the Government of the land. The trade unions and the public servants do not come and bargain with the Opposition, it is the Government they bargain with all the time. *[Desk thumping]*

Mr. Vice-President, do you know what they need to raise salaries? A simple majority in this House. We do not have to agree! Why are they bringing us in their thing? Why are they bringing us in their business? We cannot make any decisions. They are not only asking for a two-thirds majority; they are asking for a unanimous decision of both Houses, just to involve us in the thing. It is a simple majority to raise the salaries. We went so far as to tell them to delink our salaries and pay the magistrates and the judges. Take us out of it! And they are still not doing that! But, they want to put the blame on us. If you could not fix it, Mr. Attorney General, “Mr. Fix It” will fix it. *[Laughter]* The reason he came is because the Attorney General could not fix it. Do not play games with us!

**Sen. Daly:** Since he is getting to me, could I thank him for giving way and focus? Could he state unequivocally whether the PNM is against the implementation of the Salaries Review Commission Report?

**Sen. M. Shabazz:** Mr. Vice-President, that is a trick question. *[Laughter]* I am not going there, but we are not against it. The point is that they must not take that position of unanimous decision. Who gave them that right? Morality again. When they wanted their house allowance, did they come and ask anybody for a unanimous decision? *[Desk thumping]* They took it just like that, and there are many other things that they are taking for which they are not coming and asking for unanimous decisions. *[Desk thumping]* When they wanted to hang people, they came to the House for that decision from us, we did not co-operate and they went and hung people anyway. So, what we are saying is that there must be some level of morality in the whole thing. Take your licks! If they could take their licks, they better.

They said that the port was ours—a PNM party group. When we had to downsize and streamline the port for it to be better, we did it. They cannot do it with Caroni up to today, and they talk about morality. Think about it. This is how the country is looking at it. We are saying that integrity must have some sort of morality in it. They cannot talk integrity only on a financial basis, and that is what they feel. They feel that money will do everything, but July 12, 1999 showed them that money did not do everything, and November whatever, 2000 will show them that money does not do everything. *[Desk thumping]*

They cannot continue to play these kinds of games with the people of Trinidad and Tobago. Do you feel they do not know what is happening with minimum wages in this country? We talk about people's salaries at this level. Talk about what is happening with minimum wages. They know. They said that they would have had that system working and operating effectively and I can tell them here today that it is not operating effectively. I live among the people who are crying. I do not want to go too far into that, but I ask them again to fix it.

The talk goes on and on. In this Bill there were certain things for which we looked. We spoke here the last time about the question of Senators being made part of this Bill. They came in here on page 6 and said:

“‘persons exercising public functions’ includes all persons holding office under the Public Service, Police Service, Teaching Service and Statutory Authorities Service Commission, as well as Senators...”

I see it underlined. It is the only word underlined.

“...members of the Diplomatic Service and Advisers to the Government;”

Go down to page 26 under the First Schedule and one will see persons in public life, and nowhere there have we seen the word “Senator”. It might be two different things, but the point is, if we are going to include Senators let us understand it and be clear on it and be serious as to what extent they are going to be included. Are they only going to include the Senators who are Ministers, or are they going to include all the Senators? On this side we say yes, all should be included but, again, they may have reasons as to why they made that type of decision.

We go further, Mr. Vice-President. On page 6 again, a spouse is a person to whom the person in public life is married or living with in a conjugal relationship outside of a marriage, but it does not include a person with whom the person in public life has made a separation agreement.

The question of child, again, comes up. I think that they should be clearer. If a person is having children with somebody, that child must be included, as far as assets are concerned, and it must be made clear in this Bill. In some places they said it and in some places I am not clear on it, but I think they should make it clear. If we only have children in the home, we could have other little problems arising, as far as corruption is concerned. As a matter of fact, I think what we have been seeing coming to the House, is that with Bills that include children, there are different readings, like when we brought the Orisha Marriage Bill.

### **3.05 p.m.**

I think, at this point, this Government should be firm on who is a child and what a child is entitled to and be very clear on all the things that it is doing. Do not play games with that. Do not make a child different at one point and different at another point. I think the Government needs to look into that and clear it up and be specific about it.

One of the other things that I mentioned on the last occasion and I see it coming up again—I do not want to go too long—is the question of a blind trust. In clause 22, the Government has spoken about and I quote:

“(1) A person in public life may elect at his own option to place his assets or part thereof in a blind trust for the purposes of this Act on such terms and conditions as the Commission considers appropriate and file a copy of the trust deed with the Commission.

- (2) Where the assets of a person in public life are placed in a blind trust, he need not in his declaration give more particulars of those assets than the amount and description of these assets placed in that trust and the date of so doing...
- (4) (a) all or any part of his assets are conveyed to the trust company for its management, administration and control, in its absolute discretion without recourse or report to the persons beneficially entitled to those assets;
- (b) income derived from the management of the assets is to be distributed to him as agreed;
- (c) should the assets be converted into other assets, that fact is not to be communicated to him, until he ceases to be a person in public life; and
- (d) after he ceases to be a person in public life proper and full accounting is to be made to him, as the circumstances of the management of the trust require.”

It sounds good, but I made the point before and I am going to make it again. I do not know who will raise their assets to \$20 million, \$30 million or more than that, and just close it off for one year, two years or five years and hear nothing about it.

I am saying, if the Government amends that way in this Parliament, I would give them the fullest respect, but it is hard for me to believe that. It is hard for me to believe that a man could put his \$50 million or \$100 million in a blind trust, allow another person or persons to spend it and do not think about it, hear about it or talk about it. Nobody, wherever he was, whoever he may be, I do not believe that man exists. If that man exists I would like to meet him, Sir.

**Sen. Daly:** Lenny, Lenny!

**Sen. M. Shabazz:** If you are going to put your money—it could be “borrowee” too, but I do not know who will put money into a blind trust and leave it for those years, I feel it is because you have something else coming. I feel that at the end of the day something else is coming towards you. I do not know how it is, but who could do that?

Maybe I cannot do that because I have not reached \$50 million as yet, Mr. Vice-President. I cannot see that happening here at all. If I reach there no way could I see myself putting my money in what I call a blind trust, I must peep at it some time. I must take a look, but “them fellas” are making you believe, Mr.

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Vice-President, that they are not taking a peep. I do not believe that. [*Laughter*] I do not want to take this blind trust and go too far with it. I do not believe them. We need to look at that and see how it will work.

There is another point which I would like to bring up. The Government said that there is a fine if release was not secretive about what happened. The Government is also asking, at times, if the commission could take some action against someone. Should the commission take action against someone, and the commission finds out that the action was not proper, the person would be indemnified or paid the cost. I am saying, just as a person could be fined, it should not only be for cost but it should be for other things also. The commission could take someone into the public and spoil his or her name. We need to look at that. There should be other moneys where cost is concerned, not just a fine.

We need to look at the question of the commission—this was brought up again—having the rights to call on a Member of Parliament to vacate his seat if he is found guilty or wanted. We think that should be looked at, and that should not be. We should not give the rights to a committee and then that committee has the right, in a way, to fire Members or to call an election. I feel something about that does not sound right. I wish the Attorney General could explain it and we could look at that again.

There are certain things that the Government must look at. I really want to say to this Attorney General, I believe that the Attorney General has the ability, guile or whatever it might be, to bring a Bill that would incorporate morality, assets and money to this Senate; that would be a proper Bill. It may take him some time—I do not know if he has all the time, but I am saying that if he sits and looks at it closely, I think he could bring a Bill that embodies both parts. I wish he could do that. I feel that is what he would do.

Sen. The Hon. Wade Mark, as a Minister I would like to—what has happened today is a sort of morality for the whole Parliament. The question of how we debate the Bills. I have prepared for this Bill days upon days only to hear that we cannot debate the Bill. I have looked at certain things; we are coming with tourism. I, like the hon. Senator, would really like to meet the Minister, but I feel if we have the business of the Senate, it should be done.

This might be just a small note, Mr. Vice-President; it is not looking good in the Parliament when two Senators are called out and they are not here to be sworn in. We need to look at that. We need to improve on that. If one is talking about administration one cannot call out two Senators to represent him or her and they are not on time or not here at all, sitting in the Parliament. We need to look at that.

I saw you one day driving a nice car, Mr. Vice-President, congratulations! Maybe you are going into a blind trust just now with Sen. The Hon. Mark [Laughter]. Before you get to that blind trust I hope, by now, you could put your things together so that when they are calling on assets you would be easy.

Mr. Vice-President, I look forward to the Minister of Tourism. I think it would be a nice relief for the Parliament this afternoon. Having said that, I would like to close and hear the Minister of Tourism. [*Desk thumping*]

**The Attorney General and Minister of Legal Affairs (Hon. Ramesh Lawrence Maharaj):** Mr. Vice-President, I do not propose to talk about the pros and cons of capital punishment or the matters raised as to whether the capital punishment has made a difference or not and who is responsible, at the present time, for executions not being carried out and the status of those matters. I do not propose to deal with that. I do not propose to deal with matters on the bus route and all those matters. I think that we came here this afternoon on the basis that these matters were debated some time ago in this honourable Chamber, and it was agreed that it should be looked at again by this honourable Chamber. Because of the procedure we could not have gotten the process continued.

There was an intervention and we have started a new session. We have come here today to get the formal approval for these matters to go before the committee to consider the matters. We recognize that there are disagreements with certain provisions of the Bill. It must also be recognized that these Bills have gone through a long process, but this is the beauty of Parliament. This is the justification for having Parliament because it shows that even though we may have agreed at one time, we have second thoughts about it. I do not want to go into who agreed and who did not agree. We could have second thoughts about it, it is a very important area of public life. It is a very good thing for us to have an opportunity to look at it again.

### **3.15 p.m.**

What I would like to say, however, is that there seems to be, with the greatest respect, some—if I may use the word—misconception by the hon. Sen. Muhammad Shabazz in relation to what this Bill says. The Bill deals with integrity, which, to a great extent is part and parcel of corrupt acts, but you would remember that under the Constitution, it is required to set up an integrity commission. The Integrity Commission was set up years after. It was felt that the Integrity Commission had become toothless and there was a clamour for there to be new legislation and this is how this Integrity in Public Life Bill has come

about. If you look at it, you would see it attempts to promote standards of conduct in public life and the whole of Part IV deals with what that conduct is and how people should behave. So this Bill is an effort to promote that in order to make those who occupy public office recognize that there are certain standards and they must keep to those standards. So, even if the Bill only achieves that, in the long run, that is a forward move. It also widens the net in respect of those persons.

It also says that, for the first time, not only the individual, but the spouse's and dependent children's assets must be declared. Now, it may be that we will have objections to that, but that is what we can determine at the committee.

What has got me a bit puzzled is that the hon. Senator, I am sure he followed with interest the history and development of his party. He would know the persons who chaired his party over a period of time, people who have led the party in the Senate. With regard to this blind trust, he said certain things today that he does not believe there exists anybody who has set up a blind trust and who does not have something to hide. But his chairman of the party, Dr. Lenny Saith, when he was a Senator, had a blind trust; it was public knowledge. He did that in order to be able to comply, as he said, with the laws, so that he would not have an interest and it would not show that he had an interest in what is going on. I do not know whether he would want to take this up with his political leader. Since, this goodly gentleman, he would know, is now very involved in planning the election campaign for the next election, I wonder whether he would want to take that up, Mr. Vice-President. But, may I inform him that this has been the position.

Mr. Vice-President, I think that we in this Parliament have an opportunity in which we should really treat this as a matter which transcends political parties. The issue of corruption is really not an issue in which we should deal with it on that basis. It is an issue on which we all agree that it destroys the moral fabric of our society. We all agree that unless mechanisms, legal framework, institutions, plans and actions are put in place in order to prevent it from happening and also in order to detect it, prosecute it and to punish people who are involved in it, then society will be at a disadvantage. Here it is, I do not think it will serve us well to say who is corrupt, who was not corrupt, or whether they have evidence or not. As a matter of fact, we all know that if any Member of this Senate has evidence in which anybody could be prosecuted, there is the police, there is the Director of Public Prosecutions. As a matter of fact, the Member can even bring it to the attention of the Senate. So that, I do not think we can say that there is no machinery for evidence to be put into action.



This is about putting mechanisms in place so that people would have to disclose their assets and, if they do so and it does not match up that you could, in effect, be held accountable for that and, if it matches up, there can still be investigations to see whether you have disclosed them correctly. I know that some Members of the Senate believe that it has too much bureaucracy in it, too many files, too many filing cabinets, but I think we have to look at—and we will have an opportunity to look at it and see what is the best model for Trinidad and Tobago.

So, I would say that this Government joins with the Members of the Opposition and Independent Benches in saying that it is committed to putting reform machinery in place to deal with the question of corruption and in taking measures to promote standards in public life. We would welcome any suggestions that we get and you would forgive me, Mr. Vice-President, and hon. Senators as well, if I do not deal with those matters they have mentioned in detail. We will have an opportunity at the committee stage to deal with them. We would welcome any such suggestion, because we recognize that one of the greatest sins that any person who holds public office can do to the people on whose behalf he exercises power is to steal, use that position in order to get personal benefits for himself or his family. He holds that power in trust for the people. Speaking for myself, I think it is one of the greatest political sins and one of the greatest crimes.

So Mr. Vice-President, this Government is very interested in dealing with these matters. I know there may be disagreements in some circles with that, but you cannot really effectively deal with matters unless you have the proper institutions in place at times to deal with them.

I beg to move, Mr. Vice-President.

*Question put and agreed to.*

*Bill accordingly read a second time.*

*Bill referred to a special select committee of the Senate appointed by the Vice-President as follows:*

Sen. Brig. The Hon. J. Theodore	Chairman
Sen. P. Hamel-Smith	Member
Sen. Agnes Williams	Member
Sen. Dr. Eastlyn Mc Kenzie	Member
Sen. Nafeesa Mohammed	Member

**CONSTITUTION (AMDT.) (NO. 5) BILL***Order for second reading read.*

**The Attorney General and Minister of Legal Affairs (Hon. Ramesh Lawrence Maharaj):** Mr. Vice-President, I beg to move,

That a Bill to amend the Constitution of the Republic of Trinidad and Tobago be now read a second time.

*Question proposed.**Question put and agreed to.**Bill accordingly read a second time.***CONSTITUTION (AMDT.) (NO. 6) BILL***Order for second reading read.*

**The Attorney General and Minister of Legal Affairs (Hon. Ramesh Lawrence Maharaj):** Mr. Vice-President, I beg to move,

That a Bill to amend the Constitution of the Republic of Trinidad and Tobago be now read a second time.

*Question proposed.**Question put and agreed to.**Bill accordingly read a second time.*

**The Attorney General and Minister of Legal Affairs (Hon. Ramesh Lawrence Maharaj):** Mr. Vice-President, because of the concerns expressed by the Senate during the debate of the following Bills: Integrity in Public Life (No. 2) Bill; the Constitution (Amdt.) (No. 5) Bill; and the Constitution (Amdt.) (No. 6) Bill, I seek leave to have the Bills referred to a special select committee for consideration and report by December 31, 1999.

**Mr. Vice-President:** Hon. Senators, I have appointed the following Members to consider and report on the Bills:

Sen. Brig. The Hon. J. Theodore	Chairman
Sen. P. Hamel-Smith	Member
Sen. Agnes Williams	Member
Sen. Dr. Eastlyn Mc Kenzie	Member
Sen. Nafeesa Mohammed	Member

Is there some concern about this? The appointment of the committee members would be deferred.

**TOURISM DEVELOPMENT (NO. 2) BILL**

*Order for second reading read.*

**The Minister of Tourism (Dr. The Hon. Adesh Nanan):** Mr. Vice-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. Vice-President, this Government has devised a strategy for the development of tourism to facilitate sustainability. It can be argued that we are in a fortunate position because we are in the infancy stage of our tourism industry. There is a possibility that exists of planned growth and we can learn from the experiences of other countries with respect to their successes, their challenges and their mistakes.

In the Ministry of Tourism in collaboration with TIDCO, there are critical projects that are being formulated with respect to this booming industry. These include the formulation of a tourism policy, this proposed legislation before the Senate this afternoon, a five-year strategic plan, revised legislation to regulate standards within the tourism industry and a human resource development plan consistent with the needs of the tourism industry. These are to be finalized within the next six months.

**3.30 p.m.**

The philosophy underlying the proposed Tourism Development Bill is to improve—by the tourism development process—the quality of life of citizens of the country. In the Preamble of the proposed Act, and throughout the proposed legislation, we will see that the provisions are linked to what is called national tourism objectives, all in the interest and to optimize benefits to the economy and to our people.

The Hotel Development Act of 1963 provided incentives and concessions. There was the development of the hotel sector; there was a small tourist industry; it facilitated the development of a small but flourishing tourist industry. Also, it facilitated with a fair amount of success, the establishment of job opportunities and also offered internationally, competitive services. And as I said before, this Act dates back to 1963.

Mr. Vice-President, I want to give now some world statistics. This administration is well aware that tourism is the single largest growth industry in the world, and it is not slowing down. It is going to be speeded up for the 21<sup>st</sup> Century. We have statistics from the World Tourism Organization. International tourist arrivals is increasing yearly by 4.6 per cent to reach 620 million in 1997. The forecast for international tourist arrivals for the year 2,000, is 700 million and by the year 2010, it would be 1 billion; tourism accounts for 10.7 per cent of world's employment and 10.9 per cent of world's GDP. With respect to Trinidad and Tobago, tourism contributes to approximately 2 per cent of GDP and 2 per cent of employment. We have seen significant improvement in our tourist arrivals due to a structured marketing strategy; 1998: 347,693 tourist arrivals. However, this is very small in comparison to the global scenario.

This Government's vision for the tourism industry is that it must become a dominant sector in the economy and Trinidad and Tobago must become a premier tourist destination. There is need for a more solid and diversified tourism product. There will be the need for the increase and upgrade of accommodation stock, conference facilities and related amenities. There is a need to provide nature parks and attractions. These must be unique and they must reflect our diverse culture, our people and our heritage. We should also promote our natural assets.

Just recently, at the 30<sup>th</sup> Session of the General Conference of UNESCO in Paris, in an intervention by Trinidad and Tobago, I requested a UNESCO chair in the field of the development of museum and cultural tourism. The Ministry of Tourism, together with the Minister of Culture and Gender Affairs and UNESCO, would work very closely to bring this to fruition. There is need to sign the Convention for the Protection of the World's Cultural and Natural Heritage. We will work together with UNESCO to sign this Convention so it would be possible to establish a world heritage site in Trinidad and Tobago. The only world heritage site in the Caribbean is located in Dominica.

The proposed legislation postulates a vibrant tourism industry. It encapsulates various facets that would contribute to this vibrant tourism industry. It would encourage investors and entrepreneurs to venture into tourism in risky areas that were unexplored because tourism is new; tourism is a relatively unexplored area of activity in the economy of Trinidad and Tobago.

The proposed legislation also speaks to revamping existing physical incentives which, under the Hotel Development Act, are applicable to hotels. These would be extended to a wide array of tourism projects that are approved by the Minister

of Tourism and these projects are defined in the Act. They include theme parks, cultural centres, convention centres, marinas and tour operations. There would be incentives to entrepreneurs with respect to the existing stock. These can be expanded, renovated and upgraded. So what we would see is not only an increase in terms of new plant but we will also see the maintenance of the existing stock and the setting of high standards.

The Bill also has safeguards in terms of nationals. We recognize the importance of nationals in this tourism drive and the Bill speaks to certain activities reserved for nationals and small entrepreneurs. We believe that people are central to the benefits derived from the tourism industry. There is also the area of professionalism and excellence. The people who are deriving concessions must be registered with state agencies responsible for the development of tourism; they must also be members in good standing of national associations, again, in the area of tourism and there would be closer monitoring of business enterprise and also annual inspections. There may be the possibility of abuse of these physical incentives and there is a provision in the Act with respect to a transfer tax that would replace stamp duty. This transfer tax, as the Act says, is to prevent any abuse and if there is, within the tax holiday, any transfer of materials or equipment, this transfer tax would become applicable.

**3.40 p.m.**

Mr. Vice-President, this particular legislation involves a wide array of structures that we see as important for the success of the tourism industry. To support the revised legislation there will be the restructuring and strengthening of state agencies. The Ministry of Tourism will be strengthened with respect to information technology, planning capabilities and human resource management capabilities.

In the area of tourism, this new legislation will serve as a catalyst. It will serve to transform the tourism industry and to diversify the economy. We foresee the increase in employment opportunities, and I want to make reference here to the Tobago Hilton, which is a TT \$500 million project. It is going to provide 1,500 construction jobs and 500 permanent jobs. We also look forward for this particular legislation to provide linkages with agriculture, the manufacturing sector and the services sector. We see this piece of legislation as a fillip for the citizenry of Trinidad and Tobago.

I want to go to the Bill before the House and deal with some of the clauses. I want to go to clause 3(3), which allows for:

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- “(a) a full or partial tax exemption not exceeding five years in respect of gains or profits from the operation of a tourism project whose capital expenditure is less than TT \$120 million; or
- (b) a full or partial tax exemption not exceeding seven years...”

Mr. Vice-President, in the Hotel Development Act, section 3(3) speaks to a tax exemption for a period not less than five years nor more than 10 years. So what we have done is decrease, with respect to the tax holiday, from 10 years to 7 years as a maximum. This is to allow for prudent investment with respect to these entrepreneurs.

Mr. Vice-President, under subclause 3(a) we are speaking about five years and \$120 million or less, but under subclause (4) the Minister has the authority, with consideration, evaluation and recommendation, to go up to seven years with respect to the tax holiday, even under \$120 million.

There is also the allowance under subclause (5) for the carry over of any losses arising out of the operation; again, this carry over would be based on an assessment to see if the country would benefit because we do not want the project to go into bankruptcy and then there is a loss of revenue and employment opportunities. So it can be reviewed with respect to the benefit to the country and the carry over of the tax exemption period.

What is striking here is clause 3(6):

“No tax benefit under this section shall be conferred on—

- (a) the purchaser or lessee of a villa or condominium unit or the site for a villa or condominium unit in an integrated resort development;”

That is very important with respect to the new thrust in hotel development and I wanted to make reference to that particular clause in this legislation.

Another area of importance is the area of transportation and, again, Schedule 7 of the Bill gives the break down in terms of the vehicles and the use; it must be in the tourism sector. In clause 4(3) it says:

“the importer shall pay—

- (a) customs duty at the rate of ten per cent; and
- (b) value added tax.”

This is for the vehicle, once it is proven that it is going to be used in a tourism-driven project.

There are also limitations on tax benefits. [Interruption] Mr. Vice-President, I am not going through clause by clause but I am going through the very important clauses in this particular piece of legislation. [Interruption] That is all right, I am very sympathetic because this particular piece of legislation is to boost the economy and all will benefit with respect to the citizenry of Trinidad and Tobago.

I want to get back to the area of the interim approval. I want to take the Members, this afternoon, through this particular legislation with respect to the approval of a project by the Minister of Tourism. An application would come in for a particular development or tourism project that would go to the Tourism Industrial Development Corporation (TIDCO); they will assess the particular project and make recommendations to the Minister for an interim approval. This will be given once the process has been followed and all the forms are properly filled out. During that time the operator could go ahead and move forward with the project.

However, there are certain guidelines with respect to the interim approval. The interim approval is necessary for the construction project to bear fruit and for the financing aspect with respect to these ancillary tourism projects. But there is something in this legislation that was not in the Hotel Development Act and that is the possibility of bridging financing. That was put in this Bill so that there would not be any kind of delays in terms of getting financing for these projects, because we recognized that these projects must be operational within the shortest possible time frame with respect to the single largest growing industry and the opportunity for the creation of jobs.

Mr. Vice-President, Part 2 of the Bill under "Approved Tourism Projects" speaks to:

- "9. Tourism projects which will be reserved solely for ownership and operation by nationals of Trinidad and Tobago are:
- (a) accommodation facilities under twenty-one rooms;
  - (b) ancillary and transportation services; and
  - (c) ground tour operators/destination management company."

Schedule 9 of that particular section: the local investor, \$2.5 million between 8 to 20 bedrooms in the particular guesthouse, and the international investor, \$18.6 million after 20 bedrooms. So 21 rooms and upwards you can have the international investor coming in, but anything under 21 bedrooms would be the local investor, \$2.5 million minimum to anything that the investor wants to put in.

**Sen. Shabazz:** Is that TT dollars or US dollars?

**Dr. The Hon. A. Nanan:** TT dollars.

Mr. Vice-President, I want to go on to some of the areas in this legislation that apply to the interim certificate of approval and that is under Part 2, again, under "Approved Tourism Projects". There is a peculiar situation that I want to point out with respect to Tobago that is important in this legislation. Under the "Approved Tourism Projects", the application would be made to the Tourism Industrial Development Corporation. If someone is applying for a particular tourism project in Tobago, the application would go to the Tourism Industrial Development Corporation, they would evaluate it and send the particular application to the Tobago House of Assembly (THA) for their comments. [*Laughter*] That is under clause 11(2), and I want to make that quite clear before there is any discrepancy.

Mr. Vice-President, I want to read clause 11(2):

"Upon receipt of an application under subsection (1) the Chief Executive Officer..."

That is of the corporation, because under this Bill it does not speak to the Tourism Industrial Development Corporation as such, but to a corporation.

"...may require an applicant to submit to him such information and plans as he may require, and limiting the generality of the foregoing, the Chief Executive Officer shall submit the application to the Assembly for comments. The Assembly may require that satisfactory evidence be submitted to it with respect to any matter relevant to the application, proposed project, ownership of the tourism project or proposed tourism project or lands to be used in connection therewith, or to the estimated expenditure on the project, or the source of the funds thereof."

So what I am making reference to are the comments of the Assembly back to the corporation or the Chief Executive Officer (CEO) of the corporation, in this case the Tourism Industrial Development Corporation, and then they would make the recommendation to the Minister for the interim approval.

There is a certain limitation I want to speak about, the interim approval of the project, because there is a certain time frame, again, under "Approved Tourism Projects," clause 13(1), it says:

"...the Minister may grant to the applicant an Interim Certificate of Approval, within forty-five days after receipt of the completed application..."



Under clauses 10 and 11 it states what is required for a completed application.

This legislation also considers the terms of revocation of this interim approval. There are certain requirements that must be conformed with and if they are not, the Minister may revoke an interim approval. There is also the possibility of a revival of an interim approval. While the Minister can revoke an interim approval this legislation also speaks to the possibility of revival of an interim approval.

Mr. Vice-President, with respect to capital expenditure, clause 18(1) speaks to a certificate of approval. In the interim approval stage there is an estimated capital expenditure with this particular project, and an order is only issued when the project is completed. So we have an interim approval for the project to begin and then after, depending on the time, the Minister of Tourism will issue an order stating that the project has conformed and is completed. Then there would be certain forms to be filled out with respect to the approval for capital expenditure, and if there is any discrepancy between that put forward at the interim approval and the completion of the project it would have to be explained.

Mr. Vice-President, there are also certain areas that I would like to point out here under Schedule 2, which are very important with respect to the tourism industry. I think they are mentioned here with respect to areas of activities undertaken by what we call the new tourism ancillary facilities. These include marinas and boat yards. Of course, this would be mainly located in Chaguaramas for the time being, but it would be expanded to other locations. We have dive operations mainly located in Tobago, water sports, located in both Trinidad and Tobago; chartered boats and cruise activities located in Trinidad and Tobago; tour operations: land, sea and air. This is a largely undeveloped area and this can include tours by helicopters.

**3.55 p.m.**

Mr. Vice-President, marinas, and boatyards have major employment generation potential for both industrial and recreational marine sectors. We have areas which we call recreational space use, which are still under review and include places like camp sites.

Then we have theme parks. A cultural theme park study has been completed with the assistance of the IADB and the Ministry of Tourism is examining recommendations. This is a short-term tourism action programme. This cultural theme park involves, as my friend Sen. Shabazz suggested, opportunities to showcase our culture. We can develop and package our culture and there are

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certain suggestions, such as that the history of pan and various festivals can be highlighted. In the cultural theme park you will actually have the making of a steel pan and the opportunity for small museums in this particular theme park displaying arts. There can be shows, plays, a small amphitheatre, all these within this particular theme park concept. You can also have the different dances. This is a very new and interesting area and it is important for tourism.

Mr. Vice-President, we also have the opportunity under this particular schedule for film making in Trinidad and Tobago. There is great potential here for employment generation. If you look at our neighbouring island Jamaica, it has gone after this market in a huge way and we must be able to tap this particular source for film making with respect to the tourism industry.

Somebody mentioned golf courses. In both Trinidad and Tobago as the schedule says, it is attached to the tourism accommodation projects, or it can also be stand alone courses and all golf courses must be opened for public use. What I want to emphasize with respect to tourism and the growth of the tourism industry is the importance of domestic tourism. We have to get our citizenry to buy into this tourism drive and in our various tourism projects, our nationals must be able to participate so when the international visitors come into the environment, they will see that the projects are not only designed for the international visitor, but also for the domestic environment.

We are also looking at the July/August vacation to have these new projects on stream so that the schoolchildren could have the opportunity to see the areas with respect to our new thrust about which I spoke: marinas and tour operators and the new concept of cultural theme parks.

Another thriving industry in Chaguaramas is the yachting industry and that is another area which we consider risky, but as new entrepreneurs, it is an opportunity with bridging financing for people to get into that kind of tourism project.

Mr. Vice-President, I will give some figures with respect to the situation with the accommodation as it now stands in Trinidad and Tobago. I have one figure with respect to Trinidad and Tobago that is 3,971 rooms and I have a breakdown as follows: hotels, 2,404; condos, 440; guest houses, 705; and bed and breakfast, 422.

As I said before, there is a distinction between the Hotel Development Act and this new legislation which is before the Senate with respect to the time frame

which has been reduced from 10 years to 7 years. The Hotel Development Act in section 5(1) which I would read says:

“Where an hotel project is contemplated in respect of an hotel or proposed hotel in Trinidad and Tobago that contains, or that when the proposed hotel project is completed will contain—

- (a) not less than fifteen bedrooms for paying guests, if the hotel is or is to be situated within the City of Port-of-Spain or a borough in Trinidad and Tobago; or
- (b) not less than ten bedrooms for paying guests, if the hotel is not or is not to be situated within the City of Port-of-Spain or a borough in Trinidad and Tobago,”

The distinction with respect to the city and the boroughs is now eliminated and we are moving to guest houses with 8 to a maximum of 20 bedrooms.

I now go quickly to Part 3, the area of “Customs and Excise Duty Exemptions”. Once there is the interim approval, either simultaneously or later on, you will be given a permit for the operator to import—when I say import I want to make it very clear that as we approach the tourism development and the growth in the tourism industry, we want to facilitate the local industry in terms of manufacturing. So all products that can be manufactured locally must be a part of the tourism drive.

Mr. Vice-President, if the product cannot be manufactured in Trinidad and Tobago, the operator would be able to import the particular product and this is why I speak to a permit. The operator will be given an interim approval and simultaneously, or later on, he will be given a permit which will provide for the importation or entry into Trinidad and Tobago free of customs duty and this particular permit is taken to the comptroller with a list of the items the operator requires for the particular tourism project whether it be a hotel or eco-lodge.

Clause 24 of the Tourism Development (No. 2) Bill makes reference to what I speak of. It says:

- “(1) The holder of a permit may, upon the production of the permit to the Comptroller, import into Trinidad and Tobago subject to the terms of the permit such building materials and articles of tourism equipment as are specified in the permit at the approved rate of duty or free from duty.
- (2) Where the goods are exempted from full customs duty for the avoidance of doubt Value Added Tax will still be payable.”

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Some may argue, that if these goods are rated, there is no need for any kind of customs exemption. For example, sporting goods are rated goods and even recently with respect to the Minister of Finance and the technological revolution which this administration is aware of—I do not know about the previous administration—the software industry and the computers. So in terms of that, there is no requirement for exemption under customs duty.

Mr. Vice-President, I also want to speak to clause 28 which says:

“A holder of a permit who has imported into Trinidad and Tobago building materials or articles of tourism equipment under a permit may not dispose of them where they were imported—

- (a) free of duty for a tourism project, during the period of the tax holiday granted to that tourism project; or
- (b) for a tourism project that was not granted a tax holiday, during a period of five years after the importation of the materials or articles into Trinidad and Tobago.

I spoke earlier of this transfer tax that is supposed to prevent that kind of abuse of this physical incentive package with respect to the tourism drive which is higher than stamp duty and it is going to replace it.

Of course, there must be a proper inventory of all these articles coming into the country in this particular area and, again, there is the possibility of suspension of a permit if it is found that there is any discrepancy that is unexplainable.

I now go to clause 32 which is important. It says:

- “(1) A permit is transferable only with the written consent of the Minister.
- (2) A person who—
  - (a) attempts to transfer a permit without the consent of the minister; or
  - (b) uses or attempts to make use of a permit that he acquired by a purported transfer thereof to him,

is liable to prosecution under the Summary Offences Act.”

So there are certain penalties in this particular legislation.

Mr. President, Part 4 speaks of tax benefits and these particular clauses reflect the profits or losses which the operator may encounter and the particular approach.

**4.10 p.m.**

Mr. Vice-President, I now turn to Part 5, which deals with transitional and miscellaneous provisions. This is important with respect to this Bill when it comes into force or when the Hotel Development Act of 1963 is repealed. What would happen to applications that are pending? This is very important here, with respect to people who have already applied. Clause 39 states quite clearly, and I will read it with respect to that particular area:

“Where on the commencement of this Act an application for interim approval of a hotel under the former Hotel Development Act (hereinafter referred to as ‘the repealed Act’) is pending, that application shall be deemed to be an application for an interim approval of a tourism project under Part 2 and shall be dealt with in accordance with that Part.”

Clause 40 states:

“Where on the commencement of this Act any person is entitled under the former Hotel Development Act to tax benefits in respect of any hotel project the provisions of that former Act shall continue to have effect so as to preserve the benefits conferred on that person as specified in the Order granted under that Act.”

Mr. Vice-President, what this means is, under the Hotel Development Act, for certain projects there was a time frame of 10 years. With this new piece of legislation the time frame is now seven years, maximum. So, there is still that kind of discrepancy of three years between the previous Act and the new proposed Act. For this particular piece of legislation to operate, there are certain systems and requirements.

In clause 42, it speaks of the effectiveness of this Bill, the efficiency of this particular piece of legislation and to prevent any possible delays:

“The President may make Regulations for the purpose of carrying out the intent and purpose of this Act and in particular, but without limiting the generality of the foregoing, may make Regulations to...”

All these would include the various forms to which I made reference earlier in my presentation on this particular piece of legislation; and not only the forms, it also speaks about interim approval and permits. These are all subject to regulations to ensure that there is compliance. So, this must be built into this piece of legislation and, the President may make regulations to ensure that what is stated in this particular Act is not breached.

*Tourism Development (No.2) Bill*  
[HON. DR. A. NANAN]

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Finally, I want to turn to clause 44, with respect to a similar situation that was mentioned earlier in clauses 39 and 40. Clause 44 states:

“Where on commencement of this Act any person is engaged in a tourism project in respect of which he would be eligible to enjoy benefits under this Act, such person may submit an application under this Act for all the benefits that he would be entitled to, had this Act been in force at the time of the commencement of the tourism project.”

Mr. Vice-President, we will have to see if this particular clause is of relevance later on in the debate and, if there is any kind of duplication with the other clauses I made reference to earlier.

**Sen. Prof. Spence:** Just for a point of clarification, the hon. Minister referred to clause 44 of the Bill, but clause 44 states:

“The Hotel Development Act is hereby repealed.”

**Dr. The Hon. A. Nanan:** No. No.

**Sen. Prof. Spence:** Unless you have a different Bill from the one we have.

**Dr. The Hon. A. Nanan:** Mr. Vice-President, well, for clarification, the last clause is:

“The Hotel Development Act is hereby repealed.”

The clause before that one, the penultimate clause, refers to what I have said. Probably, we have different numbers from what I have here. The one I am speaking about is, “Where on commencement of this Act...”*[Interruption]* Well, I had a problem with this. I was talking about the duplication. If that clause does not exist well there is no duplication.

Mr. Vice-President, as I conclude, we see the tourism industry, which is the single largest growing industry, as I said before, in infancy stage in Trinidad and Tobago. We have the opportunity to plan its growth properly, to reap the successes, to explore the challenges and to learn from the mistakes of other countries. I spoke earlier of job opportunities and job creation. I made reference to 1,500 jobs in the construction industry and 500 permanent jobs from the Tobago Hilton-project, which is a \$500-million project. If we consider projects in terms of scale, one would see that the investment in the petro chemical sector, the jobs are very much less than the investment in the tourism sector.

With respect to job opportunities, I am sure that all of us recognize in terms of the diversification of the economy, which is very important to make the tourism industry a dominant sector and, to make Trinidad and Tobago a premier tourist destination. I would like to ask all Senators in this Chamber to support this piece of legislation because we recognize that it is a piece of legislation that is historic and is long overdue. The last Hotel Development Act was in 1963.

**Sen. Mohammed:** This is just a point of clarification. As the Minister speaks about diversification of the economy, I am just curious to know whether this Government intends to diversify the sugar cane industry and proceed with plans to build a hotel in Caroni, as promised by the Prime Minister, with a golf course too?

**Dr. The Hon. A. Nanan:** I thank the Senator for her intervention but I am sure that is a matter with respect to, and in terms of the portfolio of the Minister of Agriculture, Land and Marine Resources. I am sure in his contribution the Minister will give the reply to the hon. Senator's question.

With respect to improvement in the quality of life for the citizenry of Trinidad and Tobago and the opportunity for sustainable development, that is very important. With respect to the tourism industry, it is the single largest growing industry and it is going to be enhanced in the 21<sup>st</sup> Century in terms of job opportunities.

Mr. Vice-President, of course, in terms of professionalism and excellence, before I wind up, I just want to make the point that all operators will need to be registered with the organizations that are in charge of tourism and, also they must be *bona fide* members of the association dealing with tourism. So, we are taking care of that aspect in terms of the operators' credibility. We see tourism as one of the engines of the 21<sup>st</sup> Century.

Mr. Vice-President, I beg to move.

**4.20 p.m.**

*Question proposed.*

**Mr. Vice-President:** Before proceeding, I would like to revert to the item on our Order Paper which was deferred, the swearing in of Senators.

I invite you to stand while we swear in the two Senators.

#### OATH OF ALLEGIANCE

*Senators Dave Cowie and Kelvin Ramnath took and subscribed the Oath of Allegiance as required by law.*

*Adjournment*

*Tuesday, November 09, 1999*

**ADJOURNMENT**

**The Minister of Public Administration (Sen. The Hon. Wade Mark):** Mr. Vice-President, before moving to adjourn this honourable Senate, let me alert senatorial colleagues of the agenda and the time frame between now and the end of December, so that I would not be accused of springing surprises.

I would like to inform hon. Senators that from November 23, 1999 right up to December 22, 1999, Tuesdays and Wednesdays respectively, between the dates that I have mentioned, November 23 and 24 right until December 21 and 22, we shall be meeting on a Tuesday from 10.00 in the morning until 8.00 in the evening, and on a Wednesday from 1.30 in the afternoon until about 8.00 in the evening.

I am giving my senatorial colleagues adequate notice. It is not next week. It is the following week that we are going to be meeting on these days. Next week, we meet as usual on Tuesday from 1.30 to 6.30, but from November 23 right until December 22, Tuesday and Wednesday respectively; we start on a Tuesday from 10.00 in the morning until 8.00 in the evening and then on a Wednesday from 1.30 until 8.00.

With these notifications in advance, I want—

**Sen. Mohammed:** What about the bills?

**Sen. The Hon. W. Mark:** We will deal with the bills and so on as we proceed. What will happen is that we continue the Tourism Development Bill next week Tuesday; thereafter we have the Human Tissue Transplant (No. 2) Bill and the Human Reproductive and Genetic Technologies Bill and we move on.

So, Mr. Vice-President, I want to move that this honourable Senate—

**Sen. Prof. Spence:** Mr. President, my understanding is that the 23rd is Private Members' Day.

**Sen. The Hon. W. Mark:** Prof. Spence, that stays. In other words, Private Members' Day, the Government will not encroach or compromise Private Members' Day. In other words, if I said 10.00, that is wrong. It will be from 1.30 until 6.30 in the afternoon. I apologize for that error. It will stand as usual in December, Private Members' Day will be 1.30 until 6.30. When it comes to Government Business, we start at 10.00 and go until 8.00 on that particular Tuesday; on the Wednesday, from 1.30 until 8.00 once it is Government Business.



*Adjournment*

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Mr. Vice-President, I beg to move that the Senate do now adjourn to Tuesday, November 16, 1999 at 1.30 p.m.

**Mr. Vice-President:** Hon. Members, there is a matter to be raised on a Motion for the Adjournment of the Senate. I invite Sen. Prof. John Spence.

**Caroni (1975) Limited  
(Government Plans)**

**Sen. Prof. John Spence:** Mr. Vice-President, thank you for allowing me to raise this matter. It really is concerning the plans that government will have for Caroni (1975) Limited. Now, we gleaned that some changes are to be made, first of all, by a statement in the budget presentation in the House, in which was stated, if I may read from the budget statement:

“Mr. Speaker, several attempts have been made to transform Caroni (1975) Limited into a diversified, financially viable entity. However, the Company continues to be a financial and debt burden on the Treasury. Recognising the urgent need to deal with this situation, Government has initiated steps to bring about a complete restructuring of the Company during the 1999/2000 fiscal year.

This Implementation Plan is geared to the phased private sector participation in the operations of Caroni.”

I repeat that.

“This Implementation Plan is geared to the phased private sector participation in the operations of Caroni. This will be facilitated through the restructuring of Caroni into a Holding Company and the creation of Strategic Business Units as subsidiaries.”

So, Mr. Vice-President, that is our clue to the fact that some transformation is planned for Caroni (1975) Limited, but apart from that and some statements in the public media in terms of television by the hon. Minister of Agriculture, Land and Marine Resources, and a response from one of the trade unions which seems to be not altogether in agreement with a thrust for privatizing Caroni (1975) Limited, we do not really know precisely what changes are planned.

I think the hon. Minister in one of his statements on the television suggested that a report from a firm which was commissioned to do a study was awaited. But it seems to me that the firm must have been given some terms of reference from the Government, so that I would hope that this afternoon we would be able to get a better insight into what is planned. So that my comments are constrained by the fact that we really have very little information about what is to take place.

*Caroni (1975) Limited*  
[SEN. PROF. SPENCE]

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Now, for me, the importance of Caroni (1975) Limited is not just confined to the sugar industry. Since I took part in the study of Caroni's operations in 1979, I have been convinced that agricultural development as a whole in Trinidad and Tobago, can be greatly influenced by the measures that we take in Caroni (1975) Limited. So, it seems to me that we must view the changes here, not just in relation to sugar production, but to agricultural development as a whole.

Indeed, in the 1979 report, it was suggested that the name of the company be changed. It was proposed that it be called the National Agro-Industrial Company Limited (NAIC) and the structure was suggested to have been changed then as well, in the sense that there were to be six non-executive directors, six divisions of the company, each with a director who would sit on the board as well. Of course, those changes were never put into effect, neither by the government at the time, nor by subsequent governments that came into power.

So, what is precisely meant by this creation of subsidiary companies? Now, I must say that I sympathize with the Government for wanting to make some structural changes in Caroni (1975) Limited because, clearly, some decisions were taken that have very substantial consequences for the taxpayer, and it seems that somehow Government is unable to control these decisions, some of which can be quite adverse.

For example, the decision to rely upon biological control for froghopper in 1998 probably cost the country a hundred million dollars or more, and in 1999, the crop still has not recovered from that attack of froghopper. I know it has been suggested that it was not froghopper, that it was El Niño that had caused the effect.

Now, I have consulted all of the people that I am able to consult who are knowledgeable in the area of sugar, including this morning, I consulted a very knowledgeable person in Barbados, and it is quite clear that the sugar crop in Trinidad and Tobago was affected, not by dry weather conditions but by froghopper attack.

Indeed, it has been suggested that the sugar cane crop in the Dominican Republic also reduced. In fact, that was due to a hurricane the year before.

In Barbados, there were a number of other circumstances why the crop there reduced and in Trinidad and Tobago, it was certainly not the case of froghopper. Certainly, in the industry, that is the thought, there is need for something to be done.

Now, interestingly enough, all of the knowledge that I have is that this decision to rely only on biological control originated not inside the company—certainly, not inside the technical people in the company—so that the privatization

process, whatever it is, had to protect the company, not only from decisions within, but from decisions without.

Now, what sort of subsidiary company is likely to arise? Well, mention has been made of the different activities, the basic activities and the diversified activities. So that one subsidiary, perhaps, might be the rum sector; another might be for real estate, because Caroni owns a lot of land—it is a non-agricultural activity; another might be for the rice production; another might be for the citrus; another, livestock; another might be for the cane production itself.

Now, I have added another possibility which I think perhaps has not been raised at all and that is, what I call the maintenance of public infrastructure. From 1979, we recognized the fact that Caroni (1975) Limited is asked to spend funds on many activities which really are either central government or local government activities: maintenance of roads, provision of houses; maintenance of cemeteries, playing fields and all the rest of it, which are not properly a charge on the company. Some of what we say are subsidiary to Caroni (1975) Limited or are payments because of Caroni's inefficiency, are due to the fact that we are really passing the money through Caroni (1975) Limited which should, in fact, go through other agencies and this makes the company look worse than it is, perhaps.

With respect to the rum industry, why would one privatize that for Caroni (1975) Limited because, in fact, that is probably the one that makes a profit, so that does not help Caroni. It might be a good thing to privatize it but not for the reason of helping the balance sheet of Caroni (1975) Limited. I believe that rice is probably, or should be, a profitable enterprise, and I see no reason why the citrus should not be.

But I would like to spend a minute or two on citrus because I have quite firm views as to how we should privatize the citrus industry, the citrus holding of Caroni (1975) Limited, if that is what we intend to do. I support fully what my colleague, Sen. Dr. St. Cyr has always said, that what we need to develop in Trinidad and Tobago is family farms.

I have repeatedly said in this Senate—and I hope that the Government would take account of this view—that if the citrus is to be privatized, the way to privatize it is to break the 3,000 acres up into 50-acre farms, perhaps less, depending upon how the enterprise might be structured and these should be sold as an option to lease to 60 farmers. If one puts these at a commercial price, I would reckon that this would bring into Caroni (1975) Limited a sum of some \$16 million, which could then be used to develop a further acreage, either in citrus or

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perhaps in cocoa which is another industry which needs reviving in Trinidad and Tobago. So, Caroni (1975) Limited could play a very central role in redeveloping agriculture in Trinidad and Tobago because, quite frankly, it is practically in a state of decay at the moment and it has to be recreated, and one way of recreating it is to demonstrate that it is possible for family-sized farms to be economically viable and for such a family to make a good living. They would show enterprise.

For example, it is possible, I believe, in citrus, to run cheap under the citrus and, therefore, increase the income from the holding and they should be allowed to do that, if that is the case. They should not be allowed to cut down the citrus. They should be allowed to build a house on their farm so that praedial larceny which is now a terrible scourge of that citrus, would be minimized because the farmers live on site on their farms.

So that if one is going to be privatized, I think it is important for there to be discussion as to how it should be privatized. I know that it has been suggested in the budget presentation that there would be consultation with the stakeholders, but I think it is important to recognize here that the stakeholders also include the taxpayers of Trinidad and Tobago. I think the appropriate place, therefore, for that discussion to take place is here in this Parliament, because I think that, by and large, it is our duty to represent the views of the taxpayers of Trinidad and Tobago.

#### **4.35 p.m.**

Apart from any consultation which may take place directly with the stakeholders, I believe that before a final decision is taken, that discussion should take place in Parliament. This is why I raise it here now, because with all the grapevine knowledge that one can get, it is being suggested that there is a rush to privatize these subsidiary companies and that the deadline is December 1999. I hope that the Minister can assure us that that is indeed not the case.

Another enterprise that might be looked on for investment from the private sector is the livestock industry. But the livestock industry in the buffalypso and the cattle are now infected with brucellosis. Which private sector person is going to invest under those circumstances? First of all, Caroni has to, at somewhat of an expense, make sure that the herd is disease-free. Again, that seems to be possibly a decision of Caroni (1975) Limited which caused that problem through the importation of foreign cattle. The opinion is locally that that may not be the case. One needs to investigate it. Why do we not investigate it? The opinion is that that may have come in with those imported cattle to Caroni (1975) Limited. Another error of judgment, clearly, on somebody's part.

Why have we not developed the buffalypso? This is an animal which has been selected in Trinidad and Tobago, and which is an excellent animal. It produces a superior quality beef. In the United States, the cost of buffalo meat is higher than the cost of cattle because it has less fat. Nutritionally, it is better. We can sell all the calves we can produce, and for years, some of us have been saying this. But, instead of spending the money on developing the buffalypso, Caroni (1975) Limited spends US \$5 million in importing cattle from North America.

Why do we pay so little attention to our indigenous resources? We can ship any number of buffalypso calves to any part of the world because they are a very well selected breed. We sell them in Columbia, in Florida, all the Central American countries, but why do we not develop or own herd? Why have we not started making mozzarella cheese by milking the buffalo in Trinidad and Tobago? This is a specialty item. This is what we have to look for. We cannot compete in milk against cheap imported milk, but we could compete possibly in a specialty item such as the buffalo milk which is used for mozzarella cheese, which, again, has a higher price and a better market. Why do we not go for these things?

If we are trying to improve Caroni (1975) Limited's performance and its contribution to the agricultural sector in this country, why do we not take some of the expert advice we can get locally and listen to the people who have been saying these things for many years? It puzzles me why we always make these decisions that cost substantial sums of money and do not bring the benefits when we could put the resources into other areas which have a much better chance of success. We now, in effect, probably only have two herds of buffalypso, because the Caroni one, until it is cleaned up, is not a herd that can supply animals to the rest of the country.

What about the cane production? This might be another company—the 35,000 acres or so of land which produces cane. How do we intend to privatize that or to involve the private sector? Do we intend to transfer that land to cane farmers? For many years now, we have said that there should be a greater proportion of the cane produced by cane farmers, but will that, in fact, help with the problems of the company and the need for subsidies from the taxpayer?

The hon. Minister of Agriculture, Land and Marine Resources has it quite correctly, in my opinion, in the *Daily Express* of Thursday, November 4, pointing to the fact that the cost of sugar cane, the cost of sugar and the cost of production are too high. I am very glad that he pointed this out. We seem to be ignoring this fact. Yet, also in the *Daily Express* of Friday, November 5, the cane farmers want \$15.5 million in back pay and they are calling for higher prices for the cane.

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Transferring the production from Caroni (1975) Limited to cane farmers is not going to solve the problem, because the cane farmers will still demand higher prices which have to come from Caroni (1975) Limited. So, there is a much more fundamental issue we have to address. In that respect, I think we have to look at—and I know the hon. Minister is aware of this because of the public statement he made about the sugar industry—what is the future of sugar.

I believe, myself, that as soon as the United States stops protecting its own sugar, it will come at us through the World Trade Organization (WTO). The reason it has not done so, so far, is because it allows sugar as an exemption from the other agricultural commodities which are being addressed through the WTO because it protects its own industry. As I have said repeatedly in the Senate, as soon as Cuba comes back into the fold and that sugar becomes available to us—again, the competition, the free market system, globalization and the rest—it is going to mean that if we cannot compete in that way, we will go out of sugar.

The Minister is quite on the right track, and I am very glad that he is now in charge of looking at these issues because it is extremely important, and I think we will have a problem to face which we must start facing now. That presents an even greater urgency for us to look at Caroni (1975) Limited in the context of agriculture as a whole in Trinidad and Tobago, and not just in the context of sugar.

Incidentally, I think we should also look at Caroni (1975) Limited itself as an agriculture farm and not just as a company because, to some extent, we have to decide whether there is any mechanism by which, by fighting the issue in WTO, and so forth, we can continue to subsidize our agriculture the way the developed countries continue to subsidize theirs. They will continue to do so, while we are being told that we must not.

If we assume that Caroni (1975) Limited is an efficient producer, if we can get it to be efficient, we still have to put money in, because the cost of production cannot go any lower because we have a higher standard of living here and better wages and the rest of it. We must look at the money we put in as a subsidy to agriculture and not as a subsidy to a company, a state enterprise. We must not be subsidizing an inefficient system. That I am fully in agreement with.

Mr. Vice-President, one of my main reasons for raising this issue this afternoon is the fact that I very much fear that this process of privatization will lead to the alienation of this land which is owned by Caroni (1975) Limited and, eventually, this alienation from agricultural production.

Suppose with respect to citrus, for example, some company decides to invest in the citrus—either a local or foreign company—and after five years, it turns out that the citrus enterprise is not profitable, because the trees are being infested with tristeza. I have repeatedly said in the Parliament how I think that could be dealt with on a family farm, which I do not think could be dealt with in a company. The company says: “Look, partner in the Government, we really do not think this thing can work, but this is very valuable land. It is not too far from a town and we really think that a good tourism development here would be very useful.” Or, we might decide that this is a good place for K Mart. A nice spacious area.

I believe that very soon this land will no longer be in agriculture production. So, my proposal is that immediately—and I have said this with respect to the oil company land as well—all of the land owned by Caroni (1975) Limited must be vested in the state and then released back to Caroni (1975) Limited. So, when the privatization process occurs, we do not alienate that land from the taxpayers of Trinidad and Tobago. If we alienated that land, the things to which we have objected in the past on privatization, like BWIA and T&TEC, would pale in significance compared to what we have done in this case.

Thank you.

**The Minister of Agriculture, Land and Marine Resources (Hon. Trevor Sudama):** Mr. Vice-President, Sen. Prof. Spence has raised a matter which we all know is a very difficult issue with which to deal. It has been a difficult legacy to this Government and it touches on the whole issue of the involvement of the state in agriculture. This has been the history of Caroni (1975) Limited from the time it was taken over by the Government and all the difficulties which were associated in the operation of that industry.

Everyone will recall that an attempt was made to diversify the base of Caroni (1975) Limited by getting into non-core activities, and I will outline all of those non-core activities and what has been the experience over the years with those activities. I think after long deliberation, the Government has come to the conclusion that there has to be private sector involvement in the operations of Caroni (1975) Limited. The means and the mechanisms for that involvement have not yet been fully determined, and I will crave the indulgence of Sen. Prof. Spence to wait a little while longer while we look into the modalities of that participation. We have, right now, various consultancies, and as we get those reports, we will be given the options available to the Government.

What is clear is that the non-core activities of Caroni (1975) Limited comprise aquaculture, dairy production, rice cultivation, rum distilling, citrus cultivation

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and recently, some efforts at land management. But, of all the agricultural functions of all of those, none of these functions today are operating at a surplus. None of them. The situation has been ongoing, so we have inherited that.

Therefore, in order to deal with this, there is bound to be a restructuring, an attempt to transform this state enterprise. As was pointed out, we intend to look at the issue of creating a holding company—Caroni (1975) Limited would then become—and then establishing strategic business units related to the different functions that have been carried out. The business units we, of course, have targeted are those both of sugar production and the non-sugar operations.

At the moment, we are looking at three areas, and this is where the consultancies are being addressed. Those three areas are in rice cultivation, citrus and the rum distillery. It will be later this month that we will get a report which, as I said, will identify the options which we can pursue. When we get that report, that report will be subject to a thorough examination by the Cabinet as to all the implications involved in the options that are being proposed.

Mr. Vice-President, we are committed to transforming Caroni (1975) Limited into a financially viable corporation in the next three or four years, and we want to arrest the decline which, of course, means that we will go beyond the mandate of 2000 in order to deal with this problem. [*Desk thumping*] Obviously, in the short term, we have to arrest the decline in the financial performance of Caroni (1975) Limited that has occurred over a number of years, and we want to increase its production levels.

As I mentioned in a news release, Caroni (1975) Limited is convinced that it can produce 120,000 tonnes of sugar for the first crop of the millennium, and that we have the sugar in the fields, in order to do that. In addition, we have decided that more and more of the sugarcane cultivation will be done by private farmers who are known to be more efficient than the cultivation through the company.

**4.50 p.m.**

In addition, we have decided that more and more of the sugar cane cultivation would be done by private farmers who are known to be more efficient than the cultivation through the company. That is going to be another strategic move that we are going to make to address the whole question of improving the efficiency and the productivity in all the elements of the production process: from cultivation to transport, to processing and marketing.



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I have had discussions with Caroni (1975) Limited and have been apprised of the plan with which they are going to operate in order to get higher levels of efficiency in the company. This whole issue as we proceed towards gaining greater financial viability to the company, the transformation and restructuring is going to take place on a phased basis. That is why we have selected three of the non-core areas to be dealt with.

Mr. Vice-President, we are aware of the burden on Caroni (1975) Limited for the maintenance of public infrastructure. We are proceeding systematically to relieve Caroni (1975) Limited of that burden, therefore, to improve its position and reduce its dependency on the Treasury. As we get into the non-core areas and we get those functions viable again, we would be heading towards reducing the dependence of Caroni (1975) Limited on the Treasury.

I want to, particularly, state at this point that we believe that the potential in these areas is significant, particularly in citrus, the rum distilling operations and in the lands and rice cultivation. Once we get private sector involvement in and we are able to expand output and production we will, by that measure, not only be able to maintain but possibly generate more employment opportunities in these areas. Of course, that has been one of the concerns we have faced over the years.

In any event, for those employees who wish to take voluntary separation, we are looking into all the implications involved in a voluntary separation plan, and at the same time, a retraining exercise to be able to redeploy those who may so wish to be redeployed. That is another aspect of this initiative that is being undertaken.

Mr. Vice-President, the whole issue of how the lands would be dealt with—the Senator raised this question about the alienation of land. We have to look at the issue. I want to indicate to him—and he raised the prospect—that the lands may go out for agricultural production. I want to first indicate that we have developed specifically, and it would come to the public early next year, a land use policy—various regional development plans—through which land use would be identified. In that land use policy it would be extremely difficult to change the use of land from one function to another function once we have identified that land use framework. That is one matter that we want to emphasize. Therefore, if land is under citrus production and somebody wants to use that land for residential development purposes that decision has to have the concurrence of the Physical Planning Commission.

However, economic development is a dynamic thing; that is, you change economic activities as the market demands change those activities. Within that

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concept of a dynamic development, decisions would have to be made later on as to what is the best possible use of the land which is under agricultural production at that time. In other words, what kind of agricultural production may be viable in the future. As we go further into the future, of course, it becomes more difficult to predict what would take place. I want to give that assurance here today.

The issue of dividing the citrus cultivation into family farms is something that we have to look at and look at the feasibility of that. One of the problems with citrus in Caroni (1975) Limited is that it was not able to establish a processing unit. Therefore, it had to depend for its processing on another agency that has its own priorities on the agenda. I feel convinced that if a processing unit was established under the control of Caroni (1975) Limited, citrus would have been a viable proposition as was expected to be.

When these decisions are made—as was pointed out, we are all stakeholders in the affairs of any state enterprise. Apart from Caroni (1975) Limited, we are stakeholders. Those decisions would be made public; the decisions of Government, on the issue of private sector participation in Caroni (1975) Limited and various strategic units will be a matter of public debate. I want to give the assurance that these things would come to public view.

For the short term, as I said, we want to increase the production of sugar next year. We want to have production more efficiently carried out. We want to increase productivity levels. I am advised that the froghopper problem is, by and large, behind us. [*Interruption*] I am so advised by Caroni (1975) Limited. We had encountered other problems in the previous crops but they are by and large behind us so we should expect a more significant crop next year. With increased levels of sugar being produced we hope that we will reduce that level of dependence.

For the longer term the efficiency at which we produce calls the critical question. That can only be decided upon by the increase in our productivity levels, and in our capacity to be cost competitive in the international market. Mr. Vice-President, for the immediate future we do have a breathing period because the sugar protocol is going to continue for a number of years. That gives us some time to attempt to seriously restructure this industry and to bring it on a level where we can compete, to a great degree, internationally with our cost of production and so forth. But that is for the longer term.

**5.00 p.m.**

As we look to the short term, I think it is necessary to see what we can do in order to reduce the dependence on the Treasury and then look at the options that

may be available for more and more private sector participation in the industry, both in terms of sugar cultivation and the other non-core activities of Caroni (1975) Limited.

So, at this point in time, this is what I can relay to the Senate. I will be making further statements as we make those decisions relating to the private sector participation in the strategic business units. The Government will be giving this Senate, and indeed the country, more information as to where we are going and what actual decisions have been made and how the interests of the particular stakeholders have been looked at and have been protected. As you know, in any exercise of restructuring, there is going to be some measure of dislocation. That, of course, is unavoidable. The *status quo* cannot remain, as we have been pressured into acknowledging. There is going to be some measure of dislocation and the duty of the Government is to minimize the dislocation that may come about as a result of the exercise in which we are engaged. We are committed to that minimization and to introduce whatever social mitigation measures that the situation may require. So the Government is committed to that.

We are also committed to reform and transformation. As you know, Mr. Vice-President, this is a Government of reform. [*Desk thumping*] This is a Government that has decided to take many things by the horn, bulls or otherwise, [*Laughter*] and to deal with them because we are confident that what we are doing is in the best interest of Trinidad and Tobago. Therefore, we are going to deal with these problems. Things which have been difficult, which other previous administrations avoided like the plague—like taking fundamental decisions to reorient and restructure either an industry or the economy of Trinidad and Tobago—this Government is committed to doing these and I am sure that it has the support of the public at large.

Thank you very much.

#### SPECIAL SELECT COMMITTEE

**Mr. Vice-President:** Hon. Senators, before putting the question on the adjournment, I wish to advise that after some consultation, a special select committee has been agreed upon. I would like to announce the members of the Special Select Committee to deal with the Integrity in Public Life (No. 2) Bill; the Constitution (Amdt.) (No. 5) and the Constitution (Amdt.) (No. 6) Bills.

Bills referred to a special select committee of the Senate appointed by the Vice-President as follows:

Sen. Brig. The Hon. J. Theodore  
Sen. Philip Hamel-Smith

Chairman  
Member

*Special Select Committee*  
[MR. VICE-PRESIDENT]

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*Tuesday, November 09, 1999*

Sen. Agnes Williams

Member

Sen. Dr. Eric St. Cyr

Member

Sen. Danny Montano.

Member

Having made that announcement, I now put the question on the adjournment before you.

*Question put and agreed to.*

*Senate adjourned accordingly.*

*Adjourned at 5.05 p.m.*