

SENATE*Tuesday, May 29, 2001*

The Senate met at 1.30 p.m.

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

Mr. President: Hon. Senators, the Clerk of the Senate has advised me that she received a telephone call about an hour or so ago from Sen. Yuille-Williams, indicating that the Members of the Opposition will not be attending today's sitting of the Senate.

I have, however, received a letter from Sen. Danny Montano requesting leave of absence from sittings of the Senate during the period May 29, 2001 to June 11, 2001. This request for leave has been approved.

SENATOR'S APPOINTMENT

Mr. 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

Appointment of a Temporary Senator

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. HOWARD CHIN LEE

WHEREAS Senator Danny Montano is incapable of performing his duties 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 Leader of the Opposition, 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, HOWARD CHIN LEE, to be temporarily a member of the Senate, with effect from 29th May, 2001

Senator's Appointment
[MR. PRESIDENT]

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and continuing during the absence from Trinidad and Tobago of the said Senator Danny Montano.

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 24th day of May, 2001."

OATH OF ALLEGIANCE

Mr. President: The Clerk has also advised that they contacted Mr. Howard Chin Lee who advised that he also would not be attending to be sworn in.

FINANCE (SUPPLEMENTATION AND VARIATION OF APPROPRIATION) BILL

Bill to supplement and vary the appropriation of the sum of the issue which was authorized by the Appropriation Act, 2001, brought from the House of Representatives [*The Minister of Finance*]; read the first time.

Motion made, That the next stage be taken later in the proceedings. [*Hon. L. Gillette*]

Question put and agreed to.

MUTUAL ASSISTANCE IN CRIMINAL MATTERS (AMDT.) BILL

Bill to amend the Mutual Assistance in Criminal Matters Act, 1997, brought from the House of Representatives [*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. [*Hon. L. Gillette*]

Question put and agreed to.

FINANCE (SUPPLEMENTATION AND VARIATION OF APPROPRIATION) BILL

The Minister Finance (Sen. The Hon. Gerald Yetming): Mr. President, I beg to move,

That the Bill to supplement and vary the appropriation of the sum of the issue of which was authorized by the Appropriation Act, 2001, be now read a second time.

The House of Representatives of the Republic of Trinidad and Tobago met on Monday, May 21, 2001 and passed the Finance (Supplementation and Variation

of Appropriation) Bill, 2001. The Bill, in essence, seeks to do three things. It seeks to vary the 2001 appropriation as follows: The recurrent statements are to be varied by the sum of \$931,194,138. That amount is detailed by the various Heads given in the package to the Senate. The Bill is also to vary the Public Sector Investment Programme (PSIP) by the sum of \$140,498,398, the details of which are covered in Appendix IV of the package circulated to Members of the Senate. The third part of the Bill is to provide supplementation to the 2001 appropriation by the sum of \$606,536,265, the details of which are covered under Appendix III of the package given to Members of the Senate.

In addition, the questions that were asked when the Bill was being debated and the answers provided to Members of the House of Representatives were also circulated to all Senators so that they could have the benefit of what transpired there.

The variation to the recurrent estimates really has come about as a result of the reconfiguration of the ministries by the President in accordance with the advice of the Prime Minister. As Senators would know, after the December 11 election, the Prime Minister reconfigured the various ministries, as a result of which there had to be a variation of the funding that was approved by Parliament from the old ministries to the newly configured ministries. That is what the first part of this Bill is all about, and that is what makes up the total of \$931,194,138.

The second part of the Bill, which has to do with the Public Sector Investment Programme, has to do also with the fact that moneys that were allocated for the PSIP in accordance with the previous ministries had to be varied to suit the reconfiguration of the ministries. At the same time, the Ministry of Finance did a review of the PSIP—a mid-year review, so to speak—and had to recognize the fact that apart from the PSIP which totals about \$981 million, there were additional requests being made to the Ministry of Finance for an additional sum of \$965 million, up to the point of the review.

Unfortunately, the original figure of \$981 million could not have been increased, and what the Ministry of Finance did in consultation with the various ministries, was to review the state of the implementation of the various projects that made up the original \$981 million allocation, and where projects were slow in implementation, we cut back on their allocation and improved allocations elsewhere where we believed the moneys could have been spent more appropriately, more beneficially and more timely.

1.40 p.m.

That is what accounted for the variation in the Public Sector Investment Programme figure of \$140,498,398.

The third part of this Bill has to do with the fact that we have come to the Senate to get approval for an additional sum of \$606,536,265 to supplement what had already been approved by Parliament, to spend on additional requests for moneys by the various ministries. The overall effect of those three categories of requests are detailed in Schedule II of the Bill. I suggest to Members that we could refer to Schedule II of the Bill instead of spending a fair amount of time this afternoon going through the variations Head by Head. I would just give the totals. The increases total \$1,576,608,166 and there were decreases in the Heads of Expenditure to the total of \$970,071,901, the net of which is the increase in the supplemental funding being requested.

The substantial part of the \$606 million being requested, \$407 million of which—Members could follow from Appendix III of their package where we have detailed by Head where the increases are going. We also gave the numbers in two columns; one on personnel expenditure and the other column on the other matters. That is to make a distinction with the amount of \$471,941,854 being required for personnel expenditure. That figure represents 77.8 per cent of what is being requested in the supplemental funding.

Members would be aware that during the course of this year, the Chief Personnel Officer was able to finalize and conclude agreements with all the public sector unions. Those agreements which span the period 1999 to December 2001, and which essentially called for salary increases totalling about 10 per cent over the three-year period, I believe, could all configure 2, 2 and 6. In addition to that, the agreements also covered non-salary benefits and allowances. Those agreements were concluded during the course of this year. The funding being required now of approximately \$471 million is in fact to partially pay that bill. The total required to settle the three-year agreements with all the public sector unions total \$1.157 billion; the salary part totals \$927 million; the allowances and benefits total \$230 million. The request for this sum of \$471 million is to make up for the shortfall in the budget approved by Parliament because it did not fully take into consideration the possible settlement. Even with the request for \$471 million in supplementation, next year we would still have to find \$300 million to fully satisfy the terms of the agreement. It is a very substantial sum of money about which I would say a few words a little later on.

I would also mention that the Government has a substantial issue outstanding with some of the public sector unions. That has to do with the arrears of increment. Members might be aware that some public sector unions did agree and accepted a buyout and some did not. The CPO is currently in negotiations with the

Public Services Association to try to arrive at an agreement for that. When that agreement is reached, we would have to find another substantial sum of money. I would leave it at substantial because that would be entirely dependent on how that agreement is finally reached. I only suggest that that settlement could be as high as \$1 billion.

In the supplemental funding of \$606 million which is being requested, \$135 million is intended to represent goods and services, debt servicing and other commitments of the Government which we believe cannot be avoided. Some of the major items are covered in one of the appendices provided to Members. Included in that \$134 million would be \$10 million for the Elections and Boundaries Commission which is being provided at their request; \$48 million, call it \$50 million for rounding off purposes, has to do with an additional allocation to the Tobago House of Assembly (THA).

When the new THA came into being after the last election, the Chief Secretary had several discussions with the Prime Minister. Arising out of that a meeting was held with me. The purpose of that meeting was to convey a request to have approximately \$150 million of accumulated debts from the old Tobago House of Assembly written off by the central government. The new Tobago House of Assembly, on assuming office, found outstanding debts and borrowings at a bank to the tune of \$150 million. It came to plead that some consideration be given to fully or partially offset that amount, so that the new Tobago House of Assembly could have started its term of office without that kind of backlog to cover.

1.50 p.m.

Mr. President, Cabinet subsequently agreed to provide the THA with \$50 million of supplemental funding which, in fact, is the amount that it is asking for in this Finance (Supplementation and Variation of Appropriation) Bill; the exact amount is \$48,267,100. The new THA agreed to work with the Minister of Finance and the Ministry of Finance to ensure that there is an orderly takedown of the remaining \$100 million that they would be left carrying. That would be done through annual allocations that would be provided to the THA from the next year onward. The new THA has assured the Minister and the Ministry of Finance that it would take prescribed steps to restore some kind of financial discipline and prudence to the operations of the THA. I should also mention that of that \$150 million, \$17 million was really to cover the cost of scholarships that had been illegally granted by the old THA, an investigation into which is being conducted at the moment. A report arising out of that investigation would be submitted to the

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[SEN. THE HON. G. YETMING]

Minister as part of the terms of the provision of the additional supplemental funding. Two other substantial sums covered in that \$134 million would be about \$21,282,000 which Senators can see from the detailing to provide for the lease arrangement of the mv *Beauport*, to provide continuous ferry service to Tobago and another \$17 million which is to meet loan payments which have become due on some financing of the Piarco Airport terminal.

Mr. President, the additional \$606 million being requested here today would be met out of additional revenues which the Government has received to date, and which it is projecting down to the end of this year. As Senators would be aware, there have been additional oil revenues because the price of oil to date is higher than the budgeted price, and there have been increases in our tax intake, not only from the oil sector, but also from individuals and from the non-oil sector.

I reassure the Senate that notwithstanding the \$606 million for which we are seeking supplementary funding, the expectation is that there would be a balanced budget at the end of this year, and that I am prepared to give as an undertaking. Apart from the fact that the numbers to date are extremely good, the key economic indicators are still positive. I am not too sure that it is true to say that all of this has to do with the price of oil. Yes, the price of oil is helping, but it also has to do substantially with what I would consider are sound economic policies implemented by this Government over the recent period. We have been able to attract on an average, over the past five years, foreign investment to the tune of about US \$400 million.

Mr. President, we are now a world-class player in gas, and if one listens to the major players in Trinidad and Tobago, and if one follows what is happening in that sector, I can only say that all things being equal, the economy of Trinidad and Tobago would continue to be in extremely good shape over the years to come.

One of the things that would provide us with the support, in the event that need ever arises, is the Revenue Stabilization Fund. One may have different views as to how one should spend additional moneys that one would be bringing in over and above the budgeted price of oil, but I would say that at least \$550 million would be put into that Revenue Stabilization Fund to the end of this year to add to the \$415 million that is already there, and what one should have is pretty close to \$1 billion. [*Desk thumping*] This Revenue Stabilization Fund would be covered by legislation which I propose to bring to the Senate not too long from now, to ensure that the moneys would be going into that Fund on a very prescribed basis. Moneys would only be taken out of the Fund on the basis prescribed by law. It would not be at the whim and fancy of this or any other administration to tamper

with that money. I will, however, indicate that even as we speak, a review is being taken of the final draft of the Bill because I am proposing to make some amendments before it finally gets to the Senate. This is to ensure that in addition to the percentage of the money set aside for a rainy day, the balance not set aside—in fact, 33 per cent is not set aside at the moment—there is a prescribed usage for a part of that, and it is not just 33 per cent coming into general revenues added into the Consolidated Fund.

Sen. Daly: I thank the hon. Minister for giving way. Can I take it therefore that this \$550 million that went into the Fund represents 77 per cent of the excess over the budgeted price?

Sen. The Hon. G. Yetming: Mr. President, I said that \$415 million is there from last year and about \$550 million we are projecting; because we are just at the end, but percentage-wise, we have been putting in 67 per cent, or two-thirds. One-third goes into the revenue for the year.

I am simply suggesting that while Cabinet had made that decision, it is under review at the moment, so that when the Bill is brought to the Senate it would probably contain some refinements. I would not wish to be held to the 33/67 rule that we are currently applying except to say that a substantial percentage—it may not be 67, it could be 60, 65—would be set aside for a rainy day, and it would not be as seems to be suggested by some, that one can simply use it on infrastructure, whatever that might mean.

Mr. President, the concern I have is that while the revenues for this year are good and can take care of the \$606 million that I am asking for in supplementary funding, there should be this Revenue Stabilization Fund, which one would have to be concerned about if and when the price of the commodity stops.

2.00 p.m.

I do not mean to pick on public service salaries, but if I can just speak on salaries for a minute, there are two critical elements of expenditure in our budget—the percentage that we are spending on public service salaries and the percentage that we are spending on debt service.

In the case of public service salaries, we cannot continue to have these substantial escalations in cost unless we are going to do things to protect us, if and when our revenue streams drop. That is a fixed item of expenditure with which we will have to live for a while. One of the issues the Government will clearly have to address is a further escalation and acceleration of the reform of the public service. We already have a situation where public servants' salaries, in relation to

market, are generally low. In fact, we do have a study being done at the moment, by external consultants, to do some refining to the job reclassification system of the public service. It was done for teachers and they are now, we believe, reasonably well positioned.

When that study is completed for the balance of the public service, unquestionably, salary ranges will have to increase. For us to satisfy the salary increases to bring the salaries of professionals and workers in the public service up to par, we will not be able to sustain a total bill like that as a percentage of our revenue. It clearly requires, concurrent with whatever adjustments we may wish to make in the rating and structure of jobs in the public service, dealing with the very serious fundamental question of the numbers.

It is spoken of very often. It is a fact that, in many areas in the public service, the only chance of our being able to pay competitive salaries is if we get our competitive numbers down or, put another way, our numbers down to competitive and efficient levels. That will be engaging the attention of the Government.

The other message is that, with the arrears of increment under negotiation with the Public Services Association, I hinted at the fact that the possible bill will be about \$1 billion, depending on whether we settle at the top end or somewhere inside. It will be a figure we simply will not be able to afford. If we have no choice, for whatever reason, this Government will have to make very drastic cuts in many areas to be able to afford to pay that bill.

In addition, some public sector unions had accepted a reasonable buyout some time ago and we are hoping that the Public Services Association would agree to the buyout being offered. This is very consistent with the buyout which was accepted by the unions which have already done so, but not accepted by the PSA and one or two of the other unions. Salaries to the public service at a percentage of revenue cannot be allowed to get out of hand and we clearly are hoping, by virtue of the initiatives that we will have to take, that they will not.

I mentioned the fact that a substantial percentage of our revenue is also being spent on debt service. It is an acknowledgement of a fact. Our debt service, as a percentage of revenue, currently is about 42 per cent. Of every dollar that we earn, 42 cents will go to debt service. I want to talk a little about it because it is a current topic. In fact, I will be returning to the House to deal with certain borrowing limits, at which time I am sure that topic will be discussed in a more detailed way.

Early this year, after a presentation was made to Cabinet, it took a decision that there will be a moratorium on further borrowing. We took that as a policy decision. I would caution that I have also said there is a moratorium subject to certain budgeted amounts that we still have to borrow on the market. Those budgeted amounts have to do with a number of items of capital expenditure for which we must go to the market. In our computation of our borrowings in relation to GDP in our debt service, we have factored in all that we have to go to the market for at the end of this year. In fact, about one month ago, the IMF was here on an Article IV consultation, and all our numbers were distilled by them and they include the amounts for which we have to go to the market. The point is that we have taken a decision that there shall be a moratorium.

In 1995, the total amount of Government debt stood at 60 per cent of GDP. Today, it is at 60 per cent of GDP. My reason for saying that is that there is a perception that because we have borrowed a lot over the years and because we announced a moratorium, things are way out of hand. Things are not way out of hand. We could easily work with a 60 per cent debt stock to GDP. That is not a problem. We have been doing it since 1995. What happened is, between 1995 and about 1998/1999, the debt stock was on a decline, and over the past two years—1999—2000 and to the end of this year, there has been a ballooning of borrowing over this three-year period, which has increased the debt stock to 60 per cent of GDP.

My target is for 50 per cent of GDP and I intend to do that over the next five years. The target for debt service is 30 per cent of revenue. Whereas at the moment, 42 cents of every dollar of revenue is being spent on repaying loans, the target is—and that target is achievable within the next 3 years—that 30 cents in the dollar or 30 per cent of revenue will go to debt service. They will, obviously, free up revenue for doing the things that the Government ought to be doing, but certainly it cannot be to reduce debt service to increase the public service salaries.

Sen. Prof. Ramsaran: Mr. President, to help us capture the macro picture, could the Minister give us, in addition to the debt servicing from Government's annual expenditure, an estimate of what goes to public service salaries at present? Is it 40 per cent?

Sen. The Hon. G. Yetming: Mr. President, it is 30 per cent approximately.

Let me make the statement once more that the size of Government debt and the decision that there should be a moratorium is not to suggest that there is a problem or difficulty that we have to grapple with. It is simply prudence that has made us make that decision. It is our objective to bring the debt stock down to 50

per cent of GDP, which is attainable over the next five years; and to bring our debt service down to 30 per cent over the next three years, both of which are attainable.

2.10 p.m.

I want to spend a few minutes on the reason for this ballooning of debt. Mr. President, with the exception of one element of that—and I will explain that in a minute—the entire amount of money borrowed over the past three years went into infrastructure. We have spent—in fact, I did not bring the full list with me but we have spent—let us suppose I use approximations, Mr. President—about a billion on the airport; we have spent about a billion on water; we spent about \$800 million on roads; we spent about \$800 million on new schools; and we have spent on electricity and so on.

The point is that, with the exception of one element, which I will explain, all of the money went into infrastructure; and the improvement of the infrastructure, in my view—and I would expect in everybody's view—is absolutely essential for there to be any advancement and if there is to be any development—if there is to be any attraction to investment in Trinidad and Tobago. The fact is that the size of the borrowings for those elements of infrastructure ought not to repeat itself in the immediate future. So that, in fact, it was simply an investment in the short term to bring a lot of deficient areas on par and probably to international standards, maybe, if we judge from the airport—but there has not been, in my view, any abuse of that money.

I would only explain the one item of the debt which does not fall into the infrastructure category and that has to do with a company called Taurus, of which Senators may be aware. Taurus is the company that was created to buy over the bad debt of the three failed banks. Senators would know that there were three failed banks in Trinidad and Tobago, which were subsequently merged into First Citizens Bank, and, to allow First Citizens Bank a chance to perform and operate in a proper fashion, a volume of their bad debt was transferred across to Taurus. Clearly we have to make a connection between FCB today, which is a very, very viable and sound financial institution on one hand, and on the other hand we have Taurus carrying a substantial book of bad debt. It should not take too much to deduce, Mr. President, that it may not be too long from now when that Taurus debt will be paid down and, immediately that happens, our debt stock will be reduced by pretty close to one billion dollars.

I just want to make the point that when I speak of the debt stock of the Government, I speak of all direct and indirect debt. From where I sit, I make no

distinction between what the Government may directly borrow and what the Government may indirectly borrow, once we have to pay it back, and, as far as I am concerned, all debt, direct or indirect, I consider debt of the Government. When I speak of the debt stock, that is what I speak about and, therefore, you should not be concerned that I might be hiding the fact that there is a lot of borrowing being done by state corporations.

On that score, Mr. President, I want to make the point that the state-enterprise sector and statutory bodies and so on are going to come under more intense scrutiny by this Minister of Finance. [*Desk thumping*] In fact, they have already come under more intense scrutiny, Mr. President, and will come under increasing scrutiny [*Desk thumping*] as we move on—the manner of their operation, the looseness with which some of them operate—and I am not too sure that anybody would be offended by what I am disclosing. In fact, I am not too sure whether I gave reference to this in this Senate, but maybe about a month or two ago Cabinet readily gave the Minister of Finance, at his request, authority to go into any government project—any government project—to monitor and review its financial or their financial performances.

It is now public knowledge that I have gone into the interchange project and it is now public knowledge that I have gone into the construction of the 12 schools. I will only make the point, Mr. President, that the 12 schools in particular are going to come in below budget, in spite of the fact that at the time I went into that project there was already an indication that the budgeted amount was too small. They are all going to come in—the 12 schools are going to come in below budget and that is a guarantee to this Senate [*Desk thumping*] and it is an indication, Mr. President, of the authority given by Cabinet which I intend to fully exercise—but it is more than projects.

Mr. President, I have received at least two complaints within recent times from small companies pleading for intervention because of certain state corporations—well, let us use the words “state corporations”, not that they are state corporations. It could be a statutory body and I do not want to make a distinction lest fingers get pointed. Mr. President, small companies are being owed large sums of money, dating back to the past two years, to the point where these small companies can be closed tomorrow morning because of the indifference, the neglect, or whatever you call it, by the State—and if it is a statutory body I call that the State—and we cannot have a situation where on one hand the Government is interested in doing the right things for companies and the private sector to thrive and on the other hand, by virtue of administrative or bureaucratic indifference, companies can go under.

I also have a situation where, Mr. President, for the past several months the Trinidad and Tobago Manufacturers Association, in particular, has been complaining to me about long delays in receiving VAT returns when they apply for a return on their VAT, particularly the export manufacturers. You have a situation where these firms are being owed money, by the Government, for months, affecting their cash flow, increasing the cost—because that has to be covered by borrowings from the bank at 15 to 18 per cent—of their exports because they have got to factor all of those costs into their pricing.

Mr. President, by legislative or administrative procedures, we are going to put in place a system whereby, in the case of VAT, refunds must be paid within a prescribed period. The very way that VAT must be paid by companies within a prescribed period or pay a penalty, if Government does not give you your refund within a prescribed period, the Government will pay a penalty. I intend to put that into place. [*Desk thumping*] If I cannot do it administratively, I will do it through legislation. We cannot talk on one hand about facilitating our export manufacturers with all kinds of incentives and cut their throats, if that is parliamentary language, Mr. President, by withholding vital funding from them for which they have to pay substantial interest. It will not continue, Mr. President. It may not change tomorrow morning but certainly within the next month, because I have already requested that.

I will also say that there is another side to that, which is that any company in abuse or, through fraudulent or other means, seeking to get refunds illegally or illegitimately, there will be a heavy price to pay for that, Mr. President. [*Desk thumping*] We are going to exercise very, very tight fiscal policies. We are going to ensure that—if I could come back to VAT for a minute—all moneys legitimately due to the Government are collected. I come back to VAT only to say that, in my view, in the area of VAT I believe this is where we have the greatest leakage of government funds around. I am going to be exploring all my options, Mr. President, to ensure that all VAT receipts due to the Government are collected.

I have made the point in another place and, you know, maybe the point is a minor point. The fact that a company may withhold VAT illegally from the Government is bad enough, but I take another look at it. My look at it is that VAT is about the only tax that poor people pay in this country. When a poor person makes a purchase and pays VAT and, in his own mind, that 15 per cent on that small purchase is in fact a tax, a contribution to the Government, and this firm would illegally take that and put it in its pocket, it is banditry of the highest order, Mr. President. [*Desk thumping*] If I do not do it for the Government, I am going to do it for the poor man.

2.25 p.m.

In terms of monetary policy, I know I have been accused, I have been told that I have no business in monetary policy, that that is the Central Bank. I will only say, Mr. President, that I enjoy a very close working relationship with the Governor of the Central Bank. We collaborate on a host of things including the reserve requirement of the commercial banks. We have a number of joint teams at the moment. I will just call them out, a couple of them, for the information of the Senate. We have a joint team: Central Bank/Ministry of Finance, on open market operations. We have a joint team: Central Bank/Ministry of Finance to deal with how we could develop the capital markets. We have a joint team with respect to how we could develop the—let us use the term—“offshore banking sector” in Trinidad and Tobago according to the international financial services sector in Trinidad and Tobago and doing it right, recognizing all the requirements and concerns of the Organization for Economic Co-operation and Development (OECD). We have a joint team on that, Mr. President, and we also have discussions on the reserve requirements.

I had announced some time ago that the reserve requirements of the commercial banks should be reduced by 3 per cent and I had announced that the interest rates of the bank would fall by at least one percentage point. And, Mr. President, it has happened. I think that the timing was right, that it should happen, for a number of reasons which I do not think it is necessary to go through here this afternoon. I would only further say that I intend to be monitoring the outcome of that 1 per cent decline so that if the conditions are right, before the end of this year, the intention is that the reserve requirement of the commercial banks should drop by a further 3 per cent with the expectation that there should be another 0.5 to 1 per cent drop in lending rates of the commercial banks. Furthermore, we have to take a close look at the reserve requirements of the commercial banks versus the reserve requirements of the non-banking institutions and also the fact that banks are currently carrying no reserve on foreign deposits.

Mr. President, all of that is to say that No. 1, the supplementary funding requested, which is the essence and the key part of this Bill, will be taken care of by the end of this year based on our current intakes and our projections to the end of the year. That we propose to exercise fiscal responsibility. We propose to do all that we can to ensure that whatever loose practices might have developed are stopped both within the Government and within the State and statutory bodies sector. We intend to do all that we can to help the private sector in being competitive which, at the end of the day, is going to have a positive effect on

prices of goods and services. The intention, clearly, Mr. President, is that the rate of inflation must be kept to very low single digits as a very significant part of economic policy.

I will just make one more point which is really in response to an article that appeared in the newspaper. I think it was the President of the Bankers' Association—if it was somebody else I would not respond, but the President of the Bankers' Association made a comment that the capital expenditure of 2 per cent to GDP by the Government is extremely low and ought to be increased.

He is very correct, except that what the President of the Bankers' Association did not recognize is the fact that a substantial part of capital expenditure has been done by the Government through the State corporations, whether it be TIDCO for roads and UDECOTT, and whether we agree with the approach or do not agree, the fact of the matter is that the Senate already has my assurance that all of those numbers are factored into the Government's debt stock.

I will only say, Mr. President, that if we consider that we spent about \$700—\$800 million outside of the direct Government's budget in capital expenditures in 1998, another \$700 million in 1999 and about \$2.2 billion in the year 2000, when you factor that into consideration to the 2 per cent of GDP which the President of the Bankers' Association made reference to, you are really talking, in the case of the year 2000, Mr. President, to the tune of about 7 per cent of GDP in capital expenditure which is quite a satisfactory number. I just thought I would make reference to that or draw that out, seeing that that was so prominently highlighted.

Mr. President, I beg to move.

Question proposed.

Sen. Mary King: Thank you very much, Mr. President, Senators and colleagues. I want to thank the Minister of Finance for being so explicit in his presentation here this afternoon. He has answered some of my questions. I, of course, will still have another few which we will get to before the end of the day. I hope he will answer them.

The Finance Bill is a money Bill, and according to the Constitution, it does put a time constraint on the Senate of one month to pass such a Bill. We, today, have been given one day, so obviously, we all have to be very brief. I will also do likewise. The Variation Bill continues the bookkeeping which now appears to be one of the main features of the Government budget presentations. It continues the allocations and reallocations of sums of moneys to ministries with no reference

again to a strategy, a strategic plan to develop the society and, by extension, to develop our economy. However, I will look briefly at figures starting with the allocations and the income which has been described in the budget estimates.

We will all recall that in the proposed expenditure in the 2001 budget, under current expenditure we were going to spend, under the current account, \$12.3 billion, and at that stage there was going to be a surplus of \$323.9 million. It was proposed then that Government would spend another \$2.4 billion on interest and other debt charges on a total debt then—we assumed the total debt then was \$30 billion.

If you look at that side of the balance sheet, it looks fairly good and fine, but we also have to look at the other side which is the capital account. The Minister has also touched on the capital account. Under this, the Government intends to borrow, overall, \$3.1 billion in the 2001 budget in a total estimated expenditure of \$4 billion. Of this \$4 billion, we are to repay capital and service sinking funds to the tune of \$3 billion. In other words, we are borrowing, Mr. President, we are creating new debt to service our existing debt to repay our loans both short term and long term, so I think we have to pause a moment here and consider where we are going really.

Total estimated spending in the entire year 2001 is going to be TT \$16.6 billion for both current and capital accounts, and of this, \$5.4 billion is to be used for the servicing of our debts. It is no wonder that the Minister of Finance has said that he seeks to freeze Government borrowing, because any banker, and even any housewife would see—if we were looking at it from the point of view of a banker or, as I said, a housewife—the government is in deep, deep financial trouble when in order to balance the books, it has to borrow to service its debts.

Remember, we are not talking about rescheduling our debts. We are talking about just servicing our existing debts. Of this \$4 billion proposed capital expenditure, only \$1 billion of that is for investment in the new development programme, and that is a mere six per cent of \$16.6 billion total expected expenditure.

Assuming that this is what is being invested to improve our society, we really have to pause and ask the question, “Is that enough?” The question has been asked before. I ask it again. Is it enough in a new society; a developing economy? I hope the Minister will answer this as we really need to ponder at this stage on what we are doing. Since there is no strategic plan within which we can embed this spending, and the nine-point plan does not address it, we need to have something within which we embed the spending of our capital and our new debt.

The Bill before us is seeking a further \$606 million to service the changes in the current account. Most of this—that is \$473 million—is for payment of increased salaries and wages of Government staff and personnel. It is surprising to me that this allocation was not included in the original 2001 budget, as at that time we were expecting that we would have had to pay this during this year, 2001. Perhaps that was the Government's budgeted surplus of \$323.9 million; we are not sure, but we would like to know what is happening there.

The Bill also calls for the virement of funds among existing Heads of the recurrent expenditure and the investment programme. What is lacking in the Bill's bookkeeping is how is this increase of \$606 million going to be funded. If the initial budget estimates are still valid, then as I said, there is a planned surplus of \$323.9 million on the current account, giving us then a shortfall of only \$282 million. Is this what we are talking about? And how are we going to fund this? Will it be by increased borrowing, in spite of the Minister's abhorrence of new debt?

We do have some alternatives to borrowing. The Minister did hint at one of them, which is that we could dip into the oil and gas reserves from the energy sector, given that we still have the sustained high prices of the energy-based products, and we must listen to what has been said by our Central Bank, that by the end of this year we should have at least \$800 million—the Minister has now told us that we may have \$900 million, nearly a billion of the energy fund by the end of 2001: if prices hold out, both gas and commodities. If part of this were to be utilized, would the Minister still have to go to the market to borrow?

Before I leave Government's bookkeeping, it may be of interest for the Minister of Finance to actually look at refinancing some of our debts, given that we have had some reduction in interest rates and given that we are going to have, according to the Minister of Finance, a further perhaps reduction in interest rates. So, is refinancing of some of that debt not an obvious way to go? It may not be well received in the capital market, but it would reduce our debt service burden overall and therefore be of more benefit to our society.

My initial thrust in this presentation is not really about good or bad bookkeeping or whether the present financial circumstances of the Government are compatible with the Minister of Finance's intent to freeze Government borrowings, but as an aside, if we were listening recently to our Governor of the Central Bank, he told the country that he has reduced the requirement of the commercial banks from 21 to 18 per cent. However, to maintain the liquidity level, and so as not to negatively affect the inflation rate and put pressure on the

exchange rate, the Government will absorb \$376 million of this on the local market by the floating of simultaneous issue of government securities.

2.40 p.m.

If we translate that, the Government would immediately borrow \$376 million on the local market to assist Central Bank in implementing its monetary policy. So the question that immediately comes to mind is whether this bond of \$376 million will form part of the borrowings within the \$3.15 billion declared by the previous Minister of Finance in his budget of 2001? If it is so, then the plans that were laid in that budget would have decreased liquidity in the system and so would have evoked the Central Bank response of a reduction in the reserve requirement.

In this case, the statements emanating from this Minister of Finance about reducing interest rates and the reserve requirements were, indeed, perhaps a done deal since last year, even before he became the new Minister. We must not forget the impact of increased foreign exchange on the ability to operate with a larger money supply.

If, on the other hand, this \$376 million is additional borrowing, that is, an extra borrowing, then I must ask, where does this fit into the capital expenditure, which is the capital estimates, which is now before us in this Variation of Appropriation Bill? Further, what then is the cost to the Government of the people of this country for the reduction in the interest requirement, when we are now going to borrow money to mop up liquidity which would have been taken out of the system, in any case, by the reserve requirement?

We are not sure whether there is a benefit to us by borrowing that money where we have to pay interest. The reserve requirement had no cost to us at all. However, those are the figures that I think the Minister will address for us, hopefully.

My real concern with this budget statement, again, under the draft estimates, is that even this Bill before us today gives us absolutely no indication of how the Government intends to restructure this economy away from the present volatility of gas and basic commodities, petrochemicals commodities, on which it is extremely dependent for its taxes and royalties, and bring us into a new phase where we will be restructuring our total economy.

We are still dependent on foreign direct investment, driven construction of plants and so on. I note that this very week the Prime Minister is sponsoring a retreat to Tobago to examine a strategic plan for Trinidad and Tobago. He is

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including labour, public sector, religious leaders and members of Government, of course, to prepare a strategic plan for this country's future. The objective, hopefully, is that he is going to bring Trinidad and Tobago into a developed country, whatever he means by that.

The problem I foresee is that the objective as defined with the vision outlined does not envisage the fundamental paradigm shift that is required, and that is a shift that the state of taxes underwent very recently when it too was dependent on oil and gas. It has had a total restructuring of its economy and is now more dependent on high-tech software and engineering systems related to, but not all related to, gas and energy. So it has taken itself away from the vagaries of the oil price. We must do it. The Minister has said that we must do it, so let us get on with the plan.

I do want to quote, however, from a recent statement made by the Government of the Central Bank, which I think has reiterated some of the points many of us have been saying over the last 10 or 15 years. He said:

“...on the basis of the current macro-economic performance, the medium term outlook (for the economy) appears to be relatively favourable for T&T... The first challenge relates to the diversification of the (T&T) economy... away from its dependence on crude oil.”

I would add natural gas and FDI petrochemical commodities!

‘I want to stimulate some discussion on the notion that a major challenge facing small Caribbean States like T&T is that of industrial competitiveness, i.e. the ability of a country’s industries to withstand competition by rapid export expansion and technological upgrading of its industries... The attainment of industrial competitiveness is also the key to the achievement of overall national competitiveness where a nation is able to sustain high rates of growth while maintaining and expanding real incomes of its people.’

If we do this we will not have to worry about the size of the public service. We will have funds to ensure that we have a good public service. We must diversify. I am glad that the Minister of Finance and the Central Bank are talking, because they are going to get together on that plan of development.

“Further, the Governor of the Central Bank saw that strong industrial competitiveness depends on trade...”

Industrial competition, foreign direct investment, skills within the society—

“...technology institutions and infrastructure. He missed the most important requirement and that is indigenous innovation, which forms part of the basic triad that will drive the required paradigm shift...”

The three things that make up the triad are: excellence in our human resource, so that they can provide the innovation; high risk capital, such as venture capital and an indigenous test market that utilizes the clusters of the current industries. So we must be able to go in this direction.

If the draft estimates for 2001 and the Bill are really looked at from this perspective of development, then it is clear that the \$1 billion allocated to our development programme has nothing at all to do with retooling our country and our people. It has nothing to do with creating a competitive industry as envisaged by some of us and by our Governor of the Central Bank. Some even say that this is the task of the private sector, which we have appointed as the engine of growth in this country, but I will return to that later.

Others will say that we are building schools. We built the model school, we are supporting Cariri and we are building other research institutions, the new industrial technology, the Institute of Technology and Caroni, but, unfortunately, all of these are in support of existing industry: the existing economic paradigm. If prices of commodities hold, they may even assume that we will continue to grow at four or five per cent of gross domestic product (GDP) per annum, that the Government is so proud of.

At this growth rate it would take us, roughly, 15 years to reach the level of Singapore, but that would assume that Singapore stands still from now. So we are not really going in the direction of economic development. Surely that is not the growth that the Governor of Central Bank has alluded to.

The same Governor has talked about the necessity to obtain national competitiveness. The celebrated Michael Porter refers to this as creating strategic advantage which is leveraged by technological competence. Our local private sector boasts about its competitiveness as a result of its ability to get many of its assembled goods on the region's shelves and, maybe, further afield. But what really is its strategic advantage? How has it got those goods on those shelves?

A brief period of introspection among all of us would demonstrate that our strategic advantage, including our activities in the energy sector, is based on our cheap natural resources and our cheap labour. In other words, our poverty. Hence, to maintain this advantage, we cannot, as the Governor of the Central Bank hopes, expand real incomes, which the Minister and we hope to do.

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Very recently we opened our national showcase, the Piarco Millennium Airport. Some of us hail it as a giant step in becoming some kind of regional economic hub. But today, at least, I would stay away from commenting on that cost benefit analysis of the facility for fear of raising a “Rowley”; sorry, a row. [*Laughter*] To me, an airport in the middle of an economic Sahara is of absolutely no importance for development.

Is it not ironic that as we are opening our national air transport systems, the airlines are taking off, taking us off their list of ports of call? [*Laughter*] Is it not ironic that we may have to bribe the airlines to continue to come to Trinidad and Tobago so as to bring tourists to our shores, when the reason for the pull out is that tourists do not wish to come to our shores; they have chosen not to come here? So the question that arises here again is: Is tourism as now envisaged in Trinidad and Tobago, just like sugar and bananas, now a sunset industry and should we not begin to realize that? A sunset industry in this country. Is this an industry that is going to provide us with high real incomes? What is our competitive strategic advantage in tourism? It cannot be bribery of airlines. Mr. President, the task force on tourism recently appointed by the Prime Minister on this very crisis, as far as we know, have come up empty handed, or so it seems, on solutions to our problems.

On the matter of infrastructure, again, recently one of my parliamentary colleagues, in fact, was boasting of the height of the proposed Association of Caribbean States building. It is going to be higher than the Twin Towers and just as unique as our airport. My response then was that this does not develop an economic society nor will it make us more competitive to produce innovative goods and services for our export industry.

Another colleague said that that is adding to our infrastructure. Yes, we have to add to our infrastructure, but the prime infrastructure required is not in buildings; it is not in paving roads and it is certainly not in fancy overpasses. It is the creation of an innovative human resource and the provision of the wherewithal to put that human resource to work in the small and medium innovative enterprises, to create the competitive export industries that the Governor and we are talking about.

The current small business programme and the intended Fair Share Bill, do not address this particular problem. Why is it that there is such high liquidity locally with reducing interest rates and yet we have no increase in local investment? The present private sector that runs local agencies, they buy and sell goods and export assembled goods, depends on our poverty as a strategic

advantage. That private sector will not risk investing in these high-risk innovative ventures: the small, medium enterprises, the innovation.

The private sector, as we know it, is not the “engine of growth” in the sense that the Governor of the Central Bank or I talk about engine of growth. It is certainly not about the provision of high growth with high real incomes. Hence, we have to take a page out the Eric Williams era; we have to create another innovative centre. His was the creation of Point Lisas. However, we are not talking about physical entities such as Point Lisas or that infrastructure.

This time what we have to do is to share in the risk of creating the new industries, in building another economic innovation via Government-driven high-risk capital investment. Nothing like this has been articulated in our capital expenditures in the year 2001, either the first Bill we had or this Variation of Appropriation Bill. Nothing like this is considered to be a call on our energy fund. I am glad the Minister has said that there would be a third of that energy fund allocated by law for certain things, and he has told us it is not for general consumption. I am saying that that part of the energy fund has got to be put into the development of these innovative industries.

2.55 p.m.

The circumscribed idea of saving for a rainy day has to be reformed, in my view, into one that says, invest now so we avert the rainy day. The proposed small/medium innovative enterprises have got to be knowledge-based industries that initially will feed off our existing industrial clusters. These have to focus on information technology, on the telecom technology; genetics is involved, and the new energy-based products and services. This should be at the top of the agenda of the Prime Minister's retreat in Tobago, this week.

The creation of these small/medium enterprises is not an aside to provide employment to a disadvantaged few, it is about real economic sustainability. Let us just look back at the World Bank and the IMF, they almost crippled developing countries, including our own, with their first round of generation reforms in which they preached the private sector is the engine of growth and government must become slim and be the facilitator. They preached privatization, slim governments etc. Fortunately, the same World Bank and the IMF have now seen the error of their ways and have corrected it by issuing second generation reforms, the latter is not really a second generation reform; it changes a move to alleviate the impact of an initial stupidity that they perpetrated on countries such as ours. Recently we also heard from the privatization division of the Ministry of Finance. He is reported to have expressed some concern that the large part of the foreign

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exchange earned by the energy sector is being reexported as profits by foreign direct investment. The division has since commissioned a research into this problem. Yet it is the same privatization department that divested the energy sector; divested T&TEC's generation to that foreign capital. Did they not know then what they were doing? And should we be like Christ, just forgive them? Our interpretation of the second-generation reforms calls for the Government to take a very active role in regenerating our economy. This does not include ownership of hotels and sawmills etcetera. However, for associated cash flow reasons, it does include holding on, for the time being at least, to its very lucrative shares in TSTT, in Tringen and all of those companies which are making much profits.

The Government has to use its budgetary allocations financially in the acquisition of goods and services to encourage the development of the higher risk enterprises, on which the development of any competitive nation depends. I have looked in vain through both the original budget and Variation and Appropriation Bill before us today and there is nothing in that geared to an integrated plan to restructure our economy in spite of the existence of the Ministry of Integrated Planning and Development. There is nothing in the budget which embeds anything within the planning process, in spite of the fact that we have the Ministry of Integrated Planning and Development.

The Bill before us continues this shortsightedness, the energy sector will continue to give us that 4 and 5 per cent growth in the short to medium term as long as our commodity and oil prices hold. Our budget will probably continue to reflect this stasis. Our private sector will continue to feed on our poverty, our low wages, our low gas prices, and as the Trinidad Guardian article proclaimed, I think it was last week, "poverty will continue to trickle upwards". We will spend nearly \$13 billion in this year and none of this is about the restructuring of a society nor its economy for sustainability. Will the Prime Minister's retreat on his strategic planning process see a return to this House for another Variation of 2001 Appropriation Bill to start this process of a paradigm shift? We pray. We still pray.

With regard to the Bill I have already posed some questions to the Minister of Finance, more for clarification than for anything else. Hence, I have no fundamental problems with the housekeeping exercise, given the restructuring of the ministries and the new demands, apparently that have been put on those ministries, and were not seen in the budget that was presented last year.

Mr. President, the future of this country and of our children and our grandchildren depends on how we invest our resources today. Our Government

controls a major slice of our resources and history will not forgive them if by their inaction or by their misunderstanding of the task ahead of them, they fail the coming generations.

The investment of \$11 million to hire foreign lawyers for the Attorney General is by no means part of the task that I have described. It will add nothing to the restructuring of Trinidad and Tobago. Thank you.

Sen Martin Daly: We are unusually sober and restrained today and I will try to follow along the same lines, although I am tempted to begin with a toast to absent friends.

Mr. President, like Sen. King, before I offer a few comments on one or two specific matters including the \$11 million for the foreign lawyers, I would like to raise one or two policy and philosophical questions.

First of all, I hope the thinkers on the Government side listen very carefully to Senator King. I will simply identify with her complaint that while we have been very lucky in our Ministers of Finance; we have now had four or five prudent ones and happily, at least in matters of finance, truthful ones. The fact is that the debate does go beyond the boundaries of housekeeping; and like Sen. King, I always hope that when we come to discuss some of these issues particularly the savings of the energy windfall we will have some clear idea, in advance of any nuts and bolts legislation, on how you are going to use this windfall to obtain the greatest good for the greatest number, which still remains the object of a democratically elected Government, whatever its political stripe. But there are two other things that bother me, on which I would like to touch, yet again.

If we are talking about the size of the public service and these matters, I always like to relate that to what alternative jobs are available if any particular sector of the economy employment is too high. The first thing that always bothers me is if we trumpet that we have \$400 million in foreign investment, how many permanent long-term jobs does this produce for natives? I use the word advisedly. Natives of this country. If the foreign investment produces a significant number of sustainable permanent jobs then one can more readily see a kind of integrated form to what the Government is doing. It is encouraging foreign investment; it is relying on what Sen. King described so graphically as our poverty; it is making an awful lot of foreign investors very rich; and there is nothing wrong with that. But what are we getting out of it beside, possibly royalties and dividends and so on? What are we getting in terms of

sustainable jobs for the natives, which would become available as other forms of employment become less useful, for want of a better word?

3.05 p.m.

So that is the first thing I can never get from—each of our governments has done the same thing. They have trumpeted foreign investment, which is a wonderful thing, but they have never told us where that fits into job creation and the providing of alternative jobs in the society. We cannot simply say that, well, a particular sector of employment is too “fat”, I believe is the word, and simply chuck people out. This is not a big country like the United States where, if Boeing loses an order and you lose your job in Boeing, you can then go to some other part of the States and work in some other kind of aviation or related industry; you can pack up and go somewhere else. We do not have those kinds of facilities as a small country. So this is another policy or philosophical question that I would always like the Minister of Finance or perhaps some of the other—what is the new word now—performers in the Government to answer.

I am also quite scared about the effect in this country. You see, all of this fancy economic policy which I do not understand—I am just a practical person—I am always very scared when interest rates are reduced in this country. It is a very good thing for constructive borrowing, whether it is to buy or build your first home and so on. It is always important to have interest rates that make life viable for the middle class in the society, but given our track record and our relentless appetite for material goods and our relentless appetite for showing off the material goods, I am always worried, and I always like to hear a lot more detail from the Government.

Sen. King has touched on one strategy which, apparently, was disclosed by the Governor of the Central Bank, for taking up some of these excess funds, but I would really like to hear a lot more particular details suited for our society, not out of some international economic book; something for an immature and a show-off society.

I would like to hear something more about how we are going to deal with the prospects of inflation that may arise once cheaper borrowed money is available. Because you can rest assured that when the average Trinidadian—the average “Trini”, and I include the average Tobagonian in the phrase—hears, “I could borrow money cheaper”, he immediately says, “I am closer to my ambition of getting—and I am not going to advertise any particular car—an X car.” So much

so that once when I was driving away from Parliament in my then seven-year-old Madza, which I loved—it suited me very well—a Government Minister looked at me and said, “Daly, why don't you get a proper car.” I realized what a proper car was: not one that suited me or one that worked for me; it was one that would look well when parked either outside Parliament or some of the better heeled parties to which I am very occasionally invited.

So when you lower interest rates—I had the experience only on Sunday, going to a very proper party, I was quite ashamed to park my Maxima. As I drove up the road—and I do not want to identify it any closer—I began seeing the cars of people I knew, because, as you know, Mr. President, we sometimes have to do the onerous duty of participating in some of these events. As I turned up the road—I will not even call the colours, but I could identify each owner and therefore I knew who I would see. So you pass the Audi with the long trunk. I was not at all embarrassed because, as you know, I am somewhat alternative in what I like and what pleases me, but it became rather awesome as I was looking for a parking space, because having passed the long trunk Audi—it is two point-something, whatever—I then had the indignity of having to put the Maxima behind a seven series BMW and three Mercedes. That was an object lesson in a Sunday brunch.

Hon. Senator: They “shoulda” put you out.

Sen. M. Daly: You think they “shoulda” put me out? Well, the only problem was they wanted to torment me about some of the things I had said in the Senate recently. I just say that by way of example, Mr. President, that we really have to be very careful, and I would like to know what are the Government's plans to deal with the excessive spending that will result when you make borrowing money easy in a country—I repeat—that has a relentless appetite for consumer goods and an even more relentless appetite for showing off.

Likewise, Mr. President—I will just touch on this because Sen. King has dealt with it in some detail—I have the utmost trust in the Minister of Finance but I am not completely soothed by what he said about debt service. Knowing him as I do, he is putting the best face on it, but, really, it is clear that, professionally, he is not happy with the level of debt service. Of course, I will not enter into the debate now about whether we got value for either the airport—I agree that is a troublesome subject—whether we got value for the roads; whether we got value for the schools and whether we will get value for any other of these tall projects about which we are so proud. And you see the showoff—because the Government is a product of the society—coming out in the speeches mentioned by Sen. King.

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We will have the tallest building and the most expensive airport. The question is, have we got value?

So it is not entirely satisfying; it is good that it was spent on things that we can actually see, but whether we actually got value—and also I suppose that you can always tell when a Minister of Finance is new. It is a bit like new shoes squeaking. There are certain squeaks in his presentation which tell you that he is new. So they always promise quicker VAT refund. So we will see.

The Minister also promises tight fiscal and monetary discipline and close cooperation and scrutiny with the Central Bank. We will see. But I did hear in the same breath that we are going to have to come to raise the borrowing limits and we will have to see whether it is in a mid-term election, as we have going on now, or is it a selection, I am not sure—a mid-term election or a full-term election, whether the Central Bank will continue to lend to the Government as easily as it has done in the past. I am very glad that the Minister has set himself these noble ideals; I am sure he knows they are not new, and let us hope that he can create a first, really, and carry out some of these things. It is always very refreshing, but we have heard some of this before; we just hope that it will happen this time.

With regard to profligacy—he used the more polite word—in the State sector, I would like the Minister to realize that some of the indirect debt of the Government is political debt, and that is what produces profligacy in the state enterprises. So I hope that he is going to look at—well the old seven series again—the cars, the chauffeurs, the free accommodation that is provided by state enterprises and statutory corporations, not only to people who work there, but to others. I hope, in the case of enterprises that have large housing stock at their disposal, he will examine who some of the tenants are and what rents they are paying. Certainly, when I served in a state enterprise, I had neither car nor chauffeur, and I think I took one trip in five years. But those were days in which this Minister also had a lot of political sway and we did not have the kind of money in those days.

I am really quite surprised sometimes with what comes with some of these state board appointments, and I am quite surprised at some of the excessive show of wealth that goes with these appointments. I always thought, rather like serving in the Senate, that you were supposed to be rather prudent and that basically you were doing public service because you realize you had to make a sacrifice. Of course, part of the sacrifice in the Senate is that people are sometimes upset by what you say, but that is neither here nor there.

I would really like the Minister to take a hard look at that kind of wastage. That is a form of debt, you see, and I say it is political debt. And the use of state—well I have forgotten what he called them—state enterprises but including statutory corporations to pay off political debt, I think this Minister should look very carefully at that. It is sometimes a little worrying and, quite frankly, it is sometimes a little annoying, because as anyone, even on the fringes of politics will understand, you have people who come into politics, they earn derisory sums of money by way of salary, and then some of the persons that ride on their backs into some of these jobs actually get perquisites way beyond those who are seriously in charge of the country. It is something, if the Minister is looking into state enterprises, that I would really like him to take up.

Part of our problem is that the Ministers of Finance whom we have been so fortunate to have, have always been prudent, but, of course, they very rarely have political control over any of the other ministries, so when the giveaway starts, it is very difficult for them to stop it. Many times they do not even know it is going on. It is a very serious problem, and since he has touched on what goes on in these state corporations, I would like him to take on board within his indirect debt, this political debt and what it is really costing.

3.15 p.m.

I dare say that I can give you one or two more specific examples, as we say, behind the Chair. I would not say anything about the stabilization fund because apparently, we are going to get some legislation about that very soon. Those are some of the general issues which I would like to raise.

With regard to some of the variations, there are two or three matters I would like to touch upon. First of all, I note without comment, that we have \$14 million for arrears of overtime due to members of the police service. I think that the comment is quite obvious. It is always very difficult for me to understand how that kind of job can be so structured, that the working hours are so very definite that you can attract that kind of overtime. I do not wish to create any more offence than I usually do. I just do not understand: if you are running down a thief and it is 6 o'clock, or whenever you are supposed to go off duty, do you stop? If you continue to run behind the thief, do you get overtime for running behind him? In this case, it would be quite lucrative to arrange with the thieves to start the robbery—as WASA starts digging up the road—on a Saturday or Sunday to get double and triple time. You can have quite a useful industry by arranging with the “fellas” to start “tiefing” at five to six, run slowly, and then, I will run behind you

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fast after five past six. Then, I will get a guarantee of three hours overtime. It is inherently strange. If we are talking about reforming the public service, those are some of the problems which I would like to see tackled.

This pales and it is mere badinage in comparison to the \$11 million for which I have quite a lot of inside information. It is mere badinage in relation to the \$11 million, but we have to spend \$500,000 to engage legal and financial advisers to assist in negotiations in outstanding issues in respect of Mr. Acker. It is very difficult to speak behind people's backs, but of course, Acker is not a creature of this Government.

Nevertheless, I am here and I have to deal with this. The point about this is that you would recall from a previous contribution of mine that arrangements were made with Mr. Acker, in an investment agreement dated January 6, 1995. I pointed out in a previous contribution which seemed to have disturbed the bourgeoisie, that part of that agreement was that an annual business plan of BWIA would be prepared. It would have given priority to efforts to encourage, develop and protect tourism in Tobago. Here it is, we are spending \$500,000 in professional fees to clean up an issue left by Mr. Acker.

Now happily, the Minister of Finance has given us these issues in writing. On page 10—I thought they had to do with the missing Tobago airlift. The bourgeoisies are quite upset. They seem to think that I am attacking BWIA. I am doing no such thing. I am simply saying that they must provide the airlift to Tobago. I am absolutely resolute about it and I make no apologies for saying it. I have done some more research and I have many figures about what would be the shortage in the airlift in Tobago, both in the summer and winter. Now is not the time, but I make no apologies. I have a serious philosophical position that it is the duty of BWIA to take up the shortfall in the Tobago airlift.

If it upsets people that I say it, then I will just say it again and upset them more. We have to get into a debate about what is the problem in Tobago. We have 1,000 rooms that are saleable in the international market and at best, when the present situation with the airlift settles, there would be approximately 500 seats available. We are trying to sell 1,000 rooms with 500 seats available. Then, we are told all kinds of things about we do not have critical mass. If the mass gets any bigger then the shortfall will get bigger. We cannot satisfy what is there now. Anyway, I digressed, Mr. President. Certainly, we do not want to have any debatable umpiring decisions today, so let me press on.

It now turns out that this \$500,000 is to settle the finalization of the restructuring surplus and pension fund surplus. What would cost \$500,000? Then it says that they would transfer 15.5 per cent of the shares to the former plan members. That would cost \$500,000? I say without contradiction, that if any of the experts in this Parliament—and I single out no one—is given a job within their professional competence of the scope of this work, their conscience would prevent them from submitting a Bill for \$500,000. Never mind, Sen. Prof. Kenny had to do over from scratch the Bill on marine pollution, only to be described in unflattering terms by people who should know better.

That then brings me to the \$11 million. No one should think that my comments about this have anything to do with the fact that I have successfully represented the State under three different governments. Anyone who knows me well enough would know that my complaint is about this. I suggest that on the rates for professional fees with which I am familiar in this country, \$11 million, conservatively, could have bought the services by way of fees on briefs of 45 senior counsel. I know that there are not 45 constitutional cases brought against the Government. You could test it another way. The sum of \$11 million could take—maybe and I am always being conservative—11 complex civil trials of several days' duration from start to finish. With this \$11 million, you could have briefed 45 senior counsel or taken 11 or 12 heavy civil cases with several days' trial. There is a complete disconnect between these figures and what I know about in the real world.

As is well known, I have declined appearance in all political cases, as part of the sacrifice that one has to make serving as an Independent Senator. I have declined participation in any of these, so I do not want anyone to suggest that this is a personal complaint. I am not telling tales out of school. I simply say this. I think that in Trinidad and Tobago, there are many right thinking citizens who express their opinions discreetly to the actors in various constitutional crises. They do so sometimes solicited; sometimes unsolicited and they do so for free. Some of the show-offs go to the newspaper and say, I broke the deadlock. Those who offer their advice secretly or discreetly say nothing and earn nothing. No one makes any complaint about that.

Through you, Mr. President, Sen. King, I am quite certain that if we did a cost benefit analysis of the number of legal opinions that are tendered every time we have a so-called constitutional crisis in this country, the cost benefit analysis would be quite negative. We have to solve our problems, whether they are legal or

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environmental. This kind of thing has to stop. How can you overspend the budget and come back to ask for \$11 million?

3.25 p.m.

To put it in its proper perspective, if one is spending \$500,000 to find out what to do about a restructuring surplus, or a pension plan surplus, then one must have hired two or three firms of actuaries to do it. None of these things suggest that these sums of money have been reasonably spent, and I think this is cause for concern. Whatever happened to alternative dispute resolution and the discreet workings of mature persons in a society? I say no more, especially at this very sensitive time of mid-term elections, and that brings me to another matter, which I would like to raise. I am afraid I am not going to stay off the subject of the airport but then, of course, we do not have those problems in this rather different setting.

Mr. President, I see we are talking about \$17 million to meet a loan payment for the procurement of specialty equipment for the new passenger terminal building at Piarco International Airport. I only ask the question. I know nothing about engineering and very little about masonry. I made this point, and I have to refer to absent friends.

When there was the first controversial airport project, which I fought over tooth and nail—people have very short memories. I fought over Project Pride tooth and nail! I put down parliamentary questions; I harried the Ministers at the time. On one occasion I had to induce a journalist to remain here till very late at night so that the goings-on with the amendments to the airport—through you, Mr. President, Sen. Wade Mark can speak even more eloquently about this than I, because he was part of the fight with us.

I had a certain characterization for the airport opening, but the Minister of Transport is too gracious for me to use—and it was not her fault anyway, and I dare say her tastes in wild meat are not exotic. Let us stay on the point. \$17 million. An airport is a big concrete barn with a roof. Now you then have to add to that concrete barn things as basic as scales—because “Trini” does still carry plenty luggage. One does have to have specialty equipment like these “fingers” so that one does not run in the rain and mash up the new shoes you bought in New York. As soon as one returns, one runs through a puddle and the new shoes are spoiled. I always look at the ladies’ shoes, in the Parliament in particular; one does not mash up one’s new shoes running in the rain. So of course you have to have the “fingers” and, of course, the other specialty equipment, but these are only by way of additions to a building that is essentially a big barn. So, I am a bit

surprised to hear the Minister say that they spent \$1 billion on the airport and that did not include the specialty equipment. That is just for the barn. By the way, I occasionally have to buy whisky because I do have friends in the Government. In my house whisky is known as “government drinks” because we drink rum. I should say in great deference to my good and very old friend, the Minister of Finance; the expression “government drinks” does not apply to him either.

Someone asked me if I wanted them to bring me anything from away as they were going to Barbados for the weekend. They rang me up with great excitement just before I left to come to the Senate, to say it was a good thing he bought it in Barbados because the duty-free shops in the airport were not opened. They are incomplete and they do not have anything in them. Now, this is not as lighthearted as I am making it. The Government has spent \$1 billion and counting and I cannot wait—not on a wild meat occasion—to go to the new airport because I have described the old airport as a cowshed. I have explained my physical and mental frustration at going to the old cowshed, and if this Government got an airport built, hats off to them. But I am a little concerned and I think it is reasonable to ask whether we got value for the money.

Mr. President, I would say to the new Minister of Finance how laudable his objectives are, how uncritically we are going to see whether some of these things can be performed. But, please, when you are doing your investigation into Government spending, do not leave out waste in projects, do not leave out perquisites that are handed out through the State system. And so, I would be quite interested in an explanation of why, after we have spent \$1 million, we need another \$17 million to procure specialty equipment. I am really quite concerned about that, and the Lord knows what else, like the duty-free shops that are not ready and not completed. It is wonderful to have a Piarco Millennium Airport. It is wonderful that on this occasion we did not submit to this third-world disease and change the name of the airport. I congratulate the Government for that too, but I am concerned to know that we are still spending money in respect of this project and it is a project, which I wholeheartedly support.

It was shameful and traumatic to have to go through the old cowshed and quite frankly I think we should now have a public ceremonial burning or public ceremonial demolition of the old cowshed. [*Interruption*] Thank you very much, Sen. Prof. Kenny. The next time the North Americans come here for a training exercise, instead of blowing up the church and the chapel in Chacachacare, let them blow up the airport. Just move the few BWIA planes before they do, so they do not damage those. Maybe that is an excellent thing. Give it to them for target

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practice. I am deeply grateful to Sen. Prof. Kenny. It really does show the kind of mimic man society that we sometimes are.

To summarize, there are three or four items in this expenditure which are very troubling for the reasons which I have said, and it suggests to me, on the face of it, that we are simply not getting value for money. I have identified what they are.

I am concerned, as we enjoy some semblance of macro-economic wealth, because it is only going in certain specific areas and only certain people are participating in the new wealth that we have—a new dose of salts running through the economy. What are we going to do about inflation given our penchant for showing off and acquiring material goods? I am concerned to know that all of the concessions that we make in order to attract foreign investment are going to produce alternative means of employment in the society. Generally, I support the philosophical thrust and I humbly wish to be identified with what Sen. King has said about the absence of an overall strategic plan.

There is a last matter, Mr. President. I am confident that at least one of my colleagues who is a distinguished social scientist will refer to it. It is becoming shameful for any Minister of Government of any government whatsoever—to be boasting or talking about our economic progress when the country is acting in the most uncivilized fashion. I really think it now ought to become part of official—I do not know if the Government still has a Ministry of Information. If they did, I would suggest that it ought now to be part of every speech made by every Government Minister that talks about material progress in this society to refer to the “how” with the same speed that we are allegedly rising materially, with the same speed we are falling into bottomless perdition. What is the plan to rescue the level of civilization in this country? We can no longer, as a matter of routine, get up and talk about our erections: the ACS erection and the airport erection, and about all these things and completely forget throat slitting, tongue cutting, fratricide, patricide, suicide and every kind of “cide”, and we are just going to bumble along, pray and talk about the new economy, the material progress and the millennium dome in the airport and the five, seven and 10 series and the navigator and no reference is going to be made.

3.35 p.m.:

I challenge whether we are rising economically at all for the very sound philosophical reasons that Sen. King has raised. However, with the same speed we are rising macro-economically, what about this rapid descent into barbarism? I recommend to the Government that every single speech that is made from here

on in that praises material prosperity, must contain a strong leadership appeal to the conscience of the country to put our collective heads together and stop the barbarism. This is not the first time I have made this point, Mr. President, but it is getting worse and worse.

I am here long enough to always remind people. I have spoken about these things before and they have nothing to do with the political stripe of the government whether they are lately, soonly, gone-lately or talk-lately. These are very serious issues and during the life of another government, much to the dismay of the then Prime Minister—I seem to always dismay them—we talked about the Westmoorings murders and we thought that was bad. What do we say about the two most recent events? I will not read it now. I am very ecumenical in my taste, so I read all of the media and I would strongly recommend that everyone digest the editorial in the *Express* on Friday, May 25, “The wheels are coming off”. The opening sentence, I quote:

“There comes a point in a society when it is clear that things are falling apart; and our newspaper yesterday made savage reading, even for this country.”

We are now outdoing ourselves in savagery and barbarism. There has to be a link—I am not into moral issues—between the fact that we measure our prosperity by material goods and not by accomplishment; and not by how good we are in the arts—how well we dance and how well we play music. We measure things instead by having the tallest buildings and the most expensive airport. So those people who are not participating in the building of the tallest building or going into the most expensive airport, are outside of the loop. One of the challenges for a government in power, whatever its political stripe—and I submit we are having the second dose of salts—is how to turn that material wealth into making your society, I was about to say more cultured, but we are so far away from that, let us just say how you contribute to making your culture less savage.

What really is the problem? I sit next to the Reverend, so I have to be very careful. I submit that it has to do with the fact that we have gone overboard on measuring prosperity by material wealth. Every time we have a debate about money—financial and fiscal things—we start talking about how much we have and how tall the buildings are and how expensive the airport is. Where are the leadership messages? I do not know where they are.

So, Mr. President, at the risk of repetition, can we hear something from the Government and our absent friends, I suppose when they return, about their plan to lead us to a higher level of civilization? The countries that are rich have produced all kinds of non-material accomplishments. They have climbed

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mountains; they have invented planes; they have broken speed records; they have painted great pictures; written great literature. Where are our non-material accomplishments to match these material achievements about which we are talking? Where are they and when are we going to have the serious debate about the link between macro-economic wealth and the overall condition of the society?

Mr. President, I do worry. I quote:

“There comes a point in a society when it is clear that things are falling apart; and our newspaper yesterday made savage reading, even for this country.”

No tall building; no expensive airport, no amount of money in the Stabilization Fund will deal with this without the strategic plan about which Sen. King spoke.

I thank you, Mr. President.

Sen. Prof. Julian Kenny: Mr. President, the annual budget debate and the inevitable debate that is associated with the Finance (Supplementation and Variation of Appropriation) Bill is always a tremendous education to those of us who are not trained in what some people will describe as the “dismal” science. It is quite remarkable to see the parallel between what was said before by the member of the Independent Bench who spoke on such matters—I refer to Sen. Dr. St. Cyr—and what Sen. King said this afternoon.

I have been through now six budget presentations and Finance (Supplementation and Variation of Appropriation) Bills and we have had essentially the same call. They are basically an accounting exercise. Where are the thinking and the philosophy? I am absolutely delighted and amazed to listen. Although the accent is different, the lesson is exactly the same.

I, being an ordinary scientist, when I look at something like this, I clearly look at those items in the Finance (Supplementation and Variation of Appropriation) Bill that catch my fancy. I will speak on three of them. One relates to the increases to the Ministry of Infrastructure Development and Local Government; one to the remarkable expenditure under Head 33 in the Attorney General’s Office; and the third, the increases to the Ministry of the Environment.

First of all, there is in this Bill a proposal for a slight increase for the Ministry of Infrastructure Development and Local Government regarding the National Highways Road Rehabilitation Programme, which the hon. Minister of Finance has told us costs about \$800 million. Part of the road system of the country is the interchange at the highway. I do not know whether the ornament is part of this \$800 million, but the whole problem of what we are seeing on the roads suggests to me a failure of all governments to consider the whole picture.

3.45 p.m.

The interchange, when effected by whatever means—and I am assuming that it is redesigned so that traffic could move freely—is not going to solve the problem. The problem is bigger than providing one interchange. All that would happen is that when the traffic moves more freely from South into Port of Spain, it would just accumulate at two or three entries into Port of Spain, which are essentially single lanes. Mr. President, all that would happen is that there would be magnificent traffic jams moved from one part of the country to another. Now it is rather like circulatory disorders. When your arteries become clogged they may become clogged in more than one place. You may put a stent into one and free it up but then you find you have to go back to treat another part. The problem is with a national transport system, there has to be some sort of philosophy.

Sen. Daly spoke earlier about consumption. We have gone totally crazy with motor vehicles. I think a previous Minister of Government remarked that we have the highest number, bar the United States levels, per capita ownership of motor vehicles. What is happening is that surpluses and liquidity in the economy are simply being used to fuel this unrestricted importation of vehicles. Notwithstanding talks about monorails, light railways and things like that, we are simply expanding the road system and moving the traffic jams to other parts of the country.

Mr. President, it is not only a question of interchanges, it is the question of basic methods of road construction. I cannot imagine why, in the year 2001, the Ministry of Infrastructure Development and Local Government or the officers responsible for road rehabilitation, do not simply go to the library at the University of the West Indies and say to one of the first year students in Civil Engineering: Can you give me the title of a book on road building or road maintenance? The first year student would pull it out of the library and the book would tell you when you are rehabilitating a road you lift the surface and recycle it. Mr. President, you can see it in the West Indies. You can go to Barbados and you can see when they are doing a road they remove the top layer, scarify it, take the spoil and add some bitumen to it, heat it and then relay it. Why is it we seem to have this practice—[*Interruption*] Bad habits, thank you, Senator—over the years of simply—once there is an election you have a massive road elevation programme? That is what it is.

Mr. President, people do not understand the real environmental costs. To use our methods, you have to do more and more quarrying. The hon. Minister of Energy is not

with us but he is pursuing a matter, which I reported to him about an old quarry being reopened in Santa Cruz. Why is it being reopened? The operators of the quarry got a one-year contract to supply aggregate to the Ministry of Infrastructure, Development and Local Government and this has caused immense distress to some of the residents. This is being done without approval from the Town and Country Planning Division. It is being done in spite of the Minerals Bill, which was passed in the last session of Parliament. It is just a free-for-all.

Mr. President, here we have an approach where we want resurfaced roads and we do not want to recycle the material. What we are planning to do is to mine more aggregates but when we do that we create a set of related environmental problems; more silting in the rivers, more flooding and so on. What is wrong with us as a nation, that the ministry responsible cannot see what happens in the rest of the world and address the issue? In fact, I think there is probably an argument for a total ban on quarrying in this country—except for special minerals—rehabilitation of all our spoilt areas and importation of any aggregate that we need. You can go down to Guyana—we would help the Guyanese economy, we would look after our own interests, our own investors and we would minimize the environmental cost of a very dirty extracted industry.

Mr. President, it is not only the approach to the actual rehabilitation of the roads but it is, to me, a total absence of coordination of the activities. Why is this? Most people who have had their roads resurfaced could tell you tales. I am going to tell you a few tales because I live in Maraval and I walk down to the village to get my papers and I have actually seen the contractors paving over a bubbling leak. [*Interruption*] World-class performance. Then going down the road you see the road is now resurfaced over the bubbles and a few months later TSTT enters the scene, and they are trenching to put down ducting but they do not maintain the level of the road. Not only that, when they are working to trench they use an excavator. Do they jack up the excavator with proper jacks? No, they use the bucket in front and behind. What does that do? That cuts into the newly paved surface which forms a rut, an incipient pothole and you drive over it a few times and then you restore an original pothole surface.

Mr. President, this is the reality and it is being done all over the country. Is there no way of coordinating this? Recently, in Maraval, TSTT having dug up the road, raised their boxes so that they are actually above the paved layer of the road, they had to round it off, so you have a kind of a dance going on. It is dangerous to drive! What happened? By doing this they somehow damaged a WASA water main and WASA's excavator, therefore, had to go back in the same place, dig up

several layers to seal the leak and then WASA, of course, does not fix their damage. Now we have a Ministry of Infrastructure Development and Local Government, we are spending \$800 million on road rehabilitation and we do not seem to be using even the simplest common sense.

3.55 p.m.

It would be far better and far more efficient in the long run to resurface half the planned area, but do it in such a way that you have all the WASA mains properly laid, renewed, have all the TSTT ducting properly done, have the curbing properly done and then plane the surface and refinish it and this would last you for 25 years. However, I predict that, for all that is going on now, in just a matter of a few months the potholes will be creeping in, and then we will be looking forward to the next election when another layer will go on [*Interruption*] and more money—thank you Senator—will be borrowed. We cannot go on like this. Sen. King was talking about the paradigm shift. I know what she is talking about, but the paradigm shift should also include us recognizing that we have to change our ways of doing things.

This raises for me the question of—it is a little lecture in biology and I think I was referring, in fact, to what Sen. Daly was asking, “Are we getting value for money?” In ecology there is a concept of ecological efficiency, you know. If you have an operating system, energy goes in and you have a stable material system and if a lot of energy leaves the system as waste heat, your ecological efficiency is low. Now, my point is that—and I think the point that Sen. Daly was making—we are spending money. We are borrowing, the grandchildren and the great grandchildren will be repaying it and are we getting value for what we are doing?

I, Mr. President, sympathize with any government ministry that has inherited from the past the ways of doing things, but somewhere along the line we have to stop, reflect on it and say, “Listen, if we could only do 100 kilometres of road we will do it properly” so that that road will be—25 years from now you will look at it. Mr. President, some of the side roads in Wallerfield: when were they built? The North Coast road was built in 1941. How many times has that been resurfaced? It has only been resurfaced in comparatively recent times, but our own roads, we just simply plaster them with another layer at election time. So, Mr. President, I think that I have issued a challenge to our hon. Minister of Finance but there must be some idea—I mean, coming from the Government, it is not just simply bookkeeping—how do we make sure that we use our resources efficiently?

Mr. President, I was also rather taken by this remarkable expenditure, or I should say overexpenditure, on legal consultants at one time or another. I thank Sen. Daly for reminding the Senate that I spent a considerable amount of my time—not my official Senate time, which is Tuesday afternoon—on a very complex piece of legislation, the Shipping (Marine Pollution) Bill, which is before us now. It went through the Senate before and I worked with the attorneys from the Ministry of Works and Transport, Mr. Frank Williams and, from the Attorney General's Office, Elizabeth Camps.

We spent several sessions over several months and, at the end of it, the country or the Parliament—I think everyone will agree—got legislation which we have thought out. We have taken what people have wanted us to do, we have considered all our domestic legislation and we have corrected all the things. We have changed it and we now have a sound piece of legislation and this was only at a very, very minor cost, my time and the attorneys from the Attorney General's Office and Ministry of Works and Transport. I am rather puzzled sometimes when I see this expenditure. I do not know whether—you know, had I been invited to another Caribbean country to help them, I do not know what I would have been able to charge. *[Interruption]* There it is. Thank you.

Mr. President, I would like to raise a matter that concerns all of us on the Independent Bench. We have only one of our group who is an attorney-at-law whom all of us are very loath to approach. It may sound strange to you but we are very, very loath to approach a member of our Bench who is an attorney-at-law to ask legal opinions on—we might talk during Senate, you know, we might pass a note, “I do not understand what they mean”, and so on, but, Mr. President, there are times when we, in the service we are doing, public service, have to get legal advice to help us in putting the arguments that we may wish to put to the Senate. I think that it would place Sen. Daly in, to me, an untenable and an invidious position of being prevailed upon because he happens to be an extremely able attorney.

I have had to prevail on parties outside of the Senate. I think that sometimes when a committee of the Senate has asked for a legal opinion, as we have on the Planning and Development of Land Bill—the committee, which is a joint committee of the two houses of Parliament, asked for a legal opinion—it was never forthcoming. We asked for a legal opinion in writing. We know that the opinion was sought because the staff of Parliament tells us what is going on and I think it is unfair to us. In fact, when the Planning and Development of Land Bill was being debated sometime ago and I made—after I sought legal advice from

outside the Parliament—certain observations which were embarrassing to the movers of the Bill, statements were made to Sen. Daly about how he had put us up to it, you know, and it is insulting to him. It is also insulting to me.

Now, my point is that we do need access to parliamentary counsel. *[Interruption]* It will, thank you, not cost the millions of dollars. If any member of this Bench wishes to have a legal opinion, a friend may say, “Okay, so and so”, but if you want to get a written legal opinion, you have to pay. I think it is unreasonable for a Parliament of a country to have members sitting here who require legal advice but can only do it in a very casual way. I do not think it is fair to force us sometimes into the position of asking one of our Bench for an opinion on something.

Now, anyone on the Government side wishing to have a legal opinion, you just simply—you have direct access, is this not so? Any Government Senator wishing an opinion on matters of concern to the Senate—because the Executive and the Government Bench, without insulting anyone, the way in which our Parliament has evolved over the years, it is sometimes very difficult to distinguish between what is Executive and what is Senate. I sincerely hope, in the light of the Government’s ability to find \$11 million for all sorts of legal opinions from foreign experts who—you know, Mr. President, one of the definitions of a foreign expert is, he or she is a very, very ordinary person a long way from home and I would like to use us! I am sure that we can find a formula to use the talents which we have.

Mr. President, I turn to the third point in my contribution. It is relating to the Ministry of the Environment. Now it may appear, you know, when you look at it, as many millions going to the Ministry of the Environment. This is understood because certain things have been moved from one ministry to another. However, Mr. President, the question remains: moving a responsibility from one minister to another does not necessarily mean that there is any change in the approach to the problem. The problems continue to be watershed management. We cannot solve problems by another desalination plant. This is a basic thing, watershed management.

Reforestation—we have seen reports in the newspapers about so many things being planned. Mr. President, it is a continuous degradation that is taking place. Whatever millions we have spent on watershed management and reforestation, have we got any value? Because every year whatever is done is burnt. The pollution problem continues and I notice with much appreciation and some slight

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wonder that among the papers laid today, finally, are the Environmental Clearance Rules. The Certificate of Environmental Clearance Rules was finally laid. So it means that after 40 days—or is it 41—that is the law and anyone who wants to do a development will have to get a Certificate of Environmental Clearance. Anyone who wants to open a quarry will have to do this and get the certificate and, if they do not do this, then the Environmental Commission will serve an order on them, fine them and charge them compensation. I do not know if people appreciate how far we have come with that thing. It has taken rather a long time but this is very, very important.

Mr. President, the fourth element of our, you know, environmental problem, is the problem of squatting which continues unabated. I notice that there is a certain amount of additional expenditure moved from one ministry, a slight thing, to another, but Mr. President, I still continue to be very, very concerned about our lack of attention in the sense of expenditure of resources on a particular problem, be it reforestation or drainage or what have you. We apparently currently collect money under the Green Fund and I am told that the figure is approximately \$20 million. Mr. President, that money is going to be devoted to supporting environmental groups. This is very, very noble, but the big issue of reforestation, watershed management, cannot be dealt with, cannot be handled, by environmental groups and I would like to see a bigger thrust coming in every budget in approaching or in attempting to systematically attack reforestation.

Now, in the past, all that we have done is we have reforested a little bit here, a little bit there and a little bit there and what has happened—dry-season fires come, nobody puts them out. You know, the fire services have limited resources and if you tell them that there is a fire, the first question is, “Is any private property, any buildings, being threatened?” When you say, “No, it is on the hill”, “Good day”. That is the end of it. That is our approach.

4.10 p.m.

Would it not be something rather than spreading the effort thinly over a large area, to narrow it down to perhaps a critical area, and when the dry season comes, to police that area and put your troops in, put the army in, bring the Americans in for that matter? [*Laughter*] But, it is looking at a problem with a slightly different approach.

Mr. President, when I see the hon. Minister of the Environment doing a clean-up of a river, it is very noble, but this is NGO work. I am not belittling what the

NGOs do. The problem is not the river. The problem is in the hills. Similarly, when we are told that the Caroni River has been dredged and so forth, dredging a river is not going to solve the problem. All it means is faster run-off and you move the flood from here to there.

There has to be some rethinking and there has to be—it is not simply a question of these demonstrations. “We will clean up this beach” or “We will clean this river”. There has to be a major shift in our approach, and I think by narrowing the approach to a few critical areas, they might be able to demonstrate to us and to future generations that they are able to handle the problem.

Mr. President, it is 50 years since I came back to Trinidad from university, and it is 50 years that I have been talking about this problem. I have seen it. We have been doing the same thing for 50 years without effect. So, where is the plan? Where is the change?

Finally, on the subject of the environment, sometimes, you know, one takes a certain amount of flack. Just as Sen. Daly is frequently attacked, one way or another, Sen. Prof. Ramchand may be attacked. I do not think anyone dares attack Sen. Dr. Eastlyn McKenzie [*Laughter*] but over the past few years, there have been attacks on Sen. Rev. Teelucksingh, both at editorial level, as well as letters to the press. There have been attacks on me for my warmly congratulating Members of the Senate who are placed there by the same Constitution that has placed me.

Sometimes organizations outside attack us. I have had one of the nastiest letters from someone who was served an enforcement notice by the Ministry of Planning and Development. Really foul stuff! This is, you know, one of the things that we tolerate because we have absolute, in a sense, freedom of speech.

Mr. President, I have been accused of having double standards by one of the Chambers of Commerce. I cannot remember which one it was, but I would like to just refer to you an article which appeared in the *Sunday Mirror* of May 27. As I say, I have had attacks at editorial level. This is one whom I assume to be the environmental consultant; a person by the name of Sudi Maharaj—I am permitted to mention his name. It all started off with “Turtle kills put Tobago on the world sea”, but when one reads the article, one will see that there is a picture of an immense mansion.

Sen. Gillette: That is yours?

Sen. Prof. J. Kenny: You have freedom of speech, Minister. [*Laughter*] But at the end of the article, may I quote just briefly:

“What about those politicians who say one thing and do another?”

I wondered where they were coming from.

“Take a glance at the picture taken by ace cameraman Tyrone Chang last week.”

That is the photograph. It is a two or three-storey mansion and there are big picture windows. It continues:

“Isn’t that self-professed environmentalist Sen. Julian Kenny’s home? Has he taken the lead of Motilal Moonan in trying to move his own mountain?”
[*Laughter*]

Mr. President, my name is Julian; my first name. I share a second name with Senator Ryan. Stanley is my second name, and Kenny is a name which is used in different situations. Kenny is a perfectly normal Irish name, as Sen. King will tell you. In fact, I think it is more common than “King”.

Sen. King: Certainly!

Sen. Prof. J. Kenny: But here we have a case of a newspaper making statements suggesting that I am the owner of this thing.

Sen. Rev. Teelucksingh: Invite us!

Sen. Daly: Invite both Houses in.

Sen. Prof. J. Kenny: Mr. President, the media know only too well. They have been to my house. I have two properties. A three-bedroom property on 10,000 square feet of land—that is two lots of land—and I have a small house which I built at Blanchisseuse with my own hands, built of timber on one and a half lots of land. The media have been to both houses, uninvited [*Laughter*] but when there is a news—[*Interruption*] Well, I do not know. It is in a hill.

Sen. Daly: Is it a Julian?

Sen. Prof. J. Kenny: Well, people use the name—

Sen. Prof. Ramchand: Maybe they are working an obeah on you and reversing your name.

Sen. Prof. J. Kenny: Maybe with all this obeh talk in the media, somebody put something on me and my name is reversed, but, Mr. President, on a very serious note related to this which is, to me, scandalous and I am told by an attorney-at-law—not my colleague [*Laughter*] I have not gone to the Government side to get expert advice—that something like this is clearly actionable, but I am tolerant. I know the other avenues like the Press Complaints Council.

Mr. President, there is a very real issue here. Do you realize that fairly soon, coming to all of us will be a form from the Integrity Commission and I will have to state all of my assets, if I want to remain in the Senate? A citizen of this country may read this newspaper and may say, “Look at that Kenny scam!” Is that an unparliamentary word? I suppose it applies to myself, so I do not mind. That person may have a legitimate claim in lodging an inquiry with the Integrity Commission because he read it in the newspapers, “Kenny has a big home. He didn't declare it.”

Sen. Daly: Julian has a big home! [*Laughter*]

Sen. Prof. J. Kenny: My name is spelt in the Anglicized version, not the French version, of Julius. Mr. President, very seriously, concerning the media, it is difficult enough doing public service when we have to spend all our time and energy doing a lot of things to find this sort of thing happening to a Member of the Senate, simply because some—I would not call the person a columnist or a journalist because I would be insulting the reporters present—writer, for want of a better word, decides to have a personal attack on a Member of the Senate who is merely doing what the Constitution requires of that person. This is to address issues that, in his or her view, are important. I am absolutely consistent, I refer to these issues of the environment which need attention.

Thank you, Mr. President.

Mr. President: I think this might be a convenient time to break for tea, because if anybody starts now they will be interrupted after 10 minutes. The sitting is suspended until 4.50 p.m.

4.20 p.m.: *Sitting suspended.*

4.55 p.m.: *Sitting resumed.*

Sen. Prof. Kenneth Ramchand: Mr. President, I am grateful to the hon. Minister for speaking so clearly and directly and for providing an overview of the problems and principles that shaped his outlook as Minister. I think that even a

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literary man can understand what he said. This is why I am able to have in my back pocket, as it were, some very serious questions. But I am sure I will have an opportunity to raise these questions on another occasion. Suffice it to say for now that I identify with Sen. King's call for a radical renovation; for a paradigm shift that will bring about sustainable development and stop the trickling upwards of poverty that has been taking place over the last few years.

Poverty has, indeed, been trickling upwards as a result of the economic arrangements that we enter into with our foreign and/or local investors. Poverty has been trickling upwards because of the tall, expensive, showy infrastructural projects we commission, apparently as ends in themselves, or as a means of allowing some of our cronies to accumulate wealth rapidly.

Mr. President, that is just a hint that I do have reservations about the general bearing of our economic policy and I have specific worries. I could have begun with the question about why the terms and conditions of service of the members of the Tax Appeal Board should provide for passage allowance equivalent to first class return airfare from Trinidad to London at all. Why London? Why first class?

From that beginning one could have raised the whole question of archaic colonial leave arrangements; archaic perks of office like housing and chauffeurs, entertainment allowances and so on. From there one could have proceeded to question; one could have proceeded to recommend that it is necessary to devise new provisions appropriate to the changed world and to our standing as an independent nation.

Mr. President, I am saving this material for a later debate. I have decided to restrict my contributions to three main items and in these three I am passing the begging bowl or collection plate. Two of them have complaints in them. I hope that hon. Senators will see my appeals as being expressive of the concern voiced by Sen. Daly that we must arrest the headlong descent into barbarism, that we must bring some of the resources of the State to bear on culture and civilization.

The first item has to do with the National Trust of Trinidad and Tobago. The Trust was finally established—I should say eventually established, in 1999. The council of the Trust was appointed in July 2000. I do not think I have to argue in this Chamber that the Trust is a most important body. But I would just give a hint of the kinds of responsibilities and importance it has by quoting from the regulations concerning general responsibilities of the Trust.

“The general purpose of the Trust includes the following:

- (a) listing and acquiring such property of interest as the Trust considers appropriate;
- (b) permanently preserving lands that are property of interest and as far as practicable, retaining their natural features and conserving the animal and plant life;
- (c) preserving, maintaining, repairing and servicing or, arranging for the preservation of property of interest other than land and where such property of interest comprises buildings, augmenting the amenities of such buildings and their surroundings;

The list is extensive, but that gives you just three or four points which talk about the purpose and responsibilities of the Trust.

When the council was appointed it spent several meetings preparing a budget for the fiscal year 2001/2002 and this was duly submitted to the appropriate Ministry. Discussions are ongoing, and I hope and we expect that there will be an allocation in the next budget.

For the current year, however, the Trust has had no funding at all and has been operating in very spartan conditions and without power to embark upon any creative activity whatsoever. The Trust has been granted a room by Citizens for Conservation to hold meetings. The Trust has no accommodation of its own; no office equipment, no funds to carry on work and no service staff. The Trust is just a body of people who were appointed and who meet when and where they can to talk in a vacuum about what they would like to do.

The Chairman of the Trust has, at my instigation, sent me a copy of a memorandum, a section of which reads as follows:

“Some of the activities the Council plans to carry out over the ensuing months are as follows:

1. establish a secretariat to facilitate the work of the Trust;
2. compilation of an inventory of historic sites and monuments;
3. conducting research and documentation (including drawings and photographs) on several historic monuments; and
4. mount a public awareness programme on the value and beauty of our built heritage and the need for preservation.

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It is important that the Trust receives some funding during the current fiscal year so that it can lay the groundwork for its activities for budget year beginning October 1, 2001.”

My first request to the hon. Minister is whether he could give thought to allocating \$100,000 to the Ministry of Human Development, Youth and Culture for the activities of the National Trust during the current fiscal year.

Mr. President, the second item I want to deal with I put it under the heading the “Friends of Mr. Biswas”. Over five years ago, in this Chamber, a commitment was made to purchasing the house on Nepal Street which is known as the “House for Mr. Biswas”. This is different to the house in Chaguanas called the Lion House. Both these houses are monuments to the work of the Naipauls to Vidya Naipaul and have a great deal to say about the evolution of the descendants of Indians of Trinidad and Tobago into becoming full citizens of Trinidad and Tobago.

It took five years to complete the purchase of the house. In the interval, the voluntary organization called the Friends of Mr. Biswas, stayed together hoping for the completion of the purchase and for the opportunity to carry out the programme it had set out in its request to the Government to purchase the house.

After the house was purchased, the friends were told in writing that it was necessary for them to have legal and official standing. After a long process, the Friends of Mr. Biswas became incorporated through Parliament and this was completed in August 2000.

On November 13, 2000 Mr. Colin Laird, Chairman of the Friends of Mr. Biswas, wrote to the Permanent Secretary in the Ministry of Culture and Gender Affairs, as follows:

“Further to your 2000 10 03 letter on the above subject...”

that is, the Friends of Mr. Biswas. That letter stated that the incorporation was completed on August 25, 2000 and assented to by His Excellency The President on September 29, 2000.

“We now request the Ministry of Culture and Gender Affairs to expedite the necessary hand-over procedure in order to conclude the negotiations that will enable the Friends of Mr. Biswas to carry out the powers vested in them.”

The hand-over has not taken place. There has not been a reply from the Ministry. A recent visit of school children to the house was a very painful thing for us,

because we have found that, in the interval, the house has deteriorated even further.

When we first put in the request for the purchase of the house, we had a document with architects' drawings and detailed plans for the kind of work that we wanted to do. That plan was divided into two parts: remedial work and long-term development. The budget for short-term or remedial work included the following:

- “1.1 Eradication of Ground Floor Damp Walls and Water proofing...
- 1.2 Re-surface 1st Floor...
- 1.3 Check Toilet Equipment and Water Storage
- 1.4 Remove damaged 1st Floor windows and re-glaze throughout
- 1.5 Repaint internally throughout
- 1.6 Check integrity of G. F. Roof and First Aid repair
- 1.7 Generally make good and paint exterior
- 1.8 Check and upgrade Electrical Installation
- 1.9 Check and re-establish Security System”

With a contingency fee of \$3,795, the total budget requested was \$41,745.

In the three or four years since this costing was forwarded, not only has it now deteriorated further, but costs have gone up. I am, therefore, imploring the hon. Minister to allocate, in his present supplementary budget, the sum of \$80,000 to the Ministry of Human Development, Youth and Culture for us to carry on, immediately, the remedial work necessary on a monument in which the Government has already invested a lot of money.

The third item has to do with some remarkable work that was recently completed by one of my post-graduate students on a project that has always been very close to my heart.

5.10 p.m.

The larger title for that project, on which I have spent many years, is the Lost Literature of the West Indies. Much of my research has been done on the Lost Literature of the West Indies, not including the experience of East Indians in Trinidad and Tobago.

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The reason for that is that one took a West Indian and federalist approach in the 1950s but with the break-up of the Federation and with each country looking at itself in a very specific sense, we began to understand that Trinidad and Tobago and Guyana have an element in the population that does not exist, to the same extent, in the other islands. Therefore, local conditions required more analysis and research on that segment of the population if we were to arrive at a true understanding of Trinidad culture or the Creole culture of Trinidad and Tobago.

So for a long time one has been talking about newspapers written in English, published by Indians in Trinidad in the 19th century, in the early 20th century. We have been trying to find a background and a context to understand the emergence of the Naipauls, of the Bisoodaths, of the Maharajs, of the young generation of Trinidad Indian writers, who themselves do not know of the long tradition to which they belong. We have been trying for a long time to show that the literary activity among descendants of Indians in Trinidad and Tobago had to do with their claiming a place as Trinidadians in this country; it had to do with the appropriation of language; it had to do with becoming Trinidadian. And it was an exact parallel development to what was happening with other ethnic groups, but the area had been under-researched.

At last I found a suitable Ph.D. candidate who was willing and able to do the work. Dr. Chris Rampersad has now produced her thesis and has been granted her doctorate—that is why I called her Doctor—on Indo-Trinidadian newspapers, journals and magazines, 1850—1950. The first of these newspapers was called the *Indian Kohi-noor Gazette* which ran from 1898—1899. The next two were the *East Indian Herald*, 1919-1924; and the *East Indian Patriot*, 1922—1925. Then came the *West Indian Magnet*; the *East Indian Weekly*; the *East Indian Advocate*; the *Indian*; the *Minerva Review*, which ran from 1941—1944, and which was a literary, social and political magazine which, five years after the famous *Beacon*, which was run by James and Mendez and company, the *Minerva Review* came out and was doing exactly the same work as the *Beacon*; followed by the *Observer*, the *Sentinel*, the *Spectator*, and we still have the *Trinidad Presbyterian*, which started publication in 1904.

The *Indian Kohi-noor Gazette* exists in tattered form in the National Archives. We have located copies of the *East Indian Herald*, the *East Indian Patriot*, the *East Indian Weekly* and the *Minerva Review*, to start with. They are all in very bad condition. You cannot even turn the pages. Every time you turn a page, you lose a piece. So there is a very urgent need to begin the preservation of these documents.

The preservation, as I see it, would have to begin with microfilming or scanning. After these have been preserved in this way we can make hard copies and then analyze the material and prepare selections to make publications available to libraries and other institutions of learning and to scholars and members of the public.

It is a massive, technical task and to start, we would like very much to reproduce a facsimile edition of the *Minerva Review*, the *Kohi-noor Gazette*, the *East Indian Herald* and *Patriot*, and the *East Indian Weekly*. Since we think that the project could be self-financing in due course, I am just making a humble request to the Minister to give a float of \$100,000 to the Ministry of Human Development, Youth and Culture for the preservation and publication of heritage material, beginning with these items that I have mentioned. This could be a fund to be used for the preservation and publication of heritage material relating to all ethnic groups in the society.

Mr. President, I know this is a budget debate and I should go into all kinds of technical matters, about revenue and income etcetera, but I am encouraged, as I said, by Sen. Daly's call for civilization and to arrest the fall into barbarism. Mr. President, I am appealing, again, to the hon. Minister to make the allocations recommended so that we can take a step towards creating the kind of society that will take pride, not only in its material progress, but in its intellectual and spiritual achievements. Thank you.

Sen. Dr. Eastlyn McKenzie: Mr. President, let me also say to the hon. Minister of Finance how very clear and simple the very difficult and technical subject of finance became through his lips this afternoon. I listened very attentively and I understood very clearly.

Let me begin by saying that I will look specifically into matters dealing with Tobago in this variation of the 2001 Appropriation Bill.

I start by saying how much the people of Tobago respect you for the sensitivity you have displayed in keeping your word that you would assist in liquidating the debt inherited by the present Tobago House of Assembly administration. They note that the boast of the present Chief Secretary that he had spoken with you and that you had made certain promises, was not an empty boast, but that you have kept your promise; and for that we are indeed, extremely grateful.

I listened carefully to the measures you intend to take and the matters you will look into when it comes to proper financial management, proper accounting and

people keeping within the limits of what they have to spend. The Chief Secretary of the Tobago House of Assembly has listened very attentively to you and has actually begun that type of tightening.

5.20 p.m.

I can say from listening to him at the plenary sessions and also on the radio, some of the measures have been taken with regard to that type of financial scrutiny that you intend to do. You would know that the question of administrators in Tobago has been sorted out. The financial rules submitted to the Government in accordance with the Tobago House of Assembly Act are being looked at now. In fact, they are trying to replace those that were sent because they have found certain weaknesses in those rules and they are looking at those rules. I understand from the utterances of the Chief Secretary that this exercise should be finished within a month. I know also that the Assembly has contracted a reputable firm of auditors to go into the accounts of the Assembly. I know also that the Assembly has set up a team to review the scholarship programme. They have done an interim report and they expect to do the final report by the end of June. I also heard, Sir, that the secretaries in the Tobago House of Assembly have been instructed to keep within the allocations given.

I know that the relationship between members of the Assembly and the Central Government, at times, has not been as cordial as we would have liked, but from the utterances, again, of the present Chief Secretary, I understand that they have memoranda of understanding with the EMA, with the Ministry of Health and with the Ministry of Works. So I want to set the Minister's mind at ease, that Tobago is trying to put its house in order and I am sure that the type of benevolence exercised in this Appropriation Bill would continue.

I need to say that we were a little disappointed, in that some discussions were held with some of the ministries in Trinidad which visited with Members of the Assembly and certain projects were pointed out. We did not see any extra money given, but I guess you have to balance the debt with the new and probably that is it. But it would serve to remind the hon. Minister that I am talking about the visit to these projects: The whole big project, which is ongoing: the Parlatuvier project; the Bloody Bay project; the Milford coastal protection where we have a large part of the Scarborough Secondary School now in the sea; the Calder Hall administration building; the Scarborough waste water collection, where they are trying to link up the waste and sewerage from those Government projects and housing at Signal Hill to the main stream, and obviously, the Milford Road

esplanade. I hope that despite the allocation of the \$48.7 million which would help to erase some of the debt, the development projects would also continue.

I want to draw attention to the PSIP; just a few points made in the Budget Speech 2000/2001. I am reading from page 45. I am just referring; I do not intend to read the whole thing. This is what, among other things, was said, because we all know we got \$98.6 or 7 million towards the development project. It says here at Item 218:

“Other major projects to be undertaken in Fiscal Year 2001 include:

- completion of construction of the Belmont Road...
- continuation of the construction of the Milford Road Esplanade;
- ...Shaw Park Regional...
- retro-fitting of the Scarborough Library;
- completion of the acquisition of the Speyside Estate;
- preparatory work on the construction of the Performing Arts Centre; and
- staff training and enhancement of information technology and communications systems.”

I want to say that the question of the library is extremely urgent and important. I go, again, to the budget statement, 2001, August 20, by the former Minister of Finance, page 26: “Tobago”. Among other things, he said:

“Cabinet has decided to have a new ferry added to the service no later than the end of October.”

He talks about the Panorama and everything else that we know about. They spoke about the Scarborough Hospital, the L’Anse Fourmi/Charlotteville Road, the Scarborough Methodist School, and other schools, Skills Development Centre, et cetera. But what I am very wary of, is the fact that over the years we have had these promises of so much money in the budget, but when it comes down to the releases, we never get the amount.

I want to just quote—I do not want to go too far back; I want to go just probably to 1995 and I just want to talk about the Tobago allocation and how it went. The years before were worse, but I would talk from 1995, and I am talking specifically about the development vote.

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- 1995 \$45.6 million; we actually got \$43.2 million.
- 1996 We got an increase; \$42 million budgeted, we got \$51.3 million.
- 1997 \$184 million budgeted, we got \$154.8 million.
- 1998 \$89 million budgeted, we got \$30.4 million. The Minister is talking about 34 per cent of what was promised.
- 1998/1999 We changed the fiscal year—\$63.9 million. He actually gave us \$31.6 million.
- 1999/2000 He promised us \$92 million; he gave us \$23.7 million. He was talking about a quarter.
- 2000/2001 He promised us \$98.6 million and we expect every cent.
[*Laughter*]

You see, Mr. President, that is why I am not going to say that we are not going to get the ferry, because we still have four months in the financial year. We are very concerned about the fact that national development does not seem to cover Tobago. In other words, if you curtail our capital expenses—our development projects—there is where we expect people to get jobs; there is where we expand the economic sector and social sector. That is why I am not talking about recurrent at all. Recurrent is a given. It is the capital expenditure that I am looking at, and I am saying that he needs to make us believe that we are part of the national development.

As I have said, if the fear was of non-accountability, non-transparency, I have outlined the measures taken by the new THA to give you the comfort and to give you the confidence that Tobago is putting its house in order. In fact, it has gone far in putting its house in order. I am hoping that the Minister is going to consider giving Tobago money for community projects and make us believe that we are part of this whole national development plan.

It is not only a matter of transfer and virements, as far as I am concerned; it is a matter of supplementary votes in some cases, and I hope that the Minister would think of Tobago in this light. We are already seeing the effects of the air transport system, the pull-out of airlines, the low occupancy of hotel rooms, et cetera. People are being laid off, as I am speaking. I also take into consideration what the Minister said about the wages and salaries bill. When I heard him say that, I said, there seems to be no relief in sight, because this morning on the flight to Trinidad, we sat in the aeroplane on the runway in Crown Point; we had already taxied down and turned and we found the plane had stopped and we wanted to know

what was wrong; whether the pilot had fallen ill. But he came out and said: “Well, the air controllers are having a problem and I cannot move until they tell me to.”

5.30 p.m.

It seems as though it is more and plenty. Here you have the problem of looking at the salary and then, the air controllers say like Oliver Twist, “we want more.” Probably justified. We sat there and those of us who were a little claustrophobic, you could have understood the anxiety. I thank God, it was not too long a wait, but long enough to get some of us anxious. Sometimes we try to solve one problem and then, up crops another. I am sure that people are in sympathy with him. We are always in sympathy with the Ministers.

In this short discourse, I hope that I have said enough to alert the hon. Minister of Finance to our concerns. I hope he has accepted the appreciation I have expressed on behalf of the people of Tobago for coming to the rescue and helping to erase some of the debts.

I heard him talk about the small business people; how much they are affected and the indifference and complacency when we deal with them. This is another reason why I have this admiration for what he has done with regard to the debt that is owed. Most of it has to do with the poor and small businessman who has tried to do something to employ people and be a part of the development process of the island. That would also help to take care of poor young people from Tobago who are out there studying and the universities are throwing them out. Tobagonians are rescuing some of them from the streets of Canada. I take it that he has a heart.

These are the comments I make. I hope that they have been strong enough—though I have been short—to alert the hon. Minister to the concerns of Tobago and to let him know like Oliver Twist, we ask for more.

Thank you.

Sen. Prof. Ramesh Deosaran: Mr. President, I do not think I have ever had this feeling before. I was in Parliament for five years previously. You get an eerie feeling when you speak at this time of the evening. The atmosphere, if not the attendance, changes very drastically. Sometimes you wonder if those who are looking at you are actually listening. I will try to be discreet to understand the scope for which the Bill provides in terms of debate.

There are three points I wish to make with respect to my area of concern. They have been made easier by the preceding Members, especially my distinguished colleague, Sen. Daly. During the tea break, somebody on the Government’s side

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asked me if I was speaking. I told him yes, but much of what I wanted to say had been taken up by the distinguished Members before me. A seasoned campaigner as he has now become, Sen. Dr. Moonilal gave me some advice which I would try to use. I hope it brings me justice.

I think that this exercise following the Westminster tradition has time and again proven itself to be exceedingly worthwhile. Whenever a money Bill is presented, whether in its original, substantive or corollary form, in terms of Bills or amendments, there is always room for refreshed debate, a review of the allocations and the policy positions taken previously.

In that respect, today seems to be the lucky day of the Minister of Finance because I do share the sentiments of appreciation conveyed to him. I have heard previous Ministers of Finance, but I think that this particular one has the confidence and clarity of thought which has accompanied his presentation. We know that in his mind he is trying to do his best in spite of what we can appreciate are very difficult circumstances, competition for resources and the whole political climate. I must tell him for my own part, that I congratulate him for the effort and basic honesty with which he has approached his mission. There is documentation with explanations—with which he did not have to provide us—even though they should have drawn him into further debate. I am quite appreciative of the traditional Westminster system and for the kind of accountability he is showing so early in his term. Through you, Mr. President, I wish with great sincerity to congratulate him and hope that things proceed in this manner. It is very encouraging for us on this side that have no particular axe to grind, except to look many times for good governance, clarity of thought and honesty of purpose.

Several issues have been raised and I will start off with what I think is an embracing impression. When you look through the document entitled *The Schedule Relating To The First Supplementary General Warrant*, the Appendices and the accompanying notes of clarification for variation, what is quite troublesome, perhaps a blind man can see it, is that there are changes not only in the substantive functions of the ministries, but also in the fanciful nomenclature that changes so drastically. Sometimes, you get lost as to which ministry is now accountable for what function. We, as locals, could bear with that because if they are following the Singaporean model, they would want to have super ministries. I do not understand what that is. I thought that all ministries carried similar importance, if not statutorily, at least in political accountability. The names, just to exemplify what I mean, are a bit prohibitive. A ministry of enterprise, development, foreign affairs and tourism; a ministry of community

empowerment, sport and consumer affairs. It is troublesome because when such changes are made it causes several wasteful things, such as stationery, the moving of furniture, changing of telephones and the reallocation of staff.

To cut a long story short, I was wondering whether the Government, or in the first instance, the Minister of Finance would—since he is on a cost-saving mission, notwithstanding the Singaporean model—tell us whether we can have a standardized list of ministries. For example, when one speaks about the British Home Office, one knows what that means. One would know the documentation and reports pertaining to that ministry, ten years ago. It makes archival searches easier; record-keeping more facilitative; accountability more streamlined; comparisons of expenditure in a holistic or categorical way over long periods. What you are injecting into your system of governance is not only a stabilized form, but also consistency over time. When one speaks about the Secretary of State, or the State Department, everybody knows—especially foreign investors and people who are dealing with you in the diplomatic corridors—and has a full comprehension of the things in that country. When you go along with these fanciful changes with little or no justification, you could allocate the function without interfering with the nomenclature so regularly.

It is a Third World gimmick used to disguise. It is almost like a piece of propaganda. It does not matter what the intentions might be, I believe it does have its wasteful consequences. I submit so with great respect. It is not a point of criticism, but a stocktaking point as one of the many points that we need to look at to remove the opaqueness and sometimes, the complexity and confusion in our Government.

5.40 p.m.

If one talks about poor people, sometimes poor people do not know which Ministry to go to because they now understand, four years after, where the Ministry of Infrastructure is, and by the time they know that, it gets changed to another name. So even for poor people like yourself, and I am speaking on behalf of them, one should do something to have more clarity in nomenclatures, a very important point, if only for what we call the “ordinary” person. If the changes do follow the Singaporean model I will tell you what—I take the point about mimicking. We are emphasizing the outcome and the product of the Singaporean mode of governance, but we have not yet, it seems to me, understood the process by which they attained those outcomes and so we are disguising ourselves trying to fast-track without looking at how the process of change was initiated and sustained in Singapore. I speak no further on that.

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I understand there would be a retreat in Tobago on some aspects relating to this, but one has to stop mimicking so spontaneously and get down to what my colleague, Sen. King, spoke about, indigenous development, because we do have the talents—in all respects, and I do not want to be labour that point in terms of legal representation or your own concerns about consultancy. We know about it, and it is time that there are some core saving approaches in these respects rather than mimicking people so apparently blindly.

When I examined the Finance (Supplementation and Variation of Appropriation) Bill and saw about \$10 million allocated to the Elections and Boundaries Commission, I thought it was a good and useful allocation. Those lists must be updated and it would be money well spent. From my observations, the process is going quite well, but at the same time the electorate is losing confidence in the political system, and while you can have a budget and a GDP rise and the vast expenditures one is speaking about, if one's populace loses confidence in the political system, then there is a sharp division between money on one side and value on the other side.

One way in which we can help to restore the public's confidence in the electoral and political systems is by looking at election financing because all that was said, all the expenditures that one has already allocated, the potential expenditures and the increase one is asking for, would rest on the well-being of the national community. This is one example that bothers the citizens very much. The time has come to review the Representation of the People Act which was first enacted in 1967. If one looks at election expenses in the Act in sections 45 to 48, it speaks about election expenses, the people who fight elections, especially municipal. The national elections are restricted to an expenditure of \$5,000 of personal expenses and those on the municipal elections route about \$500. I am not saying that people who pass through that process disguise the accounting but certainly, some aberration does take place because in this day and age, one cannot tell me that a candidate, especially one who has been victorious in the race for a Member of Parliament seat, spends only \$5,000 which is what section 48 in the Representation of the People Ordinance asked for, and similarly for other elections. So we are committing a lot of white-collar crimes and, perhaps, falsifying the accounts. To cure that, and it is nothing personal, I am just making a general point.

Sen. Als: Senator, the figure is no longer \$5,000, it is now \$50,000.

Sen. Prof. R. Deosaran: Mr. President, I still think the input into the elections coffers is what is worrying many people and the time has come to take an overview of that particular Act so as to legitimize much of what is taking place in terms of election financing. It does not mean to say that people would be restricted. What it would mean is to remove some of the suspicions and rumour-mongering and give some legality as to what is a right of business houses and individuals to contribute to the party or parties of their choice. In fact, in other countries—I am not saying to mimic them but if one wants to know some appropriate precedence in this respect, there are rules governing election financing and people use the rules, and there are lists to state who contributed to what in different amounts. It is a form of transparency, cleaning up one's electoral system in a way that would help build public confidence. The start engineered by the \$10 million allocation for updating the list could be accompanied later on by a more thorough review of that particular Act, and in the specific case of having new laws for election financing. It was, in fact, a matter that occupied the Wooding Constitutional Reform Commission. They had spent much time dealing with it and, perhaps, after 20 years we can revisit that issue and make some resolution of it.

The other point is a not a very serious one. My last point is the most serious one, and I will come to it in a short while. The provisions for land reform—the squatter regularization programme—are relatively enormous sums and one would want to make sure that one gets value for one's money. The question in such instances is not how much that one is allocated, but it is how the money is used.

There is another Bill before the Senate. I will not refer to it in full, neither would I be speaking on it, but what I have to say is quite relevant. The process of decision-making makes squatting so confusing, and makes environmental degradation so aggravated, because there is no streamlining of the decision-making. I remember in the most famous instance of squatting, in spite of all the laws there were and the pressures by the National Land Tenants and Rate Payers' Association—the Muslimeen case of squatting at Mucurapo—the most central issue in that instance was the confused decision-making that took place between the Central Government and the Port of Spain City Council. It was filled with much political patronage and favouritism on one side against the other and that should be a lesson for us to learn from, that no matter if one says that one Planning and Development of Land Bill should have certain powers for the Minister and it does not conflict with the Environmental Management Act, those things are the legality; but what has happened over the years is that there has been much mismanagement and clash of the Executive.

The Muslimeen eventually led. They said they got the land in 1968; between 1983 and 1990 there was a flurry of contention between the Central Government against the Muslimeen; the Port of Spain City Council against the Muslimeen; and the whole issue erupted till every time I sit here, I see a bullet hole still on that window pane and the Parliament was shot up because of the mismanagement of a squatting issue, even though the Central Government and the City Council had the appropriate powers.

5.50 p.m.

So far today, we have paid over \$2 million for that horrible mistake. We are still counting. No matter what, there might be a balancing of the amounts later on. We ought to pay careful attention to the issue of managing these programmes to make sure there is equity, apart from the exercise of power.

My last point concerns the allocation for the mediation centres. It says at Appendix IV, page 8, that an allocation of \$200,000 was provided for the mediation centres in fiscal year 2001 and that there has been a delay in the establishment of these centres. What seems to have happened was that \$127,000 was taken away from that allocation and given to the Ministry of Health. That has left the operation of these mediation centres, of which there are four, in a tailspin.

In the first place, it is not true to say, from my knowledge, that there has been a delay in the establishment of the mediation centres. I would be very grateful for any correction on that particular point. I remember in August of last year the Attorney General himself opened those mediation centres with great, justified fanfare at the Aranguez Plaza, San Juan. My name was called in a gracious speech. It was launched on Thursday, August 24, 2000. Something must have gone wrong there. I do not know if there was error because I am sure there is no malice in it. It is just a quick accounting procedure that took place. It seems to me like slash and burn. They started to slash things from here and there, without having a qualitative judgment of the consequences.

There are three such mediation centres in Trinidad and one in Tobago, but the hardships are numerous. In the spirit of mediation, I implore the hon. Minister to take a brief look at it. It is within his power to make a correction. Apart from the correction of the figure in the text, I think the substantive consequences are quite noteworthy, in that the \$100,000 left behind for project purposes and support services to these mediation centres has already been spent.

It is not a matter of the mediation centres not being established. The little money left behind as a result of this cut, has already been spent. There are 13 part-

time mediators available to the public: 12 of them in Trinidad and only one in Tobago. The anomaly is this. The Mediation Act, No. 13 of 1998 tells you that people who come for mediation will have a choice of mediators. I do not know what kind of mathematics will be used for the people in Tobago to have a choice from one mediator. That itself is an anomaly that needs to be corrected in the particular Act.

Apart from this, there are very few referrals from the court because of several defects in the Act. That is why we try to spend so much time here correcting the Act. There are serious consequences. It costs. It wastes time. The Act will have to be returned here for several corrections, if I am to believe what the judges, magistrates and directors of the mediation centres have told me. So, the Government must not feel impatient when we are trying to be meticulous in looking at the particular sentences and clauses, because we want to save parliamentary time and the country's money.

What has happened, however, is that Cabinet has approved what have been called self-referrals or walk-ins to these mediation centres. If Cabinet has given such approval, obviously the workload of the mediation centres will be increased, and they have indeed increased through this new entrée. The operations of these centres, noble as they were intended to be through the concept of mediation for first offenders, are now overburdened.

I believe, and I would certainly ask the Minister of Finance to take a closer look at this, that moneys need to be increased for the mediation centres. After all, it was the first serious step that this country took, statutorily, towards restorative community-based justice for young first offenders. Imprisonment of first offenders has not helped. It will not help.

I have just come across a 20-year study of comparative value. To cut a long story short, I know it is quite late in the evening, but the study shows that whilst the rate of imprisonment per capita has increased by over 275 per cent, the rate of crime has increased simultaneously. Imprisonment could work but it has to be for selected cases. It is a political issue, but I think it is always better, in the long term, with young first offenders, to use the approach of crime prevention and a restoration of a sense of righteousness. The mediation centres do have a duty to perform in this function and we should let them prosper. The kind of vagabondism and barbarism we are having from young people all across the country cannot be tolerated. We must have some alternative systems to imprisonment.

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I think there is a strong enough case for some attention to be given to these mediation centres in the present circumstances. I think the Government is quite able to do so. I submit, with respect, that the Minister revisit this particular issue.

I could not leave without referring to the same editorial Sen. Daly referred to because it grabbed my attention. It is on Friday, May 25.

“It is clear, then, that the centre is not holding.”

I made this point in a previous presentation. I am very grateful for the almost full attendance of the Government Senators. For that I compliment the Whip, the Leader of Government Business. I know that he, contrary to the other side, has his side in order and fully present most of the time. I guess much of that is due to the vigilance of the Independent Bench, especially at voting time. They never know what is likely to happen.

This is an important editorial, not because the *Express* wrote it. In fact, the newspapers have a way of coming alive in their own time. These things have been mentioned here in Parliament over and over but it does not reach the public. This is another problem we have in the relationship between the State and the citizen. There is a big gap. There is a vacuum; it is abysmal. When they do publish, of course, they can publish who “cuff down” whom and so on but, perhaps, I am not saying they allow the donkeys to bray here. Maybe I should withdraw that, but I think it does not matter. The middle ground in this country is very vital today because extremism either in ideology or ethnicity is very subversive of a civil society.

I am making an argument here for the mediation centre. If I had more time, I would have elaborated because it strikes at the soul of forgiveness, a more soulful country, a more inclusive nation. It reaches out to those who have lost their way prematurely. It does all these things and it hurts me. I think it is close to being preposterous and a scandal, but I do not think there is need to use those words because I am sure the case can rest on its own merit.

6.00 p.m.

The final paragraph of the editorial says:

“All these factors are empirical...”

That is the race talk: the death of children, mothers throwing babies away in bushes and in the sea. I mean it is really a barbaric society! I think the Minister of Finance recognized that when he spoke earlier about his concern for destitution. If he does have a concern for destitution, well I think in his good graces he should look at the role and the objectives of the mediation centres as well.

Mr. President, these things can be empirically shown in this country so the time has come for us to look at the quality of life and not only the quantity of dollars. That is the dividing line we have to cross. When I was asked to serve, I think I had several discussions with the President—the other President—and, of course, I told him my purpose—if that is what he requested—would be to serve for civility and governance as part of my own presence here in the Parliament.

Finally, Mr. President, I would, again, re-emphasize the point made with respect to the text. I do not think the text is correct. I regret the movement of money from the mediation centres to the Ministry of Health, even though it is for ambulance services. I think it is like robbing the grave, in a sense. I think, however, while the purpose is good for the money where it has been subsequently allocated, I wish to implore that the Government, through the Minister of Finance, take a second look at this.

Mr. President, at this time of the evening I thank you for giving me the opportunity and I hope there is some positive response from the hon. Minister.

Thank you very much, Mr. President.

The Minister of Energy and Energy Industries (Sen. The Hon. Lindsay Gillette): Mr. President, thank you for allowing me to make this contribution. I know it is late in the evening and I will be very brief. Having listened to some of what Sen. King and Sen. Daly said, I just felt compelled that I should probably try to address two areas: the energy sector and something with respect to the informatics and service industry.

Having listened to you, Sen. King, I am reminded, as the father of two kids—one is brighter than the other—and the bright kid is also very athletic and we expect so much of him. The other kid, who is not as bright and who is not as athletic, we tend to cushion him and to say, listen, you just have to do your best and hopefully one day you would achieve certain results. Of course, with respect to the bright and athletic kid you keep pushing and pushing and that is when you begin to realize, as a father sometimes that you do have a bright kid, that he is going in the right direction and you really expect a lot from him.

After hearing your contribution, I also realized that we were on the right path, that we were doing the right thing. You expect so much of us and you were so anxious that I felt compelled to address you in terms of what is going to happen and in terms of the retreat we are going to have in Tobago, and how we see this country developing in the future.

Having said that, let me talk a little about the energy sector because a lot has been said about it. Right now I know the energy sector contributes roughly about 23 per cent of GDP. In the energy sector itself—that is where we get our wealth, let us accept. Let us understand that at this point in time, we are where we are because of the energy sector and we cannot allow it to wither away. As a matter of fact, with the decline of oil over the last 10 or 15 years, what has actually picked up the slack is the gas industry. Having gone to Korea over the last two or three weeks, I was really impressed by some of our gas policies in terms of where we have come, as a country. We are really world recognized in terms of some of our policies and where we have come to in terms of developing our gas-based industries over the last five or six years.

Mr. President, with LNG 1 and with the coming on stream of LNG 2 and LNG 3 in the year 2002 and 2003, we would probably be the lowest gas producer in the world. As a matter of fact, not only the lowest gas producer but also right now some of the gas-producing countries in the world look at us, really, as the Mecca of the gas industry, in terms of cost, of gas being produced and the way we produce our gas. We must also take advantage of that.

When we look at the United States today and parts of Europe, gas is in short supply in the United States of over 8.5 million cubic feet per day and because of that we have to pounce on that opportunity. Mr. President, as you know when we signed the LNG 1, gas at that point in time was somewhere around \$2.50 per Btu and then within a short space of two to three months it went to \$10.00 and now it is settled at \$5.00. With the demand for gas and for all these energy industries, it is only going to increase. Luckily for us, Mr. President, we have the infrastructure, the policies in place and we have the development of the offshore so that we could take advantage of that situation and develop our gas-based industries.

Even within the energy sector we are fairly well diversified. We have petrochemicals like ammonia and methanol which depend on world pricing and on commodity pricing. Then we have oil, which depends on what OPEC would do with their oil, whether they decide to increase their supply and the price of gas goes down or whether they decide to control it and allow the price of gas to escalate. Then, of course, we have LNG and even where we export 65 per cent of our LNG to the United States and 35 per cent to Spain or the reverse, I think, there is even a difference in prices in terms of the basket of commodities used to price that particular gas. We are fairly well diversified in that 23 per cent that we contribute to GDP. I think, in terms of a country, even in the energy sector, we are

really well diversified and in terms of a risk environment, I think we are fairly well organized.

With respect to the services industry, as I said, if you hear the Prime Minister—and in the UNC's manifesto it spoke of a knowledge-based economy and a knowledge-based industry and something similar along the lines of countries like Hong Kong, Singapore and even Northern Ireland. It is something the Prime Minister sees—that if you look at our country five or 10 years from now how would we like to see our country. We have to diversify our industries. As you know, the cost of creating a job in the services sector, which is roughly around \$23,000, is a lot less when compared to the \$1.5 million it costs to create a job in the energy sector.

We also recognize that the services sector—when I say services sector, I speak of informatics services, telecommunications services, finance services and even of tourism services—there is one way of quickly bridging that gap. We do not have a lot of capital available to us like the United States or Europe, but it is one way of creating a labour force and creating an industry where we would be able to export those services. It is not going to happen overnight because there has to be dialogue and discussion in terms of how it occurs.

As you are aware—you have worked in the University of the West Indies and for many years now, as a matter of fact, the university has tried to sit and say how do we export our services, whether it be software services, telecommunication services, whether it be in simple data services. It has been difficult because the countries that would buy those services from us have to ensure that there is a level of confidence; and when it is developed in the offshore countries, that it is accurate, reliable and is secure and, of course, that the cost of telecommunication services, as well, is cheap and that it could compete with other countries that compete for those equivalent services.

It is something that we have to be mindful of and it is something that, we, as a Government, are looking at very closely. I dare say when we go to Tobago over this weekend—a lot of conversation has occurred over the last six or seven months as to how we become a knowledge-based economy, a knowledge-based nation. What was really insightful is that I heard a presentation yesterday by Dr. Rudy Moonilal who said that for us to go from unemployment of 11 per cent to 4 per cent, we would really have to create around 130,000 jobs over the next four to five years. I think we can do that in the informatics sector or in the services sector, should I say.

I think we are on the right track in terms of looking at the industry. We have a lot to do. We have to work closely, of course, with the private sector. We have to work closely with people like you, Senator, in the University of the West Indies to ensure that we have a plan in which we can develop the services sector.

With respect to tourism, I was actually called into a meeting when that tourism matter erupted and what I saw, really, was everybody started to blame everybody. They said that, you know, I think the price of your fuel is too high, I think that we need more incentives, I think we need to guarantee this with respect to the flight; but when you look at the whole thing in effect, we have been offering fuel over the last four to five years, as a matter of fact, cheaper than some of the other countries.

6.10 p.m.

What we have not been doing is sitting and really critically looking at us internally in Tobago and saying, “Listen, for us to develop a tourism master plan it is an approach by all entities.” We have got to develop a product that is competitive to outside, whom we compete with in terms of pricing, in terms of standards, in terms of standards of food—as an example—in terms of pricing of hotels, fuel, the whole value chain, until we come to that acceptance. I think we are there right now because we are working very closely with the tourism people in Tobago—with the Tobago House of Assembly, as you said Sen. Dr. McKenzie, with the tourism sector in Trinidad and Tobago—to develop that plan. I think that good would come out of it but sometimes it takes a lot of—I would not say tragedy, but it takes a situation like what occurred about two months ago to really bring us to the table to sit and realize that it is not only jet fuel, that it is not only Government’s problem, but it is a problem with everything for us to develop this tourism thing.

I mean, when you look at it, we have a thousand rooms in Tobago, fine, and probably they are 50 or 60 per cent full, and that is pretty decent in the tourism sector except, of course, when you have the seasons you want to have 100 per cent occupancy. However, generally, a hotel will be satisfied with 50 or 60 per cent occupancy, and they do make money. So when you look at 50 or 60 per cent occupancy, if that is their average occupancy all year round, that is decent. How do we fill the other 400 rooms? The point of the matter is, when we compete with countries like Barbados that have two million tourists, or we compete with countries like the Bahamas or like Grenada—as a matter of fact, they bring in thousands of tourists—they have thousands of rooms in those countries and naturally the airplanes are going to fly to those locations.

So when we sit and develop a master plan, we have to sit and say, “Listen, how are we going to develop our tourism industry? How are we going to build these hotels? Are we going to go into the ecotourism projects? Are we going to go with a sand and sea or sporting tourism?” On top of that, how are we going to attract those airplanes to come to this country? By the way, jet fuel is a little lower down the value chain. So it involves a lot of things there for us to develop this sector correctly.

I think what has happened over the last two or three months has put a lot of common sense into a lot of individuals. I have said, “Listen, we have got to come to the table. We have got to determine exactly how this thing is going to operate, how it is going to work. We have got to have Government as a partner in terms of the buying policies. We have got to have fuel because we provide jet fuel. How are we going to compete and go forward with a plan?” I think that is in the process of occurring right now.

So all in all, in terms of our retreats and in terms of what is happening, we understand the need to bring the private sector, we understand the need for the services industry to be developed and we understand the need also for the telecommunications industry to be developed. As you see, we passed the Telecommunications Bill about two or three weeks ago in the Senate. So it is something that we are mindful of and it is something that we are accelerating as quickly as possible, and we have a plan for a period of five or six years.

As for myself, particularly, I think I would like to see it accelerated because I think that it is an area, especially in the services sector, in the informatics area, where we can actually accelerate our plan. This is because I think we have the resources inside of here locally and we have the people skills inside of here locally. We also have to ensure that, of course, with the prudence as displayed by the Ministry of Finance, when we get this money that is coming from oil and gas—which we will continue to get over the next year or two years, regardless of if the price of oil is high, we are going to continue to get the windfall in that—we take this money and we channel it correctly to develop what I call a world-class nation.

So I think when you look at this country five years from now, or even three or four years from now, and we put our plans in place for the dollar-for-dollar education, which is, every dollar that we spend on education 50 cents will come from the Government, 50 cents will come from yourself, I think we are on our way in the right direction. I think that, as we educate more and more people and we create jobs, whether the jobs are created in the informatics sector or even in

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the energy sector, and we get our unemployment even further down from 8 or 7 per cent to probably 5 or 6 per cent, you would see a lot of problems would be alleviated. I think as we go forward as a country and as we go forward in terms of wealth creation and per capita income we are going to get problems. We are going to get social problems and we are going to get problems of crime but, of course, one of the ways to resolve those issues really is to create more jobs, to create industries and to create the environment for entrepreneurship and for business activity.

So, all in all, I did not want to take up too much time but I just wanted to address it. I could go longer with respect to those industries, but to tell you really that I think as a Government we are in the right direction in terms of focusing and what you spoke about in terms of diversifying the economy further and further downstream. However, we must not forget also that oil and gas play a very, very critical role and not only critical but, in a time when energy is in short supply in the world, especially in countries like the United States and in Europe, we should take every advantage we could to ensure that we maximize our returns on our mineral resources, which are both oil and gas. Thank you, Mr. President. [*Desk thumping*]

Mr. President: I think the Leader of Government Business might want to move a Procedural Motion at this stage.

PROCEDURAL MOTION

The Minister of Energy and Energy Industries (Sen. The Hon. Lindsay Gillette): Mr. President, in accordance with Standing Order 9(8), I beg to move that the Senate continue to sit until the conclusion of the matter now before the Senate.

Question put and agreed to.

FINANCE (SUPPLEMENTATION AND VARIATION OF APPROPRIATION) BILL

The Minister of Finance (Sen. The Hon. Gerald Yetming): [*Desk thumping*] Mr. President, let me begin by expressing deep appreciation to Senators who have expressed very kind sentiments on my presentation for, I guess, the manner and, I guess, intent. I want to assure hon. Sen. Daly that this new Minister of Finance, as he describes me, is not naive and the Minister of Finance will be judged in time on whether he is able to deliver on his promises, whether it be on the question of VAT refunds—and I did say whether

administratively or by legislation. So it will not be a question of the Minister asking somebody to do a favour. So whether it be by VAT refunds—which I suspect has eluded many a minister in terms of finding of a proper resolution—I did indicate that I am determined to do it because, as far as I am concerned, Government must not be a party to the closure or the uncompetitiveness of any company.

We cannot, on one hand, be talking in terms of encouraging and providing incentives and on the other hand displaying indifference and callous behaviour to the point of insolvency of companies, even if it be on the question of how we may clean up the activities and actions of state boards. I would not call any names, Mr. President, but there was a new chairman of a state board, non-executive, who insisted on a vehicle being acquired, luxury, and an office for himself which they found at the Hilton Hotel at a cost of about US \$50,000 per annum.

Mr. President, that chairman is no longer a chairman and the office space in the Hilton has been given up and that is how we are going to operate. I am not suggesting that all the intentions and all the actions are going to bring immediate results. It is going to take time. I am not predicting how fast it is going to go and I am not predicting how deep it is going to go but I can only say, Mr. President, that I am and we on this side are determined to do the right thing and we would be judged on how well we are able to accomplish what we promised.

I have to apologize to the hon. Senators on the other side because I really did not come for a budget debate. In fact, it is true to say that I came here with a bookkeeping exercise. There was a reallocation of ministries in December. When I got into the Ministry of Finance we had to begin to do the work involved in the reallocation of the moneys from one set of ministries configured in one way to another and in that regard I share Sen. Prof. Deosaran's view. I wish that it could have been legislated that the ministries be one name and one thing because I share the view. I have been experiencing, in the short time I have been in the Ministry, where the change in ministries does come with a host of problems and cost—dealing with personnel. They do not know whether they are here or they are there and so on and so on, Mr. President. I share that view.

The fact is that over the past several months we have had to be spending a fair amount of time on two major issues: one, how do we understand the intent behind the ministries, the new reconfigured ministries, and then allocate the moneys accordingly. Then, of course, the only budgetary review that was done was really the PSIP review. We did that only because the PSIP budget was, let us say, \$980 million, we had requests for an additional \$940 million and it was a question of,

well, could we really accommodate this in addition to the supplemental funding that we knew we had to come for? It was also a question of assessing and this is where I think the mediation centres and the Tobago part of it might have come in.

What was done was make a judgment call in consultation with the respective ministries, on whether the project or the respective projects were sufficiently advanced to utilize the moneys still allocated, or whether we could not have adjusted it down to take you to the end of the fiscal year and allocate the surplus money elsewhere so that other projects may have benefited. However, I take the point from Sen. Prof. Deosaran, Mr. President, that the mediation centres will come under review and I will do so when I get back to the Ministry and see what could be done on that.

In the case of the supplemental funding in excess of 70 per cent was for an expense that we had to undertake, which was part of the cost of the public service salaries because of the new agreements. Then another \$50 million of that was because of Tobago and, in a sincere effort, trying to resolve the problems of Tobago in a spirit of cooperation and compromise, and that is all it was about. The exercise on the moneys, in addition to that, did not come about as a result of a reassessment of the intent, the direction or the policies that would have been debated in the 2001 budget. As far as I am concerned, we are progressing along the paths as approved by Parliament, and we are going to the end of the year on that. This new Minister of Finance has had to deal with a number of other issues that prevented him from doing a mid-year reassessment of the budget and I can understand that, yes, we ought to do that, but that certainly was not possible by this Minister of Finance on this occasion. So that the concerns that were expressed were relative to the underlying issues that would accompany a budget.

Now, I would go on to say that I intend to come to the House with the budget in late August, September. I have just put together a budget team with some young people on board to hopefully come up with some creative thinking. We have had a number of written suggestions from the TTMA, the Chamber of Commerce, AmCham and other bodies. The intention is that, once we are through with this variation exercise, Mr. President, the budget team I have put together, along with myself, will be meeting with all these bodies on a one-on-one basis so that they can explain to us—they could sell to us what their budgetary proposals are intended to do.

I certainly would welcome inputs from anybody in the Senate so that the budget team could be informed by as much thinking as we can have because, at the end of the day, we ought to come up with a budget that will be beneficial to

the nation as a whole, and that is certainly our intention. However, the point is that, at that time when that budget is being presented, we will deal with issues of the diversification of the economy.

6.25 p.m.

We understand clearly what risk we run by the very, very heavy dependency on the oil and gas sector, and we are determined to diversify the economy. We will talk about education and how we wish to invest in human development as one of the major mechanisms to carry the economy forward and one of the major mechanisms to the eradication of poverty; one of the major prerequisites to job creation and diversification. I have mentioned sufficiently—I know Sen. Daly made reference to the fact that maybe the lower interest rate might create some demand out there to put some pressures on the rate of inflation and then the exchange rate. I also have a concern about when this \$400 million gets into public servants' hands later this year, what impact that would have.

Clearly we have to manage the situation properly. We have the Central Bank managing the monetary side of things and, like I said, the Governor of the Central Bank and the Minister of Finance are in close collaboration on a host of issues. But, at the end of the day, the objective continues to be to maintain a very low single-digit inflation rate. We want to maintain a very competitive exchange rate and we want to continue to have very strong, positive growth. In addition, I know Sen. Prof. Ramchand and Sen. Prof. Deosaran will be particularly concerned about the social sector.

I have made mention in several places that I intend, to the best of my ability, to place considerable emphasis in that area, because while we talk about—and I have said before, but at the risk of repetition—poverty eradication which can be long term in terms of creation of jobs, education and what have you, we have some immediate problems of destitution. We have immediate problems of the banditry, and I cannot remember the terminology Sen. Daly used, but we have immediate problems on the social side that we need to deal with.

The very way that Sen. Daly would make reference to the fact that it makes absolutely no sense talking about a good economy and fancy airport and whatever it is, and we have this banditry taking place all over this country, the very way that we cannot afford to have destitute people like this all over the country and not necessarily the relationship between the destitute and the banditry either. We recognize all of that.

I hope that when I come to the House in August or September with my budget, at the end of it I could satisfy all, or most of you, that sufficient has been put—sufficient thought, sufficient money, sufficient strategic thinking and sufficient planning would have gone into preparing the country for the next couple years, because I have always maintained and, hopefully, it will be reflected in the budget when I present it, that a budget is not about numbers. The numbers just complement what it is one has planned for the country or the company, or whatever it is, for the future. This is partly what the planning, Mr. President, in Tobago would be all about and which would inform a host of things, so that when we come with the budget later this year, it will reflect a lot of the concerns expressed today.

I really want to apologize for the fact that if there was an expectation that in presenting this variation I would have covered those kinds of issues, I have to apologize, but I really did not come for a budget debate, but rather, I must admit, for a simple bookkeeping exercise.

Just to respond to a couple of the points, I think Sen. Prof. Ramchand made an appeal for funding in three areas. He is not here right now and I propose to speak with him so that I can get some specific information from him so we can see what we can do in that respect. I recognize Sen. Prof. Deosaran's concern about the standardized ministries on which I touched, and the question of the Representation of the People Act, and campaign or election financing. I know those are issues that at some point in time we will address, and I did commit to deal with the mediation centres when I get back to the office.

I want to advise Sen. Dr. McKenzie that the question of Tobago, I think you need to judge our intention, and not just the Minister of Finance, but the Government's intention with Tobago or the manner in which we dealt with the request for additional funding to take them out of the situation. They are not out of it fully, as you will appreciate.

They still have \$100 million in debt being carried and we did commit ourselves to working with the Chief Secretary in helping them to work that down. If that is any evidence of a commitment to Tobago, that should be it. I have so far enjoyed the dialogue that I have had with the Chief Secretary and I am sure that as we get into next year's budget, as a case in point, and we go into the capital budget for Tobago, we would find common ground to accommodate and to see Tobago's needs through.

Just on one or two points in Sen. King's contribution, the reduction of the reserve requirement and the \$400 million—well, first of all, let me say that the moneys we have come to seek, the \$606 million, will come entirely out of additional revenues that we have collected and we expect to collect to the end of the year. It will not be covered by additional borrowings and, in fact, I want to just mention that in the 2001 budget it was budgeted that National Enterprises Limited (NEL) would produce \$720 million. We went to the market earlier this year with the first tranche of NEL and we raised \$200 million.

We still have \$520 million to raise in accord with the budget. We know that we cannot raise \$520 million between now and September. We have, however, budgeted to raise maybe \$300 million by September, and we are currently seeking professional advice on it. In fact, one of the ways in which we hope to accomplish that, is by putting some of the energy sector assets into NEL; shares of LNG and Phoenix Park into NEL to strengthen NEL and to provide a further impetus to investors buying stock on the market. The expectation is that we should raise \$300 million from that for us to come up with our balanced budget. The \$400-odd million of bonds which had to be issued to the banks as a result of the reduction in reserve, that money is being sterilized. It is not part of Government's borrowing. It is not going to be used for Government financing. It is sterilized money.

Mr. President, I am not in a position to respond to all the points raised and I am not too sure that some of the points raised by some Senators, responses were specifically expected; the question of the \$500 million on the BWIA consultancy and the \$11 million in legal. I will assure Senators that the moneys allocated, in the case of BWIA anyway, will be properly spent and it is just a budgetary allocation. In the case of \$11 million, at the appropriate time, I am certain that the specific details will be provided to the Senate.

Mr. President, I beg to move.

Question put and agreed to.

Bill accordingly read a second time.

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

Question put and agreed to.

Bill accordingly read the third time and passed.

Adjournment

Tuesday, May 29, 2001

ADJOURNMENT

The Minister of Energy and Energy Industries (Sen. The Hon. Lindsay Gillette): Mr. President, as tomorrow is Indian Arrival Day, I would like to, on behalf of the Government, wish the nation a happy Indian Arrival Day and also to say that I hope it is filled with happy, joyous and safe celebrations.

I beg to move that the Senate do now adjourn to Tuesday, June 5, 2001 at 10.30 a.m. At that time we will be discussing again and continuing the Planning and Development of Land Bill.

GREETINGS

(Indian Arrival Day)

Mr. President: Hon. Senators, I also wish to join with the Leader of Government Business in expressing to the national community in general, and to the Hindu community or the East Indian community, in particular, a very pleasant Indian Arrival Day holiday.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 6.40 p.m.