

*Leave of Absence*

*Tuesday, January 28, 2003*

**SENATE**

*Tuesday, January 28, 2003*

The Senate met at 1.30 p.m.

**PRAYERS**

[MADAM PRESIDENT *in the Chair*]

**LEAVE OF ABSENCE**

**Madam President:** Hon. Senators, I have granted leave of absence from today's sitting to Sen. The Hon. Knowlson Gift, and Sen. The Hon. Dr. Lenny Saith.

**SENATOR'S APPOINTMENT**

**Madam President:** Hon. Senators, I have received the following correspondence from his Excellency the President of the Republic of Trinidad and Tobago:

"THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

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

/s/ Arthur N.R. Robinson  
President.

TO: MRS. JOAN HACKSHAW-MARSLIN

WHEREAS Senator Knowlson Gift 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 Prime Minister, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, JOAN HACKSHAW-MARSLIN, to be temporarily a member of the Senate, with immediate effect and continuing during the absence from Trinidad and Tobago of the said Senator Knowlson Gift.

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 28th  
day of January, 2003."

**OATH OF ALLEGIANCE**

*Sen. Joan Hackshaw-Marslin took and subscribed the Oath of Allegiance as required by law.*

**FINANCE (VARIATION OF APPROPRIATION) BILL**

Bill to vary the appropriation of the sum the issue of which was authorized by the Appropriation Act, 2002, brought from the House of Representatives [*The Minister in the Ministry of Finance*]; read the first time.

*Motion made*, That the next stage be taken at a later stage of the proceedings [*Hon. C. Enill*]

**Sen. Mark:** Madam President, may I under Standing Order No. 48(1) draw to your attention the period of time required for persons to study a money Bill.

If I may crave your indulgence, we on this side received the final documents in the last 16 to 24 hours and have not had the opportunity to really study them in the way we would like in order to contribute to this very important debate on the Finance (Variation of Appropriation) Bill.

*Question put.*

*The Senate divided:*      Ayes 19      Noes 6

AYES

Yuille-Williams, Hon. J.

Morean, Hon. G.

Joseph, Hon. M.

Enill, Hon. C.

Manning, Hon. H.

Chin Lee, Hon. H.

Dumas, Hon. R.

Abdul-Hamid, M.

Kangaloo, Hon. C.

Titus, R.

Ramroop, S.

Persad, Pundit M.

Hackshaw-Marslin, J.  
 McKenzie, Dr. E.  
 Deosaran, Prof. R.  
 King, Mrs. M.  
 Quamina, Dr. D.  
 Anmolsingh-Mahabir, Mrs. P.  
 Khan, Bro. N.  
 NOES  
 Mark, W.  
 Baksh, S.  
 Kernahan, Dr. J.  
 Montano, R.  
 Seepersad-Bachan, Mrs. C.  
 Smith, A.

*The following Senators abstained:* Prof. K. Ramchand, Amb. C. Thomas, D. Seetahal.

*Question agreed to.*

#### **PETITION**

#### **National Trade Union Centre**

**Sen. Wade Mark:** Madam President, I wish to present the petition on behalf of the National Trade Union Centre of Trinidad and Tobago.

I now ask that the Clerk be permitted to read the petition and that the promoters be allowed to proceed.

*Petition read.*

*Question put and agreed to,* That the promoters be allowed to proceed.

#### **PAPER LAID**

Minimum Wages Order, 2003. [*The Minister of Community Development and Gender Affairs (Sen. The Hon. Joan Yuille-Williams)*]

**ORAL ANSWERS TO QUESTIONS****Water and Sewerage Authority  
(Status of Consultants)**

**4. Sen. Wade Mark** asked the Minister of Public Utilities and the Environment:

Could the Minister provide this Senate with the following:

- (1) A detailed list of consultants employed by the Water and Sewerage Authority (WASA) during the period January 2002 and the present time and continuing; and
- (2) The consultants' responsibilities and duties for the same period?

**The Minister of Public Utilities and the Environment (Sen. The Hon. Rennie Dumas):** Madam President, Water and Sewerage Authority (WASA) has advised that during the period January 2002 to the present it hired the following consultants:

Mr. Ralph Haynes, February 01, 2000, contract renewed on November 01, 2002 for a further six months with responsibilities and duties of Industrial Relations Consultant

Mr. Mark Mc Taggart, hired on July 24, 2002 for a period of 24 months, responsibility for designs review and supervision of works in association with Reid Crowther International in association with Alpha Engineering

Mr. Kenneth Johnson, hired May 21, 2002 to May 20, 2003, Project Coordinator (Property Regularization)

Ms. A. Chaband, hired July 24, 2002 for 2 months, Trintoplan Consultant for the Supervision of pipelines in North, a Short Term Investment Programme (STIP)

Mr. Valentine Brown, April 23, 2002—October 22, 2003, External Relations Consultant

Mr. Winston Ogiste, July 27, 2002 for a period of 2 months, working with Lee Young and Partners on the supervision of pipelines in South (STIP)

Mr. George Frederick, August 15, 2002—August 14 2004, responsibilities in Employee Relations

Mr. Selwyn Lee Young, July 24, 2002, Lee Young and Partners Supervision of Booster Stations (STIP)

Mr. Lennox Osbourne, August 15, 2002—August 14, 2004, Financial Assessment and Audit Review

Mr. Roodal Lalman, August 15, 2002—August 14, 2004, Water Production (STIP)

Mr. Heesterman, July 24, 2002 for 2 months, Interplan Consultant supervision of Booster Stations installation (STIP)

Mr. Fritz Regis, August 15, 2002—August 14, 2004, Customer Regularizations (STIP), Communal tanks installation also being part of his responsibilities

Professional Presentations Limited, April 10, 2002—April 09, 2003, Public Relations Consultant.

WASA has also advised that over the period 1996 to 2001 it awarded approximately 57 consulting contracts to firms and individuals as follows:

Desmond Auguste, Consultant for the period 28.07.97—31.03.98

Judith Wiltshire, Consultant, 12.2.97—11.08.99

Margaret Jennings, Consultant 10.03.97—08.09.99

Victor Williamson, Consultant, engagement date unknown, completion time 31.03.98

Mervyn Rawlins, Industrial Relations Consultant, 06.05.00—05.04.01

Ralph Haynes, Industrial Relations Consultant, 01.08.00—31.10.02

Paul Lee Kim, Engineer Consultant, 04.11.96—31.12.97

Margaret Parillon, Consultant, 01.10.96—30.09.98

Sandra Sammy, Engineer Consultant, 03.03.97—04.10.99

Khansham Kanhai, Technical Advisor (Minister of Infrastructure Development and Local Government), 07.07.97—06.07.99

Sumant Singh, Engineer Consultant, 16.12.96—31.01.98

Robert Blanche-Fraser, Architectural Consultant, 01.05.97—31.04.98

Horace Gaskin, Tariff, 01.08.97—31.12.01.

WASA has further advised that notwithstanding an exhaustive search of the records, details of responsibilities and duties of many of the consultants employed during the period are not available.

Consultants Planning and Standard Engineering Associates Limited working with the minor water treatment plants:

Alpha Engineering & Design Limited, minor water treatment plants

Hamilton St. George, Aquifer Monitoring and Control

AdeB Consultants Limited, Service Reservoirs

AdeB Consultants Limited in Association with Howard Humphrey & Partners Limited, Interconnecting Pipework

Trintoplan Consultants Limited, Booster Pumping Stations

Sir William Halcrow and Partners Limited, 100 kilometre distribution network

MacViro Consultants Inc., Bulk Metering Systems

MacViro Consultants Inc., Operational Control Centre

Peter Beckles, Network Advisory and GIS

Ian Robinson, Domestic Metering

Alpha Engineering & Design Limited, Wastewater Treatment Plants

Team Engineering Systems Limited, Wastewater Stations

Paul Senna, in Association with Bristol Water Enterprises, Water Loss Control

Howard Humphrey & Partners Limited, Inspection of Plants

Howard Humphrey & Partners Limited, Dam Break Analysis

Errol Clarke Associates in conjunction with Cummings, Cockburn Clarke, Rehabilitation of Dams

Trinidad and Tobago Water Services, a joint venture Customer Demand Monitor

ECHO Engineering Consultants Limited, Environmental Impact Assessment

ECHO Engineering Consultants Limited, Tariff Advisory under the major project units

Geoffrey Mc Lean Limited, Remodeling of the Centre for Manpower Development

Geoffrey Mc Lean Limited, Motor Controls at Carlsen Field

Jessie Awai, Specialist Plant and Equipment

Peter Beckles, Specialist Plant and Equipment

Errol Clarke Associates in conjunction with Cummings, Cockburn Clarke Navet Dam Water Reuse System

Lee Young & Partners, Transition Mains

Trinidad and Tobago Water Services, Customer Cadastral Phases 1 and 2

Rennie Brathwaithe, Preproject Preparation Programme

London Economics, Tariff Study

Halcrow Pilebus, Interim Management Support

Halcrow Consulting, Mid Term Review.

The Private Sector Participation Programme, Severn Trent:

Alpha Engineering & Design Limited, Development Programme Pipelines Matura Water Supply Project and Tobago Water Supply Project

AdeB Consultants Limited, Water and Sewerage Sector Rehabilitation Programme under Service Reservoirs

Trinsult Associates Limited, North Oropouche Catchment Area, Special Projects Reservoirs

Trintoplan Consultants Limited, Water and Sewerage Sector Rehabilitation Programme Booster Pumping Stations

Lee Young & Partners, three separate contracts:

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Trinity Water Supply Project,  
Development Programme Booster Pumping Stations,  
Water and Sewerage Sector Rehabilitation Programme Pipeline Project

MacViro Consultants Inc., Repackaging of Bulk Metering

Blake Beston Francois, Special Projects Pipelines

Reid Crowther International Limited, New Beetham Wastewater Treatment Plant.

**Sen. R. Montano:** Would the Minister please say what the qualifications were for the consultant, Fritz Regis, who had a two-year contract for customer regulations?

**Sen. The Hon. R. Dumas:** Madam President, that specificity in that question will require a specific question.

**Sen. R. Montano:** Would the Minister please say what is the total remuneration package for Fritz Regis including salary and perquisites?

**Sen. The Hon. R. Dumas:** Madam President, as I could not pick out for Mr. Williamson or anybody else, I do not have the information for any specific consultant. I would require an opportunity to gather the information and verify that it is correct.

**Madam President:** Sen. Montano, maybe I can suggest that you file another question.

**Sen. Mark:** Madam President, could the hon. Minister indicate how those people were selected for those jobs?

**Sen. The Hon. R. Dumas:** Madam President, I am sure this Senate would appreciate that gathering information requires exhaustive attention to detail. [*Crosstalk*] I suggest that specific details like those should be requested.

**Sen. Mark:** Madam President, to say whether these jobs were advertised the Member has to go through exhaustive investigation? Madam President, may I ask another supplemental?

**Madam President:** Go ahead.

**Sen. Mark:** Can the hon. Minister say whether the firm of Kairi was employed as a consultant with WASA between January 2001 to the present time?

**Madam President:** Senator, do you not think you should file that as a question? That is not the kind of information any of us would have at our fingertips.



**Sen. Mark:** I will be guided.

**Madam President:** Can we go on to the next question?

**Water and Sewerage Authority  
(Details of Expenditure)**

**5. Sen. Wade Mark** asked the Minister of Public Utilities and the Environment:

- (a) Could the Minister provide to this Senate, details of expenditure incurred by the Water and Sewerage Authority (WASA) to host a function to formally welcome the new Chief Executive Officer of WASA, Mr. Errol Grimes?
- (b) Could the Minister state whether any other agencies were involved in underwriting the cost and if so, could he state the names of the agencies?

**The Minister of Public Utilities and the Environment (Sen. The Hon. Rennie Dumas):** Madam President, the Water and Sewerage Authority has advised that in keeping with normal business practices the Chairman of the Authority hosted a function to introduce the new Chief Executive Officer of WASA to the business community, key suppliers, members of the media, the diplomatic community, relevant international organizations and members of the management team.

This function was held at the Trinidad Hilton Hotel on June 20, 2002 and invitations were issued to 300 persons. Details of the cost of the function are as follows:

Hilton Trinidad	\$39,418.16
Trinprint Limited (invitations)	\$1,150.00
Brass Institute (music)	\$3,250.00
Total cost	\$43,818.16

No other agencies were involved in underwriting the cost of hosting the function.

**Sen. Mark:** Madam President, may I ask if a similar function was held for the previous CEO when he was brought on board?

**Sen. The Hon. R. Dumas:** Madam President, WASA has advised that similar functions were held, except they were held at the home of the Chairman of the Board.

**Water and Sewerage Authority  
(Details of Salary Structure)**

**6. Sen. Wade Mark** asked the hon. Minister of Public Utilities and the Environment:

Could the Minister provide this Senate with the following:

- (1) Details of the new salary structure and other allowances for the new Chief Executive Officer, General Managers and Deputy Senior Managers of WASA?
- (2) The salary and other financial arrangements for previous managers of WASA?

**The Minister of Public Utilities and the Environment (Sen. The Hon. Rennie Dumas):** Madam President, Cabinet by Minute No. 2385 of September 12, 1996 established the procedure for the determination and adjustment of remuneration packages for senior management personnel on contract in state-funded agencies. The procedure requires that remuneration packages, having been approved by the board of the agency, be submitted through the appropriate Minister for the consideration and possible approval of the Public Sector Negotiations Committee.

In the case of senior managerial staff on the permanent establishment of the agencies, remuneration packages are determined by the Salaries Review Commission (SRC).

During the period April 1996 to March 1999, under the Interim Operating Arrangement (IOA), which was a delegated management arrangement, a contract was given to the foreign firm, Severn Trent, to take over the management of WASA. At the same time, there were changes in the top management structure of the Authority which resulted in the creation of the contract positions of Chief Executive Officer, Directors and Assistant Directors.

These changes created a situation where the positions of Executive Director and Divisional Managers, which hitherto constituted the top management structure, remained on the organizational structure of the Authority and under the purview of the SRC while the newly created top management positions were not.

With respect to the remuneration packages under the IOA, WASA, after an exhaustive search of its records, has advised that the following is the only information available:

Basic Daily Rates of Severn Trent Personnel:

Project Director (CEO)	£819.00 per day
Senior Director	£709.00 per day
Director	£617.00 per day
Senior Manager	£557.00 per day
Middle Manager	£504.00 per day
Technician	£419.00 per day
Supervisor	£315.00 per day

Madam President, these are English pounds. [*Laughter*]

Given the nature of the IOA, these remuneration packages were not submitted to the Public Sector Negotiations Committee.

With respect to the immediate post-IOA period, March 1999 to March 2002, WASA has advised that the following remuneration packages applied:

Chief Executive Officer

Duration of contract	3 years
Basic salary	\$36,000.00 per month
Housing allowance	\$2,500.00 per month
Entertainment allowance	Full reimbursement for expenditure incurred
Telephone	Full reimbursement for expenditure incurred
Bonus	15 per cent of basic salary
Gratuity	15 per cent of basic salary
Professional and club fees	NIL
Overseas Travel Grant	\$15,000.00 annually
Motor vehicle expenses	Fully maintained leased vehicle not exceeding lease rental of \$7,500 monthly or an allowance of \$7,500 monthly
Increment	3 per cent of previous years' basic salary to be determined by Board of Commissioners

Director

Duration of contract	3 years
Basic salary	\$21,000.00 per month
Housing allowance	\$2,500.00 per month
Entertainment allowance	\$1,000.00 per month
Bonus	15 per cent of basic salary
Gratuity	15 per cent of basic salary
Professional and club fees	NIL
Overseas Travel Grant	NIL
Motor vehicle expenses	Fully maintained leased vehicle (maximum value \$250,000) not exceeding \$6,000.00 per month
Increment	3 per cent of previous years' basic salary to be determined by Board of Commissioners

Assistant Director

Monthly salary	\$11,639.00 per month
Change Manager's allowance	\$7,238.00
Travelling	\$3,200.00 per month
Telephone Allowance	\$350.00
Cost of Living Allowance	\$55.00 per month

WASA has also advised, that these remuneration packages were not referred to the Public Sector Negotiations Committee for its consideration during the entire contract period.

The Board of Commissioners of WASA approved new remuneration packages in March 2002 which were also introduced without reference to the Public Sector Negotiations Committee. Under these new arrangements, Directors were designated General Managers and Assistant Directors were designated Deputy General Managers. These proposed packages are as follows:

Chief Executive Officer	
Duration of contract	3 years
Basic salary	\$50,000.00 per month
Housing allowance	\$5,000.00 per month
Entertainment allowance	Full reimbursement for expenditure incurred
Telephone	Full reimbursement for expenditure incurred
Bonus	15 per cent of previous years' basic salary
Gratuity	25 per cent of basic previous years' salary
Professional and club fees	\$500.00 monthly
Overseas travel grant	\$25,000.00 annually
Motor vehicle expenses	Fully maintained leased vehicle with a maximum value of \$450,000 or \$10,000 allowance per month
Increment	3 per cent of previous years' basic salary to be determined based on agreed performance indicators
General Manager	
Duration of contract	3 years
Basic salary	\$35,000.00 per month
Housing allowance	\$3,500.00 per month
Entertainment allowance	\$2,000.00 per month
Bonus	15 per cent of basic salary
Gratuity	25 per cent of basic salary
Professional and club fees	\$300.00 monthly
Overseas travel grant	\$1,500.00
Motor vehicle expenses	Fully maintained leased vehicle (maximum value of \$250,000) or \$6,000 per month
Increment	3 per cent of previous years' basic salary to be determined based on agreed performance indicators

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Deputy General Manager	
Duration of contract	3 years
Basic salary	\$20,000.00 per month
Housing allowance	\$2,000.00 per month
Entertainment allowance	\$1,000.00 per month
Bonus	15 per cent of basic salary
Gratuity	15 per cent of basic salary

#### EXPIRATION OF QUESTION TIME

**The Minister of Community Development and Gender Affairs (Hon. Joan Yuille-Williams):** Madam President, I would like to refer you to Standing Order No. 18(7) which says:

“In any case where forty-five minutes after the opening of the sitting of the Senate, a question has not received an oral answer, it shall be placed on the Order Paper for the next sitting.”

Madam President, I would advise that the rest be given in writing.

**Madam President:** Hon. Senators, the time has now expired for questions and in consultation, and in accordance with Standing Order No. 18(6) and (7), the rest of the answer will be given in writing to all Senators.

**Sen. Mark:** Madam President, I am sure that my colleague has only a couple of minutes again to complete his answer and I think, rather than have it written, he can proceed with the blessings of the Senate. I do not think he would have any objection.

**Madam President:** Sen. Mark, as you know, we have to go by the Standing Orders. I have discussed it with the Clerk and we have to take the rest of the answer in writing.

Mr. Minister, as early as possible please. By next week.

*Vide end of sitting for written part of answer.*

#### DEFINITE URGENT MATTER (LEAVE)

**Madam President:** Hon. Senators, I received notice of a motion from Sen. Wade Mark. However, I was not satisfied that it qualified under Standing Order No. 12(2) and I suggest that he re-files it under Standing Order No. 11(3).

## ARRANGEMENT OF BUSINESS

**The Minister of Community Development and Gender Affairs (Sen. The Hon. Joan Yuille-Williams):** Madam President, I seek leave of the Senate to deal with Government Business instead of Private Business.

*Agreed to.*

## RELATED MOTIONS

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):** Madam President, as Motion No. 1 which resolves that for the purpose of facilitating the conduct of open market operations by the Central Bank of Trinidad and Tobago, the Minister of Finance is hereby authorized to borrow such further sum or sums in Trinidad and Tobago, not exceeding in the aggregate five thousand million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency or currencies; and Motion No. 2 which also resolves that for the purpose of facilitating the conduct of open market operations by the Central Bank of Trinidad and Tobago, the Minister of Finance is hereby authorized to borrow such further sum or sums in Trinidad and Tobago, not exceeding the aggregate of three thousand million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency or currencies are interrelated, I therefore seek leave to deal with both Motions together.

**Madam President:** Hon. Senators, as the Motions are interrelated, I give permission to deal with both Motions. What is the wish of the Senate?

*Assent indicated.*

**TREASURY BILLS ACT  
(INCREASE IN BORROWING)**

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):** Madam President, I beg to move the following Motion standing in my name:

*Whereas* it is provided by section 2(1) of the Treasury Bills Act, that the Minister of Finance may borrow in Trinidad and Tobago such sum or sums in the aggregate, two thousand million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency or currencies and such further sum or sums as may be specified by resolution of Parliament, or the equivalent thereof in any foreign currency or currencies, by the issue of Treasury Bills;

*And whereas* it is necessary for the Minister of Finance to borrow further sums of money for the purpose of facilitating the conduct of open market operations by the Central Bank of Trinidad and Tobago;

*Treasury Bills Act*  
[SEN. THE HON. C. ENILL]

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*Be it resolved* that for the purpose of facilitating the conduct of open market operations by the Central Bank of Trinidad and Tobago, the Minister of Finance is hereby authorised to borrow such further sum or sums in Trinidad and Tobago, not exceeding in the aggregate five thousand million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency or currencies.

This resolution will allow for the increase in the limits of borrowing under the Treasury Bills Act, Chap. 71:40, from \$2,000 million to \$5,000 million.

Madam President, the second resolution will allow for the increase in the limits of Treasury Notes issued under Act No. 14 of 1995 from \$1,000 million to \$3,000 million.

The 2003 budget which was passed in this Senate in October 2002 set out a programme that sought to maximize the growth potential of Trinidad and Tobago through a complementary and mutually arranged reinforcing mix of fiscal and monetary policies.

From the onset, our efforts were directed towards fiscal consolidation, this of course is reflected in our performance in fiscal 2002, where we were able to achieve a modest surplus of \$68.9 million. As this Government moves forward, it will continue to practise the fiscal prudence required to secure the economic well-being of Trinidad and Tobago in the face of the uncertainty and turbulence that threatens the global economy.

In October 2001, the Central Bank with the approval of the Minister of Finance began issuing its own Notes to sterilize the excess resources in the system. Central Bank Notes outstanding as at December 12, 2002 amounted to \$1.160 million. On the 2003 budget projections the Central Bank estimates that the fiscal operations would result in additional injections of about \$3.1 billion—(\$3,107.6) million.

Given the projected fiscal injection and the need to convert Central Bank Notes to securities, a minimum of \$4.3 billion in additional Notes will be needed for fiscal 2003. The overall increase required is \$5,000 million which would comprise \$3,000 million in Treasury Bills and \$2,000 million in Treasury Notes. The proposed increase in the limits of Treasury securities to be issued by the Government will allow for the more efficient conduct of open market operations by the Central Bank.



The Ministry of Finance is currently engaged in discussions with the Central Bank on ways and means of introducing greater stability and flexibility in the conduct of open-market operations. Specifically, Government is seeking to achieve this objective through the restructuring of Government's Securities Market.

The main pillars of this initiative include placing of Government Bond issues on a pre-programmed and structured basis. This would involve greater co-ordination between Government's borrowing activity and the monetary operations of the Central Bank. This will also ensure that liquidity conditions are always adequate to meet the needs of the economy.

Significant progress has already been made towards the establishment of a system of primary dealers as a mechanism for introducing increased competition and greater transparency in the market for Government Securities.

Madam President, this is the request of the officials at the Central Bank in consultation with the Government as we seek to maintain the economic stability that we have and therefore, I beg to move.

*Question proposed.*

**Madam President:** Hon. Senators, may I remind you that you can contribute on Motions 1 and 2 together.

**2.30 p.m.**

**Sen. Carolyn Seepersad-Bachan:** Madam President, in my contribution to this afternoon's debate, I want to, first of all—I think the Minister may have mentioned that both these Motions came before the Parliament in September 2001. The objective of Motion No. 1 is to extend the borrowing limit of the Minister of Finance by \$3 billion, from \$2 billion to \$5 billion, in accordance with section 2(1) of the Treasury Bills Act for the purpose of conducting open market operations.

The objective of Motion No. 2 is to extend the borrowing limit of the Minister of Finance by \$2 billion, from \$1 billion to \$3 billion in accordance with section 3(1) of the Treasury Notes Act for the purpose of promoting monetary credit and exchange conditions most favourable to the economy. As the Minister rightly put it, the first Motion deals with the treasury bills which is short term, and the second one with treasury notes which tend to be more medium term.

*Treasury Bills Act*  
[SEN. SEEPERSAD-BACHAN]

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We note that these Motions, as I said before, were brought to Parliament on September 14—I stand to be corrected—in 2001, by the former Minister of Finance. However, the limits were different. The *Annual Report of the Central Bank of Trinidad and Tobago* clearly states on page 13 that:

“By April 2001,...”

which the Minister referred to:

“open market activity had exhausted the legal issue limit of \$3 billion for treasury bills and notes. The excess liquidity in the banking system was reflected in a build up of special deposits at the Bank and steep declines in treasury bill rates...from a high of 10.88 per cent in October 2000 to a low of 5.89 per cent in mid-September, 2001.”

This is in the Annual Report of 2001 which was submitted to us in this Parliament.

A similar decline occurred for the six-month rate by 6.51 per cent from 10.91 per cent over the same period. It is important to know that almost all the auctions at that time in the primary market were oversubscribed, hence the reason for the Motions being brought to Parliament in September 2001. The original intention, however, was to raise the limit to \$3,000 million. However, we note that the limit is being raised to \$5,000 million, as was stated here today.

I also note, given the explanations by the Minister who stated that in order to meet the current—I think the Central Bank securities of \$1.60 million and the fiscal operations as a result is expected to be about \$3.1 million and \$4.1 million in notes are required. However, it still begs the question: Does it mean that the Minister anticipates major deficit financing over the coming years? The original advice was \$3,000 million. Does it mean that within the next year there will be more deficit financing and thus the need for open market operations to mop up excess liquidity? I look forward to a response from the Minister.

I just wanted to clarify one point that the Minister raised when we talked about fiscal consolidation and he referred to the surplus in the budget for the fiscal year 2001—2002. I called that, if you remember in the last debate of the Finance Bill, an artificial \$68 million surplus, because in September 2002, there was a second offering of NEL shares, of 53.7 million. They were sold at a price of \$4.75, generating approximately \$250 million in revenue. This should not be considered as part of the revenue stream as it is a one-off transaction and should not have been considered as financing the budget in accordance with international standards. Without capital receipts of \$290 million there would have been actually a deficit of \$210 million.

Most countries have had no other choice but to switch to open market operations as deregulation and globalization of markets make it virtually impossible to use direct controls without adverse side effects. Countries in which Central Banks have lagged have often found themselves hampered in meeting policy objectives. Fortunately, over the last five to six years this country aggressively pursued open market operations resulting in the solid performance and the delivery of its sound monetary policy objectives.

However, availability of market instruments is no guarantee of success, as a recent experience in Mexico clearly demonstrates to us. An arsenal of open market instruments is a necessary condition for success but not a sufficient one.

Although open market operations allow central banks great flexibility in the timing and volume of monetary operations, banks at their own initiative encourage the desired effect of impersonal business, like relationships with participants in the marketplace and avoid the inefficiencies of direct control, more is required.

Indirect controls in the form of open market instruments are important to the process of economic development because as a country's market expands, direct controls become less effective and markets eventually find a way around them, especially in this global economy. As countries seek to deregulate and unleash the potential of market forces, policy makers and central banks are grappling with ways to realize the full benefits of open market operations.

For such operations to become part of the monetary policy, other monetary instruments now in place need to be adjusted and market infrastructure transformed. When I speak about "other monetary instruments" I mean the direct control instruments.

If we look at the relationship of open market operations to other monetary instruments, the open market operations, (OMOs) are designed to impact on the reserve base of the banking system and, by extension, affect the money supply and related financial measures with the desired effect. Approaches to the open market operations are conducted in two ways. We can either have the active approach or the passive approach, the active being we aim for a quantity of reserves, allowing the price of reserves—that is the interest rate—to fluctuate freely. In a passive approach we aim at the interest rate and allow the amount of the reserve to fluctuate.

Many of our industrial countries as well as developing and sensitive markets normally employ the passive approach. The passive approach appears to be the norm in emerging markets that have reached a certain level of sophistication.

*Treasury Bills Act*  
[SEN. SEEPERSAD-BACHAN]

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There are advantages of the active approach in developing countries. However, there is an absence of efficient, secondary inter-bank markets to transmit the influence of monetary policy. It allows the Central Bank to define its policies more clearly, especially when control of inflation is the overriding goal. To date, the IMF still embodies this approach in several of the programmes it supports.

As indicated, due to the high limits on borrowing being proposed for these open market operations, it is important that other complementary measures be instituted in order to maximize the benefits of open market operations. I refer to the discount window although I know it does not really raise an issue in our current scenario. The discount window allows the banking system to obtain reserves on its own initiative simply by borrowing from the Central Bank. But for an open market operation to be effective, limitations need to be placed on the access of banks to borrowing from the Central Bank at the discount window, otherwise the OMO would not become the principal monetary instrument for controlling bank reserves and overall financial conditions.

The discount window must be designed to make access to the Central Bank's credit less attractive either through high penalty rates or restricted guidelines. Some countries employ both measures, for example, Germany. They use both the basic discount rate and a penalty Lombard Rate to discourage overuse of the facility. However, restricting access to the discount window should remain open as a safety valve. I do not advocate abolishing the discount window because, in effect, we would still require that safety valve.

If the penalty rate is set above the current market condition, the system might not react quickly enough, or in a timely manner, to unanticipated liquidity channels. Why I say that is because I just want to be very clear, although it does not come up as an issue at this point in time, basically when we start depending on the open market operations, we still need to keep some of the back-up measures as safety valves, and one of them being the discount window. The guidelines that restrict access to the window ought to permit smooth adjustment when reserve shortages occur. In tight money periods, borrowing from the central banks for very limited periods allows banks to make more orderly portfolio adjustments, hence the reason for keeping the discount window mechanism.

Another direct control instrument is the famous reserve requirements utilized in some cases as an alternative to the open market operations or as a way of enhancing their effectiveness for monetary control purposes. Whereas it has been abolished by several countries in the world we should look very closely at the United States, which still continue to maintain their reserve requirement.

Since the use of open market operations, central banks have had less recourse to this crude tool, that is, to directing changes to reserve requirements. Such requirements can place banks at a significant competitive disadvantage to other institutions providing similar services. We hear from the banking institution that it is like a tax on them; it is a burden, these reserve requirements. However, the reserve requirements are particularly useful in circumstances where the bank liquidity needs to be adjusted rapidly in markets that are thin, and then central banks need to give a clear swift and unambiguous signal on the need for expansion or contraction of monetary policy.

In Trinidad and Tobago in May 2001, the Central Bank, in light of launching the open market operations, reduced the statutory reserve requirement for the commercial banks from 21 per cent of prescribed liabilities to 18 per cent. The non-banking financial institutions remained at 9 per cent, the first change in statutory reserves since 1998. However, there was a further commitment at that time and there is still the expectation that there would be further deductions as open market operations get on the way, as reserve requirements for commercial banks of 18 per cent are still too high when compared with other countries utilizing open market policies. Hence raising the limits which these Motions seek would entail the complementary measure of further reductions in reserve requirements. It begs the question: What is the current policy on reserve requirements subject to monetary conditions?

The next issue I want to raise is the primary and secondary markets. Much has been said about these markets. When we look at the development of open market policy instruments, there are two stages. In stage one there is a shift away from the direct controls toward the use of open market operations in the primary market through auction of new issues of securities. In the second stage there is a shift toward the use of fully flexible two-way operations in existing securities to active secondary markets development. Open market operations in primary markets can be seen as a prelude and helpful in the evolution of the active secondary markets.

The participation of the Central Bank should hasten market development, though the Bank does need to take care that this does not compromise or add to the riskiness of its own balance sheet, which may diminish its credibility and stature.

In terms of Government securities market, generally regarded free of credit risk due to Government's ability to raise taxes et cetera, they are the best creditor, but can also dry up if the Central Bank pursues an inflationary policy that drives investors out of the market by eroding the real value of outstanding debt. So you have from one to the next.

In terms of the short-term debt, inter-bank debt, it is less sustainable because of its inherent credit risk which leaves the Central Bank with awkward choices. Commercial concerns may take the opportunity to offload riskier paper and if the Central Bank refuses this paper, there are repercussions for market perceptions. Central Bank could, however, restrict its operations to paper that carries suitable credit rating from an independent rating agency. This is why it brings us back to a proper fiscal—you talk about fiscal policies; you cannot talk about monetary policy in a vacuum.

It brings us back to financial sector reform about which Minister Enill has heard so many times from this side of the Senate. That is because if we want to expand into open market operations and to enjoy a more robust monetary policy, we must look for financial sector reform. There must be the establishment of a credit rating agency, and possibly there are advocates who feel that we need a Caribbean rating agency, which would assist in the rating of companies, because it gives the confidence in the system. The Central Bank has to deal with a primary dealer. What criteria can it use in terms of how it treats with its dealers?

In the absence of a government debt market, the Central Bank may decide to create a similar balance sheet effect by developing debt instruments of its own through the use of special government issue employed for only monetary policy purposes. These could serve as a permanent and liquid addition to the Central Bank's balance sheets substituting for private assets. The Minister referred to some of these in terms of the Central Bank securities, and I know it was mentioned several times that the Central Bank went about issuing its own securities because it had dried up the existing supply of treasury bills and notes for the purpose of mopping up liquidity.

A good option for Trinidad and Tobago—and it is one that we need to look at—is whether or not we want to invest in securities for the purpose of monetary policy operations only, and if we want to look at Central Bank securities. I look forward to hearing the Minister speak on those issues.

In terms of market architecture, the Central Bank should operate in a market that is transparent and that trades continuously. Communication on all of its operations must be prompt and purposes well understood. Of course, these can be achieved through steps, such as:

- Promoting inter-bank market which it is doing right now;
- designing market instruments and trading infrastructure;

- providing financing facilities;
- establishing criteria for Central Bank's open market function;
- collection and dissemination of statistics;
- safe payments and clearing mechanisms.

In terms of inter-bank trading, an active inter-bank market helps clarify timing and volume of open market operations. It is developed in some markets by adjusting policy adjustments. The discount window definitely must be discouraged and penalized and forbid short term borrowing at Central Bank. The Central Bank can encourage by using transfer and settlement mechanisms to assure integrity of inter-bank flows.

In terms of market instruments and trading infrastructure, the Central Bank and Treasury should lead in encouraging market practices conducive to competitive trading. They should foster and encourage computerized systems of bids and offers for securities that protect anonymity. That is given in the global context, in keeping with the global trend.

To foster market transparency, it should discourage trading from taking place outside established markets. The Treasury should have equal, if not greater, interest in competitive trading, given that cost of national debt should fall as government securities become more liquid. Again, it comes back to the issue of the widening and deepening of the primary dealers' market.

In terms of the financing facility, prior to the emergence of the active inter-bank and money market, the availability of an official financing facility helpful at early stages of market development occurred in several countries. It can encourage market makers to take positions and carry on adequate inventory in necessary conditions for liquid markets. Most countries—as in the recent case of Trinidad and Tobago in April 2001—moved towards the repurchase agreements, a most convenient and flexible form of financing.

The repurchase agreements allow market participants to buy and sell securities in return for cash with an agreement to reverse the transaction at a later point in time. The Central Bank must make it abundantly clear that the availability of such financing depends primarily on monetary policy rather than strictly market conditions. I make this point over and over, about the Central Bank's intentions and the signals that it must send in carrying out its open market operations.

However, we may consider whether relatively favourable financing rates should be offered to encourage the emergence of active market makers, although

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we must take cognizance of the political problems that accompany subsidies and treating some participants favourably when it is trying to foster competition.

The Trinidad and Tobago Repo Note, a note on the Central Bank website, was started off at, I think, 5.75 per cent and it went down to about 5.25 per cent and it has maintained that position probably in the last two to three bulletins.

In April 2002, when the Central Bank announced that overnight repurchase rate at which the Central Bank will be prepared to provide an overnight liquidity to the banking system, the Central Bank expected this rate to influence the money market, that is, the short term rates in the financial system. The Central Bank made it very clear that it would make liquidity available to the banking system through the purchase of securities from the banking system with subsequent matched re-sale for the system.

The announced repo rate is to be used as a benchmark for other rates in the market—short-term rates. Change in repo rates provides a clear signal to the markets of the Central Bank's monetary policy intentions. When easing policy it will be reducing the announced overnight rate, and vice versa when it is tightening its policy, and it is announced at the beginning of every month.

Coming back a bit to the primary dealer system, when the market is large enough, established market-making standards can be instituted. For example, we can insist on a minimum level of capital, that is, if the market is wide enough, of these dealers. We can minimize the transaction size for dealing at different quotes.

With regard to establishing the criteria for Central Bank's open market function, the Central Bank can encourage market development by setting ground rules for parties which it deals with. The criteria for a business relationship with the Central Bank may include membership in a group of primary dealers, but that group of primary dealers must be wide enough.

To perform their function effectively, these dealers would have to seek retail customers and would thereby help to develop a broader and a more liquid market which would become the secondary market. It is also important for the Central Bank to collect and disseminate information and statistics. The Central Bank should focus on collection and dissemination of market statistics to provide for effective surveillance.

In terms of the conduct of the open market operation, up-to-date data on the supply and demand for bank reserves are important to the conduct of the open market operation. An up-to-date flow of data on bank deposits are important for



the implementation of policy changes sooner rather than later to offset the desired effect. The intent of these mechanisms, of these instruments, is to be able to give you a proactive tool rather than a reactive tool. Effectively, it is like a feedback control loop in an engineering system.

The Central Bank must be able to engage the effect of open market operations on its money market conditions. The Central Bank requires estimates of other factors affecting reserve supply such as, government deposits; currency in circulation; foreign exchange; float arriving from time differences between crediting and collecting funds in the Central Bank clearance system. This requires the close cooperation with Treasury at a working level. I look forward to hearing what the Central Bank is doing right now in terms of furthering such systems in the conduct of its open market operations, especially with respect to providing up-to-date information for itself to be able to monitor and control its monetary policies. We live in a global world and will always have information before us and it is time that we get into the race where we can have timely information.

With regard to instruments for the open market operation, assuming no secondary market for securities and there is only a primary market, this operation would include auctioning newly issued securities to absorb reserves or Central Bank credit to provide reserves or the purchase of bank paper. Some countries use both the treasury and the central bank security to absorb excess liquidity. Others use only the treasury bills but also mop up liquidity through placement of commercial bank deposits.

Across the globe several countries have used both and have found that one conflicts with the other because of the way the Central Bank works with the Government and whether the Central Bank is independent of the Ministry of Finance. Hence the reason for the conflict. Other reasons for the conflict sometimes, the Central Bank securities actually erode the treasury securities. Of course, as I mentioned, when the Central Bank had exhausted the legal issue limit of \$3 billion for treasury notes and bills, it had no other choice but to issue securities to mop up excess liquidity in the system.

If the Central Bank offers treasury securities to absorb reserves, it should be considered as a monetary operation, as in the case of Trinidad and Tobago. The cleanest approach is to set the funds aside in a special account created purely for monetary policy. Such account would ensure that bank reserves are reduced permanently by the operation until next policy adjustment. This is the only way, because if you end up using these securities for reasons other than monetary operations, you will not really have the desired effect, or you can have a distorted

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effect. If the Central Bank overestimated the surplus of the reserves it can buy back securities before maturity with account balances unchanged. Such repurchases before maturity followed by subsequent sales can assist in the development of the secondary markets.

What is becoming very important now to the Central Bank operation is the safe payment and clearing mechanism. Central Bank must take the lead at every stage in encouraging the market to set delivery and payment standards. No market can function effectively without reasonable assurance that securities would be delivered on time and paid for as agreed. Although speed and reliability of clearing and payment systems obviously depend on the market's technical capacity and institutional arrangements, the Central Bank can play a powerful role in galvanizing such efforts as a lender of the last resort. The Central Bank must work with the Treasury to introduce up-to-date technology in the Government securities market, such as book entry system to record security ownership and simultaneous delivery versus payment procedure through Central Bank deposit accounts. I look forward again to hearing from the Minister on how far and how up to date—I know the initiative was there; I am not sure how far it has reached. The Central Bank should also ensure that clearing institutions obtain adequate credit lines from banks to act as a backstop in the event of delivery and payment failures.

In terms of flexible open market operations, the repo versus the outright purchases and sales of treasury securities must be understood. The outright purchases and sales of treasury securities in the secondary markets are used to absorb reserves on a more permanent basis. However, when secondary markets are still comparatively thin, outright transactions run a high risk of dominating the market and impeding further development, especially in long term sectors. This is why currently in most countries open market operations in secondary markets are mainly in the form of repos and reverse repos, because repos provide:

- temporary financing of reserve shortages and surpluses;
- they do not directly influence demand and supply in the security that serves as collateral;
- repos tend to enhance liquidity in the underlying securities helping to develop a more active secondary market;
- they send clear signals from the Central Bank that it is encouraging participants to develop alternative sources of short term lending and borrowing as possible;

- they are useful for offsetting large shifts of liquidity, for example, waves of capital inflows.

I look forward again to hearing how much success the Central Bank has had with its repurchase agreements in terms of influencing short term rates since this was its intention.

I come to a very important point, and that is Government debt management. Government's decisions on debt management and deposit balances impact on the use of open market operations. They can assist in facilitating the operations or complicate the task. This is why the Central Bank and Treasury work together. On pure debt management decisions, the Treasury can make decisions with Central Bank as its agent. When there is to be a significant impact on the basic reserves the Central Bank should have a bigger say.

There must be clear separation—I know that we have practised this for some time—between monetary and fiscal policies. Where Government debt is issued to meet fiscal needs it is desirable that such securities be sold directly by the Treasury. Such sales should be in the form of auctions helping to develop a competitive deregulated market system; avoid pressure on the Central Bank to facilitate the primary issues at predetermined rate.

The open market operation will function most effectively when the Government abides by, and the public believes in, a clear division between debt management and monetary functions. In fact, this practice calls for an agreement on how to neutralize the monetary effect of the Treasury's behaviour or delegate substantial control over the Treasury.

That brings me to another point which deals with the current structure in which the Central Bank operates. We have accomplished first-generation reform in this country and we are about to embark on second-generation reform. This is why we see Motions like this coming before the Senate which intend to extend open market operations and allow for a more aggressive and a wider participation for open market operations. But there is the need, as I said, for several complementary measures, one of them being—and I know it is one that has been bandied around in the region—for the Central Bank to become an independent body, merely for the fact that it can be deemed as being independent by its primary dealers, its market players, and that there is a separation between the Government and the Central Bank.

There are countries all over the world in which the Central Bank actually reports to a parliamentary committee of the Parliament in order to maintain that

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independence and accountability. There is also the need for more transparency in its operations; not to say that it is not transparent at this point in time, but there is always room for improvement and enhancement, and in terms of its disclosure. As a result, the Central Bank itself can continue to modernize in terms of its reporting systems to enhance transparency and disclosure.

This brings me back to financial sector reform, because without this there can be no sound monetary policy. The financial sector reform started some time ago and has continued. I know that this current Government, continuing from the work of the last government, continued with the work of the team effort. I think there is also another team in place, as was mentioned by the Minister of Finance during the Finance Bill and budget debate. However, we need to accelerate those recommendations. The country cannot sit by, because nobody waits on us. Globally, we continue to move at a rapid pace and if we want to become the financial services sector, the financial hub for the region, we can only do that through policies such as these, aggressive pursuit of open market operations to facilitate sound fiscal policies. In addition, what has happened is that we are now looking at integration. The credit rating agencies are now a top priority. The Government of the day cannot sit by any longer and say, “We are waiting on reports”. It is time for action.

On that note, I want to remind Government that there are systems—E-banking has taken off. It is expected that E-banking by the year 2004 may go up to about \$7 trillion, if my recollection serves me right, and as a result of that, new systems and procedures must be put in place. We must continue with licensing of more financial institutions, because under the current legislation only primary dealers can be licensed under the Financial Institutions Act of 1993. We must encourage more institutions to register under this Act so that we can facilitate the deepening and widening of our markets.

Again I advocate, before I close my contribution, for the development of the secondary markets and to put in place the incentives for the secondary markets. That is the only way that we would instil confidence, otherwise open market operations, as I said before, would just become a necessary and not a sufficient condition for monetary policy.

It is also important for me to raise at this point in time, the importance of accountability and transparency on all our policy issues and this can only be done through financial legislation. When you read the 2001 Report of the Central Bank, there have been several studies and recommendations for the amendments to the existing legislation. Immediately, we must bring—and I know it is in the making

that we have to bring the pensions and the banking systems under one central supervisory unit which is the Central Bank, but we must look down the road. Even if we want to look at credit unions and other institutions, they must also fall within the regulations within the supervisory regulatory framework, and as a result, would be able to participate and widen our primary market for dealers.

On that note, I end by saying that this Government must continue along the good work that was started over the last five to six years and in so doing, accomplish some of the objectives set out by our monetary and fiscal policies which have been in their implementation stages.

I thank you, Madam President. [*Desk thumping*]

**Sen. Mary King:** Madam President, in this first Motion before us today, we have a request by the Government to increase its borrowing limit by TT \$3 billion in order to support the Central Bank in its open market operations which is necessary in the control of liquidity in the market place. This control of liquidity, according to basic monetary theory, can allow the Central Bank to maintain inflation at an acceptable rate and also, in our case, being an import/export country, it can control the foreign currency exchange rate. So it is a very important instrument.

This debate commenced last week in the Lower House and at this stage I must congratulate both the Minister in the Ministry of Finance and the Member for St. Augustine for their really superb contributions. There are very few times when a debate such as this so effectively deals with the issues at hand, so I want to lend them my congratulations. Both of the contributors to that debate agreed that open market activity to control the liquidity is more efficient, they say, than using the reserve requirement at the Central Bank. Neither gentleman defined the basis of this efficiency except to say that it is done in many other countries. My question is: Does that make it good for us in Trinidad and Tobago?

Just for background to my contribution, let me give some information on these two approaches—reserve requirement versus open market. As the Minister said in the Lower House, the amount of TT dollars available in the system can be decreased by the activities of the Central Bank which, because of its demand and supply characteristics forces up interest rates on the TT dollar. This, in turn, can sometimes cool down an overheated economy with high inflation and, of importance to us, reduce the demand for US dollars, and so therefore relieve that pressure that we often see on the foreign exchange rate.

If the situation were reversed, that is, if the economy were sluggish, or the amount of dollars available was high, then the Central Bank might wish to

increase the amount of TT dollars that it pours into the system. Even to smooth out transient changes in demand and supply, the Central Bank can also get involved in buying and selling foreign currency within the market system.

There are at least two ways to modify the liquidity in the system. One is to demand that the commercial banks deposit a certain amount or percentage of their deposits at the Central Bank. This we call the reserve requirements and on which the Central Bank does not pay any interest—a very important point. The commercial banks claim, however, that they get no returns on this deposit which they have placed in the Central Bank, and as a result, therefore, they would not realize a return on their investment which means they are going to have to increase interest rates on the local market for the TT dollar so as to make up adequate returns, however they define what adequate to them is. Also, the reduced liquidity, that is the restriction on supply, pushes up interest rates and this is really the fundamental idea behind the liquidity control.

Open market operations by the Central Bank are equivalent to paying interest on that reserve requirement that is obtained by floating bonds or otherwise. There is a part to this argument which is not being told. In the situation where there is no reserve requirement, the banks are making whatever returns they can by setting some interest rates in the market place. If the Central Bank decides that liquidity is too high and uses the open market approach to “sterilize”, as we call it, some money, then assuming that the bond rate becomes closer to the current interest rate, the commercial banks will actually increase their earnings by the Central Bank action. Why really is that? Because the banks get around the same return on the sterilized money from the Government and the reduced liquidity also will send up interest rates on the money which is still available to the public, and that is the supply/demand price relationship. So they actually will probably earn more, and we only have to look at the banks’ returns on an annual basis.

If the reserve requirement were used, the best that the banks could actually hope for is to increase the lending interest rates and/or reduce deposit rates so that they cover that which they forego by the reserve requirements. So, who then pays the penalty when we go to open market activity? The Government—that is really you, me and the public—pays. What this means is that the monetary conditions, the interest rates, the demand/supply for money in the market place, remain exactly the same while the Government, that is, you and me, John and Jill Public, pick up the added cost of monetary control by using open market activities. I am yet to be convinced that open market activities are more efficient, in the general sense. It is more rewarding, yes, to the financial community, but not at all rewarding to the paying public.

We also should note the open market activities, although they appear to increase government borrowings, have no real impact on government debt, since this money is “sterilized” and it is not spent. The only apparent advantage of open market activities is that the other financial players, which have been mentioned in the previous contribution, besides the banks, can actually get involved in buying and selling these securities. However, with the reserve requirement, all the activities are channelled through the commercial banks. So there are no real beneficiaries in that respect.

I think our society has also got to ask itself if interest on “sterilized” funds is a justifiable price to pay by us to get more financial players into the market. Is it justifiable? There still is a conventional fixed securities market and other operations for government deficit and government development funds in which these financial players can actually participate and do quite well.

The Member for St. Augustine, in the Lower House, pointed also to the conflict which is caused by liquidity control, which is intended to increase interest rates if, say, there is some pressure on the exchange rate. But higher interest rates can also dampen investment, according to modern economic theory. Yet, in Trinidad and Tobago, we saw a period of very high liquidity, very low interest rates, very low inflation and yet no productive investment. So our economy is operating in a state of market failure, in fact, and as a result, Government monetary policy is going to be the key to economic development in this country. Just as the Member for St. Augustine also pointed to the importance of the Vision 2020 Task Force, so also is monetary policy very important. To be more emphatic on this particular matter, monetary policy is going to be the key to our transformation of this economy.

Transformation is about monetary risk-taking on a large scale. Hence, new instruments have to be created so that we encourage this high-risk productive investment in the innovative enterprises. This could also “sterilize” our surplus funds, because they are not going to be used in consumption, they are going to be used in support of new productive innovative enterprises. This is possibly our last opportunity to actually do something now, given the expected windfall that we are hearing about from the energy sector.

Our national and regional monetary policy for development—and I say, regional because we do have to get together as a region—will require much more information than we have at present on both our local and regional productive enterprises, and even for our Government’s sake, as we deepen our financial infrastructure. Perhaps for this reason alone we can support the Member for St.

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Augustine, calling for the Regional Rating Agency. In this way, all of us, all of the people, will have all of the information at the same time—the entrepreneurs, the public, the Government—so we know where we are and where we have to fill the gaps, and what are the problems.

What all of this really means to us is that simply operating a monetary policy that focuses on the objective of controlling interest rates via liquidity management, is certainly insufficient if we are to restructure our fractured economy. As far as going to open market activity for the control of liquidity instead of the reserve requirement, I am yet to be convinced that the cost/benefit analysis is to the advantage of the general public. Until I see that the cost/benefit analysis is to the benefit of the general public, I cannot support this Motion.

One other point I would like to make before I sit, perhaps our new joint select committees of Parliament should be based on sectoral analysis of our economy. This would ensure policy discussion, as well as parliamentary oversight. In this regard, a finance select committee would have under its purview the Central Bank, which works closely with the Government but which has an independent role to play in imposing any monetary policy on our economy. This finance select committee would help ensure the accountability, the transparency and of more importance, the Central Bank's independence.

Motion No. 2 which follows, I would give you the same arguments as for Motion No 1. My arguments are equally applicable to that Motion and my position, therefore, would be the same on that count.

I thank you, Madam President. [*Desk thumping*]

**Sen. Bro. Noble S. A. Khan:** Madam President, I, too, would like to speak in support of the Motion before us. As our society becomes more sophisticated, particularly in this modern day, one can see significant changes taking place. We obviously would have to adjust in time, but there are some things that occupy my mind. Of course, we are moving towards what has been referred to as an egalitarian society, where justice is part of our hope, aspirations and goals, but there are some things that occupy my mind with regard to this.

When we think in terms of the funding, financing, lending and the whole mechanism of finance, we know this is indispensable, but questions would arise, and I dare say, to the simple-minded like myself, if we were to move away from those very ethereal points that were raised by the two previous speakers, the question would be: Who pays? Who benefits? These are some of the questions that occupy my mind.



In any society—and it has been said that they have been with us and would remain with us—you have the poor. How far down do these financial mechanisms reach in the whole system of funding? I know, for example, this year has been promised the “Year of the Youth”. How much of that money would reach down through these mechanisms, the Central Bank, the Ministry of Finance? Like the previous speaker, I, too, have very great respect and admiration for our Minister in the Ministry of Finance. Every time we hear him, one seems to get the feeling that he is mellowing, becoming better and better, so to speak.

To get back to that point of how far down does it go, I have been around for some time and the question that has occupied more sophisticated people, Ministers of Finance and definitely a prime minister who has gone to the great beyond is: How much would reach into the pockets of the international conglomerates? The World Bank is having a big influence on whatever our Central Bank and our financial system may seek to bring to our people. So, too, is the question of the future generation. I have mentioned this before and, perhaps, in time to come it might be recurring in your ears as I would always seek to talk about this, because they, too, have a stake in this land; our unborn people—those who are to come—and even our young ones who are here.

When we think in terms of the Central Bank and financial mechanisms of loans et cetera, one could think in terms of future generations having to bear the burden. Of course, the argument could be raised that the investments for which these loans are made, if they are capital—and very often we may hear capital being used but being spent in recurrent. I would not go into that, but if we were to look closely at an analysis of some of, what we call, capital and recurring expenditure, beside the cloudy areas you may find substantial amounts which may be in capital could be properly classified in the recurrent area; capital here being used for producing goods and services that would enhance the future, so to speak.

I would think, too, like my colleague, the previous speaker, Sen. King, when she made reference to the question of—I interpret it to mean of putting aside too, of thinking of the future—oil money, or the gas money, the much vaunted one that we hear about when those inflows come, I am sure we are not unaware that this has happened in the past in our own country and has happened in other countries. It might be instructive to see how some of the countries have treated with it and the mechanisms that they have put in place to ensure some hiving off of funding has gone into investments or what have you, so that they could be recalled maybe at a later stage for future use.

I know when we had our flows in the early '70s and '80s or thereabouts, we had this vision and a lot of funds were put into, what has been referred to as, long term funds, but there were no heads; there was no protection in the system. Moneys were moved from the consolidated into the long-term fund under the impression of being put aside, but when the crunch came they just moved it back and there it went. So you hear very often: "Where the money gone? How was it spent?"

I would think, therefore, that as we discuss here today the question of the Central Bank—and this is one of the major institutions—how that could play in ensuring that those funds are set aside so that there is some element, as I have said before, into general equity, so that our youths in future would have some benefits. This is one of the strong points, I feel, that we should put before our mind's eye in discussing what is before us. I know that in the past we have had quite a bit of honourable people of whom we could be justly proud. Many of them have gone to the great beyond: Mr. Dumas; in Jamaica, the hon. Arthur Brown; Raphael Swaby. I, myself, have had contact with a former Central Banker of Chile. When he had visited a project in Trinidad, he asked me what was the cost of one of the units of that project. I gave him in TT dollars.

**3.30 p.m.**

He said when you convert into the US equivalent—I do not think I would ever forget what he said—and I quote: "Noble, somebody is making a killing." Now I do not know how he had seen it at that time, because this was closely linked with international lending agencies. I do not know who was the killer—I would be careful to put my hands in the place for anybody—he could, perhaps, have been on the local scene or foreign scene.

This is part of the linkage between these loan mechanisms, which I think will be on the local scene and what we are here about. But these have a way of expanding into the international scene and there, of course, the international agencies will be making their bids and what have you.

To summarize, I would like to see some cogent and, definitely, possible putting aside when those flows come and that we will have it put in a way so that in the future there will be benefit.

I, too, would like to support what Sen. Mary King has said, that in order to embellish our positions in the area of financial management, we give credence to that finance select committee.

Thank you, Madam President, and may God be with us. Again, I support what the hon. Minister in the Ministry of Finance has put before us.

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):** Madam President, what is the need for the increase? The need for the increase simply had to do with a timing issue. As at December 12, 2002, the Central Bank notes outstanding amounted to \$1.160 million and at the time the previous motion was contemplated, this number was not available. So that, in fact, is the reason for the \$1 billion.

Revenue: There has been a discussion here about the treatment and the proceeds of NEL. While I agree with the Senator in terms of how it is dealt with, when one is reviewing the accounts for the international organizations, the way that we budget and the way that we get it approved, is based on the manner in which it has been reported. In fact, the sale of shares, as it related to the last approved budget in Parliament, was something the previous administration had programmed and we simply carried it through. So that the way it was handled and the manner in which it was reported is how, traditionally, it has been reported. Therefore, to say that we should take the surplus and discount it, in those circumstances, it would mean that we would have to restructure all the other surpluses or balances that we have looked at. I think, for the purposes of the discussion, the surplus included those activities that we had planned. That is the principle.

In terms of the policy consideration of the Central Bank and those issues in terms of the policy and reducing bank notes, Central Bank infrastructures and so on, there was, earlier last year, a Financial Review Committee that was put together by the current Government to take into account all the comments that you have made. My information is that their report is currently being signed and will be available within the next month.

What we did was to pull together all the various stakeholders in the financial services sector and posed the question: What do we need to do as an organization, as a Government and as a country moving forward in order to achieve the objectives that were set out in VISION 2020 and also to promote and to fast-track some of the initiatives that, over the years, we wanted to put in place? Therefore that report, when it is before us, will form some of the elements of the policy moving forward as it relates to some of the very important issues that you have raised.

Development of the secondary market: We are currently working with the Central Bank and it is looking at having its technical team come with a way

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forward. Part of the issue, of course, is the question of information, credible data, and the ability to make decisions on the basis of the information, such that any decision that is made has the desired effect.

Supervision of Financial Services: The agenda is very simple. The first thing that we will attempt to do is to move insurance regulations into the Central Bank. Then there is a programme based on the Lori Savage document that seeks to move us in an orderly fashion, based on our capability from where we are today, to a situation in which the question of integrated financial regulations would be a reality.

It is our intention to bring to Parliament, in this current term, the first piece, which is moving the Supervisor of Insurance into the Central Bank and all the relevant additional legislation to strengthen that particular Act that is certainly on the agenda.

Those are the issues that I can answer at this time and I would be pleased, at some other time, to do a more detailed discussion on some of the issues raised.

Insofar as Sen. Mary King is concerned I have difficulty here because the Senator posed a policy question on an issue that needs resolution. I am sure I will raise that issue to determine the justification for what we are doing, but the fact of the matter is that at this time, based on what we had programmed over time and the planning that we have in the foreseeable future, we are using open-market operations to maintain our fiscal agenda, and therefore that particular discussion, we would have to take up in another place.

The Regional Rating Agency: That is something we are currently looking at. I know that there is a proposal for funding and I think the funding situation is being dealt with even as we speak. That report from the consultants should be available very shortly. In terms of new instruments on the market, that is also the plan that we have with the Central Bank and it is part of the whole financial restructuring/financial remodelling as we seek to move forward.

The question of the issue of the independence of the Central Bank is certainly something we would have to look at and comment on. I am really not in a position to comment on that at this particular time. I can only say that we have noted the concern, and to the extent that we are concerned about transparency and accountability, it will certainly engage our attention in the shortest possible time.

Insofar as Bro. Khan is concerned: How does it get done? Well, the mechanism that is currently being used is really to try to control inflation so that there is some stability in our monetary policy and stability in terms of what we do. Insofar as that is concerned the cost to us, really, is the benefit that we give to all

our small people, as it relates to their ability to maintain a particular standard of living and to, basically, live their lives on the basis of stable wages.

Madam President, with those few comments and with my eternal thanks to the contributors for a very high standard of contribution, I beg to move.

*Question put and agreed to.*

*Resolved:*

That for the purpose of facilitating the conduct of open market operations by the Central Bank of Trinidad and Tobago, the Minister of Finance is hereby authorized to borrow such further sum or sums in Trinidad and Tobago, not exceeding in the aggregate five thousand million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency or currencies.

**TREASURY NOTES ACT  
(INCREASE IN BORROWINGS)**

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):**  
Madam Speaker, I beg to move the following Motion:

*Whereas* it is provided by section 3(1) of the Treasury Notes Act, that the Minister of Finance on the written advice of the Governor of the Central Bank may, for the purposes of promoting monetary credit and exchange conditions most favourable to the economy of Trinidad and Tobago, borrow money in Trinidad and Tobago in such sum or sums not exceeding in the aggregate one thousand million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency or currencies and such further sum or sums as may be specified by resolution of Parliament, or the equivalent thereof in any foreign currency or currencies, by the issue of Notes:

*And whereas* it is necessary for the Minister of Finance to borrow further sums of money for the purposes stated in the said section:

*Be it resolved* that for the purposes stated in the said section, the Minister of Finance is hereby authorized to borrow such further sum or sums in Trinidad and Tobago, not exceeding in the aggregate three thousand million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency or currencies.

*Question proposed.*

*Question put and agreed to.*

*Resolved:*

That for the purposes stated in the said section, the Minister of Finance is hereby authorized to borrow such further sum or sums in Trinidad and Tobago, not exceeding in the aggregate three thousand million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency or currencies.

**RELATED MOTIONS**

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):** Madam President, I beg to move that Motion No. 3 which is to resolve that the Development Loans Act, Chap. 71:04, which gives the Government authority to borrow for the purposes of financing general development of Trinidad and Tobago and, Motion No. 4, that Government may borrow under the Guarantees of Loans Companies Act, be taken together. I therefore seek leave to deal with both Motions together.

*Assent indicated.*

**DEVELOPMENT LOANS ACT  
(INCREASE IN BORROWINGS)**

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):** Madam President, I beg to move the following Resolution:

*Whereas* it is provided by section 3(1) of the Development Loans Act, Chap. 71:04 that the Government is authorized, *inter alia*, for the purposes of financing general development in Trinidad and Tobago, or repayment of borrowings effected for general development, *inter alia*, by a statutory authority within the meaning of the Statutory Authorities Act, Chap. 24:01 or by an enterprise that is controlled by or on behalf of the State, from time to time to borrow money externally or internally in a sum or sums not exceeding in the aggregate ten thousand million dollars in the currency of Trinidad and Tobago and thereafter such sum in such currency as may from time to time be specified by resolution passed by the Senate and the House of Representatives:

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

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

Madam President, this Resolution will facilitate an increase in the aggregate amount of all borrowings that are guaranteed by the Government under the Guarantee of Loans (Companies) Act, Chap. 71:82 from its current of \$5,000 million to \$9,000 million.

Madam President, the Government will be approaching the domestic market for approximately \$3,000 million. Hon. Members will note that two-thirds of the Government's planned domestic borrowing in fiscal 2003, as was stated in the budget debate, is really for this purpose; re-financing high-cost debt. In the current situation, with dampened demand for credit, there is certainly an ample appetite in the system for Government to issue additional paper without any adverse impact on demand for credit from other sectors. In fact, Madam President, we expect Government's actions to represent a positive impact on the domestic capital market.

We remain in good standing in the international capital market. It came as no surprise to us therefore, when last year, Standard and Poor's upgraded our economic outlook from stable to positive and maintained our investment grade rating. This position will allow us to take advantage of the relatively low rates of interest to source \$930 million in the international capital market. Accordingly, Madam President, we are assured that our external debt situation is viable and sustainable and that this country can withstand any assessment of its external vulnerability.

We are now focusing on the management of our domestic debt. Our cause for concern is that contingent debt arising out of the issuance of Government guarantees and letters of comfort to state enterprises and statutory boards had risen dramatically, prior to this Government taking office.

The Resolutions in the Senate today provide a platform from which expenditures that undermine the fiscal performance of the Government would be considerably reduced, and at the same time allow the conduct of monetary operations to be more effectively harmonized with Government fiscal operations.

In fact, Madam President, the stock of outstanding Government guaranteed debt, which amounted to \$2.4 billion as at the end of 1995 increased to \$4.6 billion as at December 2001. The previous government issued over \$2.8 billion of new guarantees over the period, and a further \$1.5 billion worth of letters of comfort were also issued between 1997 and 2001. The main contributors to the increase in the outstanding balances in Government guarantees over the period 1995—2001 were a number of agencies, which are as follows:

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Taurus Services from \$1.5 to \$2.2 billion;  
Caroni (1975) Limited from \$225 million to \$746 million;  
TTMF from zero to \$290 million;  
Tidco from zero to \$180 million; and  
MTS from \$165 million to \$170 million.

The main contributors to the increased letters of comfort issued over the period were letters of comfort issued to Maintenance, Training and Security Company Limited (MTS), representing borrowings for Secondary Education Modernization Programme (SEMP); letters of comfort issued to Caroni (1975) Limited; letters of comfort issued to VEMCOTT; and letters of comfort issued to Tidco between 1999 and 2001, amounting to \$1.4 million.

After adjusting for the repayment of this bridging finance facility, the increase amounted to \$696 million. The stock of outstanding letters of comfort, which amounted to \$5.8 million at the end of 1995 increased to \$1.5 billion as at December 2001. The terms and conditions of these borrowings secured by letters of comfort provided also a moratorium on principal repayments, typically, for five-year periods, pushing the cost of borrowings even higher. The overall result of borrowings of this nature created some difficulty, and you would note if you look at the accounts of the Government that a very significant portion of our dollar goes toward debt repayments.

When this administration took office the outstanding balances with respect to Government guarantees and letters of comfort were as follows:

Under the Guarantees of Loans Act: \$4.5 billion to \$4.573,096,990;  
Letters of comfort: \$1.5 billion to \$1.514,134,193;  
Guarantee of loans: \$4.5 billion.

Letters of comfort in respect of state enterprises during 2002 amounted to \$678 million of which, \$223 million represented commitments arising out of decisions made by the previous administration.

The Government proposes to increase the aggregate amount of all borrowings to be guaranteed by the Government, under the Guarantee of Loans Act, Chap. 71:82, from \$5,000 million to \$9,000 million in order to facilitate the substitution of formal guarantees for letters of comfort where agreed between Government and lenders. These are as follows:



Tidco: \$595 million;  
Caroni (1975) Limited: \$510 million;  
MTS: \$400 million;  
Nipdec: \$250 million;  
SWMCOL: \$177 million.

It is our intention, therefore, to move these from letters of comfort to guarantees. These letters of comfort were given by the last administration so we are simply seeking to regularize that.

Madam President, a further \$200 million will be utilized to facilitate the planned restructuring of state enterprises, in particular, Caroni (1975) Limited, \$1 billion and UDeCOTT, \$1 billion. The planned restructuring of state enterprises will contribute significantly to eliminating any further prospects or further additions to the stock of contingent liabilities. In addition, it will reduce a significant proportion of the existing stock of Government liabilities.

The Government is committed to improving the performance of the state enterprises sector through enhanced levels of state sector governance and the establishment of exacting performance targets in relation to debt management. One of the things that we have noted, for example, is that debt management is an issue of great concern. The last time I spoke here, I spoke about the measures that we are putting in place to manage our debt stock. Madam President, again, the objective is to improve the transparency and accountability of the state enterprise sector and this is one of those areas on which we are focusing at this time. On the Central Government side we are pretty much in control of that but there are some issues still in the state enterprise sector with which we are currently dealing.

In fact, the Ministry of Finance has already established an audit division to ensure transparency in procurement practices and compliance by state enterprises with the governance guidelines approved by the Ministry of Finance.

The increase in the limit of borrowings under the Guarantee of Loans (Companies) Act would facilitate the further restructuring of the state enterprise sector, which in turn will impact directly on reducing the debt burden of the sector and also on Government finances. This will go a long way toward meeting our target for fiscal consolidation.

The total public debt stock at the end of 2001 amounted to \$3.5 billion or 60 per cent of GDP. By September 2002, total public sector debt had been reduced to

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55.5 per cent of GDP. Government's policy objective is to bring the total public debt stock down to 50 per cent by the end of fiscal year 2004. Government's approach to debt management is to ensure that our debt remains sustainable in terms of carrying capacity and reduced vulnerability to external shocks.

Madam President, we intend to continue to conduct our future borrowings within the established framework of parliamentary oversight and it is for this reason that we are seeking the appropriate amendments to the Regulations of the various items of legislation in this Senate.

Madam President, I beg to move.

*Question proposed.*

**Madam President:** Let me remind hon. Senators that they can contribute on both Motions Nos. 3 and 4.

**Sen. Wade Mark:** Madam President, I am happy to participate in this debate on these two very important Motions before this honourable Senate.

Let me say from the very outset that borrowing is an accepted and normal part of the process of managing any nation's finances. As we seek to increase the loan ceiling under the various Acts, as was outlined by the hon. Minister, we recognize the importance of borrowing. However, unless the financial accounts of a nation are very clearly set out in a way that we could make sense then, Madam President, we could end up virtually shooting in the dark.

The Motions before us seek to increase the loan ceiling to the Government for development purposes and development financing, as well as to guarantee to state companies, state enterprises, statutory authorities and public utilities, flexibility in accessing loans on the local or international market. The question that we pose on this side is not an issue of borrowing. What we would like the hon. Minister to indicate is the ability and sustainability to repay these loans over the short, medium and long term. Therefore we ought to, even if we have reduced the initial total from \$10,000 million, when we brought it in 2001, to \$9,000 million, we believe the Government owes it to this honourable Senate to give us an appreciation of its ability to repay when they borrow, whether it is on the local market or the international market.

Madam President, as you are aware, in the budget of 2003 the hon. Minister of Finance anchored his budget on certain favourable assumptions and he was quite optimistic and confident. As you would know, Madam President, the international arena is filled with uncertainty. We do not know if a war will take place shortly between the Americans and the Allies against the Iraqi Government and its

people and therefore we do not know what could happen if such were to develop. We can speculate because, we, in essence, depend on the hydrocarbon sector, which is made up of oil and gas and condensates. We know that Iraq has a lot of oil, a lot of gas and a lot of condensates. So, Madam President, we need to be brought up-to-date and to be a little more realistic in what we are doing.

I was made to understand, and the hon. Minister could correct me if I am wrong, that Atlantic LNG had given the Government of Trinidad and Tobago up to the 15th of next month to make a decision on Train 4 and if a decision is not made then that particular Train 4 could be in jeopardy. This is the information that has reached us and therefore that has consequences for revenue flows in the period ahead. Therefore when we are borrowing we must be able to tell this Parliament and the nation our capacity to repay those loans otherwise the entire future of our children and the nation could be in jeopardy in terms of mortgaging that future.

The question of repayment of loans, Madam President, is very important and as you know economic growth is essential if we are talking about expansion and if we are talking about expanding the gross domestic product. Therefore when we look at the reality of this economy at the moment, it is projected that there would be a minimum growth of about 4.5 per cent in this period—over the next three years. That would amount to about \$2.5 billion of our GDP, so, in other words, the Government is projecting that at an annual rate of 4.5 per cent, which is equivalent to about \$3 billion, it would be able to sustain its debt repayment.

Madam President, as the hon. Minister said, the total public debt continues to rise. We are convinced that if the Government is predicting that GDP is estimated to grow from \$59 billion to some \$67 billion over the next three years, it means to say that the Government has to anchor such an estimate on some major assumptions, and we have not really been able to understand that because the Minister has not shared with us the basis of those assumptions. In other words, we would like to know from the hon. Minister what are the projects and programmes that the Government will be embarking upon in order to ensure that when we borrow on the local and international markets some \$4,000 million, in this particular fiscal period and years to come, how it is going to be repaid.

Madam President, as I proceed I will tell you the information I am picking up. The intelligence that I am gathering, as it relates to this economy—and this economy is very sluggish, it is very slow and the dynamism that was in this economy during the six-year reign of the United National Congress seemed to have slowed somewhat, as if a blight has descended on the nation with the arrival of the PNM. [*Desk thumping*]

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Madam President, I was told by a banker, recently, that his bank has over \$400 million to lend. Nobody is borrowing! Yet we are told by the Government that there is confidence in the economy! The Prime Minister, in a very irresponsible way, spoke some gun talk some time ago and threatened the LNG people and they are now saying: “Well if you threaten me, we will threaten you. By the 15th of next month settle or we shelve.” That is the kind of tit for tat that is taking place—playing around with our economy and our future.

So we have a budget of \$20 billion and the Government has to raise about \$3.5 billion to balance its budget and it has to borrow on the local and international markets. I was looking at an article written by Anthony Wilson, it is dated Thursday, November 7, 2002.

**Madam President:** What is the name of the document?

**Sen. W. Mark:** It is the *Business Guardian* dated Thursday, November 7, 2002. What was happening there was that the Governor of the Central Bank was querying the size of the Government’s fiscal deficit. The Government told this Parliament that its total fiscal deficit for 2003 was \$627 million. But the Governor of the Central Bank was claiming that the real deficit was about \$1 billion because the \$300 million that the Government was projecting as capital receipts, he was seeing that as a financing mechanism. That was how it came across in this particular article.

When we take, for instance, as the Minister said, contingent liabilities along with the huge borrowings that will take place, we have to take very careful note and seek to manage, very prudently, our public sector debt stock in this country. Therefore fiscal rectitude would demand that Government seek to manage its affairs by reducing its dependence on borrowings, as far as is practically possible, especially foreign borrowings, Madam President.

While, as I said, we have no objection to borrowing, as a country we have been generating a lot of revenues here. And maybe the hon. Minister could tell this Parliament how much money we have been able to generate in surplus as a result of the oil windfall—the unbudgeted sums. My estimate is over \$1 billion that we have been able to derive over the last fiscal year as a result of escalating oil prices on the international world market. What is the sum? Let us know what you have been able to sterilize.

Madam President, I want to come to the Revenue Stabilization Fund, which we, in our prudence in managing the finances of the nation, were able to establish and, as such, sterilize huge sums of money. When we left, Madam Speaker, when

we demitted office; when we were kicked out of office; thrown out of office, we had over \$1 billion in that Revenue Stabilization Fund. We would like to know, hon. Minister, whether it has increased. *[Interruption]* Well that is what we are saying! So the Government is stagnant? *[Interruption]* No, the Government might be stagnant but the revenue is flowing and therefore what proportion is going towards the Revenue Stabilization Fund? We need to know! We have to save for a rainy day! This Government, as you know, has been engaging in reckless spending, waste and “squandermania”! *[Interruption]* I am coming stronger later.

Madam President, we, on this side would like to advance that in order for us to give support to these Motions, the hon. Minister must tell us how the Government intends to deal with its programmes and projects to ensure that Trinidad and Tobago has the capacity to repay when we borrow. This might be a very good time for the hon. Minister to tell us what has been the performance of the economy since the budget was passed in October of last year. After three months the Minister must be in a position to tell this country what are the figures and how the economy is performing. Is it declining? Is it stagnating? Is it just equilibrating; are we just balancing? What is taking place? Where? We need to know because you want us to support two Motions to give you the power to borrow. That is why I am saying, Madam President, we need to have some information on the oil windfall.

When we were there, we were about to bring legislation and I am sure the hon. Minister is about to bring that same legislation on the Revenue Stabilization Fund. We had said whatever extra windfall there is to be derived from increased oil prices on the international market, 60 per cent would go toward the Revenue Stabilization Fund, 20 per cent would go toward the Consolidated Fund and 20 per cent would go towards the dollar-for-dollar education plan for our students.

I think the PNM has abandoned or is about to abandon the dollar-for-dollar education plan. I am not too sure; maybe the hon. Minister could tell me if I am being misled. Therefore, in order for us to avoid huge borrowings abroad and on the domestic market we have to promote a culture of saving in this country, and we are not to continue with the culture of dependence and subservience to foreign interests.

We are still, at least, driving and promoting IMF medicine, in terms of policy prescriptions in this country. That is why there is this worrying concept or phenomenon. The gap between the rich and the poor continues to expand. We have to deal with the distribution issue. That distribution question is critical if we are to stabilize poverty in this nation. We can never resolve crime in this land

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until we are able to address some of the fundamental issues affecting the ordinary man and woman. How is this going to benefit the ordinary working-class man and woman in this country? When you look at the statistics you can see that the gap between the rich and the poor is getting worse and worse.

One man at WASA is getting \$1 million a year. For doing what? Nothing, except carrying out PNM's programmes and policies to illegally connect people in Mayaro, Tunapuna and San Fernando West in order to win an election. I am sorry for my colleague, the hon. Minister of Public Utilities, because I know that he has inherited a mess that was left by a Minister who left—He left St. Ann's because he was going to be defeated! He came to the Senate; he got a new post! He left my poor friend and colleague, Sen. Rennie Dumas, to inherit a mess at WASA [*Interruption*] He was my former teacher, you know! I am ashamed! Let us come to this issue. We have to recognize that whatever we are doing—how these policies are going to affect the poor. We want decent, productive, rewarding jobs for our young men and women! Brush-cutting is not going to generate the kind of decency and productivity necessary to generate the foreign exchange and the wealth to repay our foreign and local debts. It will not! That is a kind of, by the way something! But that is the PNM's social policy! That is their social programme! That is their social sector agenda to simply give people brush-cutting jobs!

Madam President, when the poor have to pay \$6.00 for a hops bread—because the price of flour has been increased by 22 per cent, and every related product made from flour has gone up—what is the response of the Government? How will these loans that we are going to raise help reduce the price of flour? Are we going to subsidize flour through these loans? Are we going to subsidize flour, hon. Minister, through these loans so that our people, the ordinary working-class man and woman can buy flour, bread, bake and chutney and doubles at a reasonable price?

**Hon. Senator:** Chutney?

**Sen. W Mark:** You do not know about chutney in doubles! [*Laughter*] “Yuh not there! Yuh not there! Yuh eh know about the chutney at all, boy?” [*Laughter*]

Madam President, they have something called NEDCO, \$30-odd million or \$77 million, and it is only PNM people benefiting from these projects and these loans. This Government is discriminating against half of this population! I was disappointed when the Attorney General of this country made a very shameful and disgraceful statement to this nation, when she said the reason we have so much crime in this country is that when the UNC was in power they did not take

care of half of the population. That is what she told the country! Racist! Disgraceful! Shameful!

**Sen. Morean:** On a point of order. First of all, Madam President, the hon. Senator is misquoting me. He is misquoting what I said!

**Sen. W. Mark:** Tell us what you said?

**Sen. Morean:** And he is doing so deliberately.

**Sen. W. Mark:** Tell us what you said?

**Sen. Morean:** I said that the solution to crime is multifaceted.

**Sen. W. Mark:** No, you said—

**Sen. Morean:** And there is not one reason for the spiralling of the crime situation in Trinidad and Tobago. I said one of the reasons was that the last regime neglected a sector of the society.

**Sen. W. Mark:** Well I repeat after you.

**Sen. Morean:** And a sector—I did not say whether it was youth, whether it was the old people; I said a sector. So you are putting words—

**Madam President:** Sen. Wade Mark, please continue with your contribution. *[Interruption]* Senator, are you listening?

**Sen. W. Mark:** Yes, Madam.

**Madam President:** Without referring to that contribution or misquoting.

**Sen. W. Mark:** Yes, Madam, I am guided.

Madam President, we cannot put money when we borrow it—we cannot throw money after jobs that will not generate production or productivity. The NHA Refurbishment Programme, \$45 million ended up with \$100 million. What are the returns on that investment for Trinidad and Tobago? Would that help us in repaying our loans, when one gang leader on a fortnightly basis is drawing \$80,000 to \$100,000 for doing what? We talk about community leaders.

Madam President, as far as we are concerned whenever we are talking about development loans, we want to see how those loans are going to impact on the poor and the working people of our country. As I speak to you and this honourable Senate, minimum wage has gone up by \$1.00, hops bread gone up by \$2.00 or \$1.00; 9,000 workers to go at Caroni (1975) Limited and the Government and all its constituents feting at the Prime Minister's residence on

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New Year's Day—\$20,000. *[Interruption]* “Nah, I didn't want.” One hundred and forty-five workers lost their jobs at MacDonald's; 18,000 to go at Petrotrin and Trinmar; 25 sent home at Airport Authority under Rose Janiere; 71 workers sent home at TSTT. How are these loans going to impact on our working people? You are retrenching our people. The working people are hungry in this country! They are starving and that is why the killings and crime will continue because while you get rich, they get poor! Madam President, NBN, 300 to go! Tidco, eight gone! BWIA about to retrench too! Port Authority, I hear, 700 to go! I understand they are sending home 120 people at the Public Transport Service Corporation.

Madam President, how will these loans that we are going to raise—that you want our approval for today—impact on those workers, the people and family? They want to increase water rate? Do you want riots in the country? While Grimes who should be charged for a crime, is getting \$1 million and unlimited entertainment! Not even a Minister—I was a former Minister and I never enjoyed unlimited entertainment! *[Interruption]* Maybe you do! I never did! We never did! But a CEO who is a failure as far as I am concerned, a total incompetent, he is going to get unlimited entertainment allowance. And you tell me that you care? You care about what? You care about your pockets! *[Interruption]* I am not quarrelling. It hurts me. Whenever I talk about working class people and poor people I feel hurt. You all are murdering people in this country because of the policies that you are pursuing! Then, Madam President, everything is a new “larveau”; blame the UNC. Crime, blame the UNC; blame the UNC, health; imagery, UNC; the Minister of National Security; a terror lab, UNC. I mean to say everything! You think that people in this country are so stupid to take on that all the time? Do not deliver, do not perform and tell people—UNC! It is the most powerful Opposition we have ever had in this country. Everything is we, Sen. Chin Lee! Everything is Panday and Sadiq!

Madam President, how are these loans going to help us? How are these development loans going to help the poor and the working people of this country? I do not see any hope! Twenty thousand people in this land face retrenchment, whilst the Prime Minister's sister is employed as the head of the Information Technology Unit in the Ministry of Labour and Small and Micro Enterprise Development.

**Sen. Morean:** What is the problem with that?

**Sen. W. Mark:** I have no problem with that. I am saying save the children; save the workers, save their jobs.



Under the UNC, Madam President, for the record, we never retrenched people like they are retrenching people, never!

**Sen. Morean:** Where does Mrs. Mark work?

**Sen. Wade Mark:** Where she works? Ask your husband?

**Hon. Senator:** The NCC.

**Sen. W. Mark:** Yeah, ask your husband. That is what I am telling you, for an attorney general you are so disgraceful and shameless. [*Interruption*]

**Madam President:** Sen. Mark, will you please address the Chair?

**Sen. W. Mark:** Yes, Madam. She is out of place! [*Crosstalk*]

**Madam President:** No. Please, be very careful with your language.

**Sen. W. Mark:** Madam President, I want you to warn this lady, this attorney—

**Madam President:** Sen. Mark! Anyway, Ladies and Gentlemen, I think this is a good point to suspend for tea.

I want, however, to caution Senators about getting back to the Chamber late, after the tea break. On two occasions I have had to wait for a quorum. I want to caution you that if this happens again I will wait for a few minutes and if there is no quorum I will adjourn the Senate.

The Senate is now suspended. We shall return at 5.00 p.m.

**4.30 p.m.:** *Sitting suspended.*

**5.00 p.m.:** *Sitting resumed.*

**Sen. W. Mark:** Thank you very much, Madam President. Madam President, I was saying that we have to get from the hon. Minister some of the projects and programmes contemplated to warrant such a huge increase in borrowing. We ask the question: Where is the economic planning and viable social policy to provide sustainable, productive and decent jobs? We believe that the present Government, with respect, because of its inaccuracies, Madam President, is throwing a lot of money after all kinds of short-term projects. We would like to know how these borrowings are going to impact on employment opportunities, given the ever-expanding workforce that we have in Trinidad and Tobago. Job insecurity has gripped many sections of this nation's workforce and we also have to look at the whole question of the impact of trade liberalization on our economy, especially

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with the eminent establishment of the FTAA, which is known as the Free Trade Area of the Americas.

So, we would like the hon. Minister to tell us what are the policies the Government would be advancing in order to provide the capacity to repay these loans. When we look at Trinidad and Tobago today, Madam President, there is no concrete initiative, as far as we are aware, to expand the local economy, to create market access in space, and to earn the relevant and necessary foreign exchange for our country. The economy of our country at the moment appears, as I said, to be at a standstill. There is no improvement on the economic horizon, given the present policy framework that we are all aware of, and also given the deepening globalization process, including the establishment of what I just mentioned, the Free Trade Area of the Americas.

Madam President, that is a matter that we ought to be debating in this honourable Senate. The junior Minister in the Ministry of Finance should bring to this Parliament the question of Trinidad and Tobago's future involvement in the Free Trade Area of the Americas, what impact that is going to have on the various sectors of our economy, because I wish to tell you that, whilst we are shying away from subsidizing bread, flour and agriculture and closing down Caroni because we are not going to subsidize it, the rich countries, Madam President, for your information, are subsidizing their farmers. Cotton growers in the United States got from President George Bush, through a farm bill, US \$3.5 billion for this fiscal year.

The rich countries, in total, subsidize their farmers to the tune of US \$300 million annually. The European Union has just extended, for 15 more years, its common agricultural policy protecting farmers. Madam President, would you believe that they subsidize a cow in the European Union to the tune of US \$2.50 a day and in Japan at the rate of US \$7.50 a day, but three-quarters of the African population live on less than US \$2 a day? We in Trinidad and Tobago need to take account of what is taking place in the real world. I feel that we need to have a debate on this question.

You have escalating tariffs, they have countries permanently almost destined to be hewers of wood and drawers of water. You must forever export raw cocoa beans to the European Union and North America. You must forever export raw cotton to America. You must forever export things like cocoa beans and, how we do it in Trinidad and Tobago, we have not been able to develop any serious downstream industries in this country.

So we want to advise the hon. Minister that, with these Motions, we have to be very careful, because the PNM can get into what I would call an excursion into

adventurism and a kind of reckless gambling with our future if we do not really put right this framework that I am mentioning. We understand, and maybe the hon. Minister could tell us when he is winding up, that the same—well Moody's International, we understand, has estimated that our public debt at the debt to GDP ratio, as it is called, is around 66 per cent. He said 55.5 per cent. We understand that they are projecting, by the end of 2003, 2004, debt to GDP ratio would go up to 77 per cent.

Now, we would like the hon. Minister to tell us this, because we know that once we have the debt to GDP ratio escalating, it has implications for our credit rating and implications for our country accessing capital moneys and so on, on the capital market, or loans on the capital market. So this is an area we would like the hon. Minister to let us know if he is aware and what precisely, you know, the Government is doing about reducing the debt to GDP ratio.

Madam President, when we look at the loans we are going to access and, as I said, we look at, for instance, the regional economies, the region is on a decline. After September 11, 2001 those economies are under real economic pressure. They are becoming basket cases essentially and then you have the general slow down in the world economy. Then, when we look at our domestic situation, Madam President, what are we seeing? We are seeing that, for instance, we are going to be borrowing moneys, but when we look at our local economy and its ability to generate the wealth, the foreign exchange to increase production or productivity in order to repay those loans, what do we see?

We see outside of the energy, construction and distribution sectors, nothing is happening. Manufacturing, for the first time, is down for a long time. Agriculture is down in a real way. So, Madam President, we have to do something about what I call meaningful transformation of our economy and we are not seeing, for instance, the kind of projects upon which the Government should be embarking to encourage private sector initiatives to at least come to the fore. We had given the Government a golden opportunity to build the overpass, which is a huge construction project which would ease up, for instance, hundreds of thousands of citizens as it relates to travel, the number of man-hours that are lost every single day, productivity lost, production lost, Madam President, and the Government has failed to establish or to construct the overpass. I say, if you take those initiatives it will give the private sector the kind of incentive and encouragement to invest; but right now nobody “eh” investing in this country. Private sector investment has gone down. People are afraid to be kidnapped, Madam President.

When we look at Trinidad and Tobago, foreign direct investment continues to be the main stimulant for our economic activity in this country. We have to really

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encourage more local savings; but if we are to encourage savings and if we are to encourage investment, and if we are to encourage small and medium-sized businesses to invest and to create jobs and to generate productivity in this country, we have to create an appropriate investment climate. If we do not create an appropriate investment climate, we are going to end up in the valley of debt. That is where we are going to be.

We are going to borrow but we may not be able to service our loans, Madam President. So we have to create an appropriate climate in order to give the business community and firms, whether they are from within or from without, the confidence that when they come to Trinidad and Tobago there will be macroeconomic stability, there will be proper governance and institutions and there would also be the ability to establish the appropriate infrastructure. We need infrastructure and that is why we encourage the Government to pursue this construction of the overpass, among other projects in this country. So that you can give the people, Madam President, not only hope but you can generate the kind of confidence necessary.

People are nervous, Madam President, to invest in this country and therefore when you have what I call bureaucratic harassment; when you have, for instance, corruption, when you have, for instance, organized crime, I say these are not going to encourage people to invest and you need to invest in order to generate jobs; in order to create and generate productivity to expand production. These things are absolutely necessary if we are going to service those loans that the Government seems committed to accessing.

So we on this side have no problem in principle with a government accessing loans or borrowing, whether on the local or foreign market. What we argue, Madam President, is that to do so you must come here and tell us exactly how and what plan you have to generate the income necessary and foreign exchange to repay those loans. That is what we are concerned about; and we leave out parliamentary scrutiny. I agree with Sen. Mary King. We need more parliamentary scrutiny. We need greater accountability in this Parliament, Madam President, because if the Government is going to be borrowing money—  
[*Interruption*]

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

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

*Question put and agreed to.*

**Sen. W. Mark:** Thank you very much, Madam President. So we would always support the principle. What we have difficulty with is how the policies are going to be effected and the programmes and projects, how they are going to be generated in an effort to earn the necessary foreign exchange.

Madam President, I just want to bring your attention again, because of all the negative publicity that our country has been receiving because of all these different advisories internationally—somebody brought to my attention recently that Lloyd's of London, you know, they cover local businesses and for the first time companies are being written to and being told that, "In your initial policy you did not cater for terrorist attacks" and they are now saying that "You now have to cover", in other words, pay more money, in an effort to take on board the possibility of terrorist attacks.

I am just raising this point not to score, because we can deal with that otherwise. I say to you, Madam President, as we embark on these loans, we are seeing, for instance, the cost factor for basic services increasing and that is going to have an impact on the competitiveness of these industries because, you know, for us to survive in the international global economy we have to be competitive. We have to be competitive as a society, as an economy. Businesses have to compete and, therefore, if they have to compete, apart from the technology, Madam President, we must have stability. Stability is very important in any country. It is a high price but we must pay that price if we want to succeed in the future.

So we would say that, unless we are able to get some credible answers to our questions as they relate to borrowings—we have asked the Minister to provide us with some answers to our questions—unless we are able to get those answers, we would be a bit restrained and constrained in supporting these measures before this honourable Senate.

**Sen. Yuille-Williams.** [*Desk thumping*] Madam President, I tried to rise just before the hon. Senator completed his contribution—[*Interruption*]

**Sen. W. Mark:** No, go ahead.

**Sen. Yuille-Williams:** Thanks. Although it is late in the stage of your contribution, Madam President, during his very passionate debate I think that he might have breached Standing Order 35(4). I think even at this late stage, and being the gentleman that he is, he would like to set the record straight. [*Desk thumping*] Standing Order 35(4) says:

"It shall be out of order to use offensive or insulting language about Members of either Chamber."

I think at some point in his debate he described the hon. Attorney General as disgraceful and I am sure that he would like to—[*Interruption*]

**Sen. W. Mark:** I said “her behaviour”.

**Sen. Yuille-Williams:**—was disgraceful and I think he would wish to withdraw that statement, knowing him.

**Madam President:** I think what I would like to request is a copy of the *Hansard* for that period, if we can get a copy, and I can look at it and then I will make a decision. You may continue.

**Sen. W. Mark:** I would not like to go there right now, Madam President, because, as you know—we will talk about that.

Madam President, what I would say is that we on this side would like to lend our support to these two Motions—[*Interruption*] We would like to lend our support to these Motions but we would like the hon. Minister to provide us with some answers to the questions that we have raised, the issues that we have advanced, the concerns that we have expressed; and once those concerns, issues and questions are answered, we would probably reconsider our position in supporting these Motions.

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

**Sen. Mary King:** Thank you, Madam President. Before I start, which is going to be a very short contribution in any case, I just wanted to caution my friend here who is comparing the subsidies to farmers in the United States and suggesting that we in Trinidad and Tobago should also subsidize things like sugar. We have to bear in mind that that subsidy to the agricultural sector in the United States is for their internal consumption and our subsidy would be to an industry which is mainly for export. If we were to do thus and continue subsidizing these kinds of industries, then we run into all the problems of the World Trade Organization and the anti-dumping charges and all of that, so I think we have to be cautious when we are comparing what Bush does versus what we can do here.

The two Motions now before us are somewhat similar to the two that went before in that they are involved in the increases of borrowing limits for Government. However, in the previous two, the borrowed money was sterilized and therefore it really makes no impact upon our overall debt level, the Government’s debt level, but in these latter two Motions the actual debt position of the Government will increase when the facilities that we are requesting are finally utilized. So we will be increasing our debt.

To date, the various reasons given by Government for further borrowings and increasing our debt limits are simply that they have to borrow for some reason or other and, more recently, one of the reasons given to us for borrowing is that we have to pay debts incurred by previous regimes. For example, the Minister today has told us about the increases in the \$2 billion guarantees and billions of dollars in letters of credit, and he actually has quoted \$1.5 billion over the last five years with very high moratorium terms. So therefore we are really getting into situations which are not desirable.

The main argument against increasing the debt limit is that it would surpass some magic figure that they usually give us, some percentage of GDP; we must not go above this percentage but with little regard to the expected returns on these loans. What are these loans that we are going into, and, are they for productive enterprises which will bring us greater returns? Or, are they for passive projects which will bring no returns? So these are things that we will have to bear in mind. We just heard that our present debt is 60 per cent of our GDP and that is really too high.

**Sen. D. Montano:** Fifty-five.

**Sen. M. King:** Now at 55, good, okay; still high. Hence the recommendation was that maybe the Government should sell FCB to reduce its debt stock and this suggestion, coming from a banker, is really something which one finds hard to understand.

Madam President, my concern here is that I have not really been able to obtain any real justification for any of the rule of thumb figures, the 60 per cent, the 55 per cent, what is the ideal percentage of GDP. There is no real justification given to us, and surely, in these enlightened days of sophisticated financial modelling, we should be able to better develop and to understand our own system because models exist all over the world to do these kinds of things. I mean, I have done some preliminary work in this area but this is not the time for that debate. Suffice it to say that notwithstanding Standard and Poor's ratings, or Moody's or anybody else's, we have to face the fact that the next dollar the Government borrows increases its risk and, therefore, the cost of financial collapse.

We have to be very mindful of what is happening all around us and, just recently, in Argentina particularly. Also, the next dollar that the Government taxes its local community reduces the returns to the private sector and therefore there is less money circulating for new investment. Therefore, if we assume that the money is really needed by the Government, we have to assume that the net

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present value of the expected returns on that borrowing is going to be positive. Then the limit of borrowing is reached when its marginal increase in financial distress equals the marginal decrease on investment of funds within the economy. So we have to weigh the two, debt versus taxation and decreases for investment and I do not know if we are really doing that efficiently.

Madam President, I would just close by encouraging the Government to please invest the time in the very near future in the development of a monetary policy that should include a justifiable limit on the debt level. However, in the absence of that policy, grudgingly I will support the two Motions, but I really would beg the Government to please let us get involved in developing a national policy and very soon.

Thank you very much, Madam President. [*Desk thumping*]

**The Minister of Science, Technology and Tertiary Education (Sen. The Hon. Danny Montano):** Thank you very much, Madam President. You know, I always enjoy listening to my colleague, Sen. Mark. He is always interesting and entertaining; and one of the things that you can absolutely count on is that he does not believe anything he says. [*Laughter*] However, I would just like to touch on some of the issues that he raised for the benefit of Senators in the Chamber.

One of the issues that he raised was the question of borrowing today and paying back with money that you are going to earn tomorrow. In other words, what he was talking about was whether, in fact, Government had the ability to pay back its existing stock of loans and the planned stock of loans and how that is done. The reality is, Madam President, as Senators on that side should know, having had six years in government, your borrowings are predicated on existing circumstances. I do not know of any other administration within my memory that was borrowing based on speculation about the future. The only thing that is speculated upon is that international events would remain more or less stable and that, because of certain initiatives that you take this year, you can expect increases in the economy and the growth of the country in subsequent years.

It is logical to assume that if you invest wisely within your own borders you would have a certain amount of natural growth of the economy. In fact, it is a tool that is used by almost every single business everywhere in the world. So it is not unusual for a government, central bank or a ministry of finance to say, "Well, based on the current level of activity in the country, based on the amount of investment in plant and equipment and that sort of thing, based on the fact that labour rates are falling, we can anticipate a growth rate in the economy of 1 per



cent, 2 per cent, 3 per cent or 4 per cent, as the case might be and, if that is the case, based on normal circumstances, we should be able to manage our debt stock without any special problems.”

The issue with regard to borrowing is not only the fundamental rule of thumb ratios that Sen. King was talking about, but whether the money is being spent wisely and effectively or whether the money is being wasted. Now, I will give you a little example. If you were to borrow one billion dollars to pave roads, just to pave roads, and, within six months of paving them, WASA comes along and digs them all up and creates a pothole for you requiring, you know, within the stretch of one mile—and I know of one situation where I had this, where, in a stretch of one mile WASA came along within six months of the road being repaved and dug it up in 13 different places. That stretch of road had to be redone within six months. Now, that costs a tremendous amount of money. Is that money being effectively spent in terms of the development of the economy or is it being wasted? That is the issue that you really have to pay attention to.

Therefore, in the terms of what you are talking about, should we be investing, should we not then be spending \$500 million investing in schools or a new university? Is that how we should be spending it? Is it then wrong to spend that as opposed to merely paving a road when no new roads are being built? Those are the issues that you really have to keep your eye on in terms of when you decide to allow a government to borrow money. Those are the issues because, basically, it is your money.

Is it that you have confidence that in the context of the plan of the administration, the Government is going to do the right thing or is the government going to do the wrong thing? Those are the questions that you have to ask. I do not propose this afternoon to deal with that issue. That, I think, has been adequately dealt with in the budget debate. All of the Government’s plans were laid out and I leave them there for you to consider.

One of the things he dealt with was in terms of the assumptions of the future cash flows or the future revenue streams of the country. He mentioned Atlantic LNG and I just want to touch on that for a moment. It would not be appropriate to have that issue as a debate in this Parliament. That is an issue for negotiation between two parties and should be left alone until they can sort it out. The position of our Government has been made very clear, and that is, we are not selling out the patrimony of this country. [*Desk thumping*] Furthermore, there will be no overnight minister millionaires who simply decide to facilitate a foreign investor for their personal gain. [*Desk thumping*] That is not going to take

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place. Therefore, we need to sit back and wait and see what happens and let us not try to pre-judge that situation. It is, in fact, very sensitive.

Sen. Mark went on to talk about the confidence in the local economy and he spoke about bankers. Well I do not know what Sen. Mark has been reading or to whom he has been talking, but I read the papers every week, as I am sure everybody else does, and now the three major dailies have a weekly journal where they deal with the business sector. From the time the budget was enunciated in October, every week you see many of the comments that are coming out. I did not bring any here this afternoon because every week it is the same thing. No matter to whom you talk, you realize that the banking sector and the private sector have tremendous confidence in the local economy. All the indicators are solid, and there is no cause for concern.

He did mention the question of terrorism and the question of war. We are a tiny island nation. We have no influence over whether the United States decides to declare war on Iraq or not. It may very well be that, if that comes to pass, there could be disastrous consequences on the world economy and, if that happens, then we, like almost everybody else in the world, would have to shoulder our burdens, but we cannot simply stop investing in the future because we are nervous that such an event might occur. We must invest with a certain amount of confidence and we must not be afraid. We must not be reckless but we must be bold, and I dare say that that is what we are, in fact, doing.

Sen. Mark also talked about the fact that proceeds of loans are included in the calculation of the country's surplus. While that is true, loan repayments are also part of the calculation, so at least it is like with like. Now, it is certainly not a normal calculation in terms of profits in the financial statements of a company, but the accounts of a country are not the same as the accounts of a company. In fact, the only country in the world that has moved its country accounts to be almost identical, and is using the same accounting rules as private sector companies, is New Zealand. It is a model at which, in fact, everybody else is looking, trying to figure out exactly how it can be done.

At this point we do not do that and it is simply done on a cash flow basis. It is cash in, cash out, and what the surplus is. So that you cannot just look at one side of the equation and say, "Well, it is lopsided", because the other side of the equation is: "Well yes, you are borrowing money but you are paying it back." So it is a capital receipt and it is a capital repayment as well. In the current year's budget, one of the things that appeared as if the budget was slightly inflated, if you would recall the comments of the Minister of Finance, is that we were to

borrow some \$4 billion of new money but \$2 billion of that was simply to replace the old debt at a lower rate of interest. So it was just—in fact, the increase in borrowings was only anticipated to be about \$2 billion. Even though we were actually borrowing \$4 billion, we were simply rolling the debt over with cheaper money. That is all there was to it. So that when you look at the amount of the country's debt, the \$2 billion that we are paying out goes against the \$4 billion that we are receiving.

He mentioned also the Dollar for Dollar Education Plan. Now, that falls under my portfolio and certainly we are going to have something more to say about that a bit later on this year and we have had a full debate on that plan. Suffice it to say that that plan is not a workable plan. It does not really work very efficiently in the sense that it provides help to students who already have the wherewithal to pay for tertiary education and those who need help do not qualify for any State help at all. That is the problem with this plan. So that, if you are very rich and can afford to pay the whole thing, you still get half from the State.

For the mid level that does need some support, it works; but at the bottom level, for those who cannot afford anything at all, they get no benefit at all. So obviously we have to bring some equity to the situation and those who can pay should pay and those who cannot pay should not pay and need a greater level of support. Exactly what will come out of it and exactly what the solution will be, I cannot say at this point. We have a team at the ministry and they are looking at a number of different alternatives as to how the plan might be enhanced and modified. It will not be scrapped. The students in the existing system will not be dropped, they will not simply fall out of the system and will not be abandoned.

The good Senator said also that people were losing jobs by the thousand—20,000 losing their jobs and so on. I do not know what he has been reading but the latest information coming from the Central Bank is that the unemployment rate has fallen to 9.7 per cent, which of course is the first time that it has fallen to single digits in decades. [*Desk thumping*] So I do not know what he is talking about. I just do not know what he is referring to but, quite clearly, it cannot be correct.

You know, he spoke also about investment and growth of the local economy and so on. One of the things that perhaps he does not understand—although I thought that he did because he had a minister of finance, when he was in government, who did understand the effect of stimulating spending, indigenous spending, in the local economy and he was fairly good at it as well. One of the things that this administration has done is reduce the income tax level from 35 to

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30 per cent. So everybody, individuals as well as corporations, has more money in their pockets. [*Desk thumping*] That is going to mean increased spending by the consumer. That is what will happen. It will also mean increased savings. It will also mean an increased ability to pay for education and health care.

So that it makes a tremendous amount of sense to do something like this and the reality is that if you talk to the people in the private sector, you will see what their reaction is to the drop in the income tax rates. The reaction is, confidence and looking for investment opportunities now. That is what they are looking for. They have been given the incentive under the aid of industry ordinance and they are looking actively for investment opportunities. Now, it does not happen overnight but it is definitely happening. I can tell you that. Everybody to whom I speak in the private sector tells me that they are going forward not backward. So I am not sure exactly what Sen. Mark is referring to.

The other thing that has been happening, as you very well know—in fact we talked about it in the debate on the other Motion a little while ago—is the fact that interest rates had been falling. With falling interest rates, it means that growth in your personal life, the acquisition of capital assets, is easier because the repayments are easier. So you have two sides of the equation. One is that you have greater disposable income and, secondly, your loans are easier to service and, therefore, what you will see happening, and what is happening, is that people are investing in capital assets, especially housing. That is one of the major planks of this administration, that the investment in housing will uplift the lives of thousands and thousands of our citizens.

He spoke about the protection of farmers and subsidies and Sen. King hit the nail right on the head. I do not think that I could say it any better other than to remind the good Sen. Mark that on an annual basis we subsidize Caroni to the tune of \$400 million and I rather suggest that that, as a percentage of our gross revenues, is much greater than the subsidy that the US government gives their people.

The overpass, much needed—he is pushing on an open door—but it was his administration, it was one of the ministers in his administration, that breached the tense tendering rules and caused that matter to get stuck in the courts of law. [*Desk thumping*] They got it stuck. We would like to have it built as quickly as we can but we are tied by the legal system. They have frustrated the entire country. [*Desk thumping*]

One of the last issues that he raised also was the question of the insurance risk by Lloyd's of London for terrorist attacks. Madam President, I do not know if

Sen. Mark was here in 1990 but the same thing happened in 1990 and the insurers treated that event in the same way that they would treat this, and that is, “You are not insured”. If you remember, it was a government, I think of which he was a part, that had to come up with a facility that the government supported to help refinance all the merchants downtown who were burnt out and lost most of their stock and their buildings and everything else because, while they had insurance, the insurers did not cover them for that kind of strife; and that is a norm in the industry. It is not new and it is certainly not an issue for the Government. That is an issue for the private sector. Buy the insurance that you want and you pay for it. It is not a government issue. So I do not quite know what his point was there.

So, Madam President, with those few words I would implore my brothers and sisters in the Senate to support the Motion so that we can get on with the business of the Government. Thank you very much. [*Desk thumping*]

**Madam President:** Senators, before we continue, on the point of order brought by Sen. Joan Yuille-Williams, I have here a copy of the *Hansard* and the remarks that were made and I would just read a few of them. “I was disappointed when the attorney General of this country made a very shameful and disgraceful statement”; and then Sen. Mark went on where in the last line he used these three words, “racist”, “disgraceful” and “shameful”. I am going to rule that these words be withdrawn from the record.

Hon. Senators, I think we need to be very careful in the way we crosstalk. I allow a certain amount because, I mean, it is part of it, but I think sometimes it is taken a little too far and it degenerates and then we can reach to this point where people say things that are not in the best interest of the Senate. So I think on both sides we need to take stock.

**Sen. Carolyn Seepersad-Bachan:** Thank you, Madam President. My contribution is going to be very short and it is more in response to some of the issues that Sen. Montano raised. I think what has been discussed so far are three main issues and those issues are based on the ability of the Government to borrow, what factors affect the ability of the Government to borrow. One is the level of the borrowing; two, in the case of the Government, the level of borrowings to the GDP, the ratio—which is the typical yardstick—and our ability to repay. I want to take the third point first because a lot has been said about our ability to repay and different perspectives have been presented thus far.

Madam President, like Sen. D. Montano, I would like to draw the analogy to a corporation when we talk about debt. Nothing is wrong with debt once debt is

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issued for the right purposes, once debt is utilized in the right way. Yes, you may say that I am investing in infrastructure like a road and then two weeks later WASA destroys that road. However, what is important is the intention of the investment that you are about to make. It is the same way that a corporation would enter into some form of debt and, at the end of the day, there is a risk associated and the returns on that debt may not be realized because of some factor which was not anticipated; and, Madam President, that happens every day in companies.

At that point in time, we still have to continue to service that debt and, in our planning, we estimate that there will be some debt that we will not be able to service; but, for all intents and purposes, the perception, the signal that we want to send is how we are going to use that debt: to invest in the productive capacity of the nation or, in the case of a company, in the productive capacity of that company or, in enhancing the potential revenue earning capacity, the future potential or the future revenue earning potential capacity of that company or that country.

That is where I wanted to bring this point because we have had so many discussions on debt—and this is a discussion that I do not think is restricted only to Trinidad and Tobago, it is a discussion that goes on globally as to how to utilize our debt in the best interest of the country. Madam President, I think we had made this point several times from this side of the Senate, I think during the budget debate, during the debate on the Finance Bill, that for all intents and purposes the signal being sent by the current administration is that they are not utilizing their debt to facilitate investing in the productive earning capacity of the country or in the revenue earning capacity of the nation. This is where we always maintain the UNC administration differed from the PNM administration, in their perspectives on the issue of debt.

That said, Madam President, the other issue I want to raise is that we seem to be going on and on about the issue of the surplus. I raised it earlier in the debate as to what the value of the surplus is and I do not have the piece of paper again on which it was written. I think I said we would have been in a deficit of \$210 million because there was really an artificial surplus. I was not aware of the article in the *Guardian*, nevertheless, I think what it is referring to—and I agree that probably we are not modelling after the New Zealand model for our national accounts, which Sen. D. Montano clearly stated is modelled after companies and, in such cases, your capital receipts would not be looked at or would not be deemed as recurrent or as short-term revenue, to fund what we call the short-term expenditure.

This is why the point, when I raised it, it is not so much about how it was reflected in the accounts, Sen. Enill and Sen. Montano, it is not how it was represented or what form of representation we use for our national accounting but more so the point that, when you say you have a surplus, it is really an artificial surplus because what happened at the end of the day, for whatever reason, part of your capital receipts were used to fund your expenditure to the point where you had a deficit. That was the point we were trying to make and I am sure that is the point that is being made by that article that Sen. Mark referred to, which he said was quoted by the Central Bank Governor, I think. So that, Madam President, I wanted to just clear up very quickly.

The other issue I know that we have been bandying around a lot is that of the debt, the GDP, the ratio, our typical yardstick. I think Sen. Enill said it was 55 per cent; we said it; some said it was 60 per cent and some said it was 66 per cent. When Sen. Mark was referring to 66 per cent, let me just put that in the proper context. There was a debt that was shown in the economy review document during the budget debate of 2001 to 2002, and in that there was the \$29 billion. However, what happened there is that that \$29 billion did not include the open market operations. When you add back in the open market operations you would find that it goes back up to \$37 billion which takes it to 66 per cent of the GDP. However, even if you leave out the open market operations you are going to find it is still 60 per cent of the GDP. I urge Sen. Enill to recheck those figures so that we could have some clarity on that issue.

Madam President, I think one of the issues that we wanted to deal with, which was presented on this side of the Senate by both Benches is really the programme of debt in terms of what is the Government's policy position with regard to debt. As I said before, it is not that we have a problem with debt but how you utilize the debt facility. As such, for example, because we are nearing such high levels of 60 and 66 per cent with the open market operations included in it, what you will find is that this is going to negatively impact on our current rating. Our current rating, if I am not mistaken, as somebody said—I think Sen. Enill—is still at BB plus—was it BB plus—which was what we had gotten some time ago and it was maintained this year. However, as Sen. Enill will know, we are not going to be able to maintain that current credit rating if we should move beyond that 60 per cent.

Now, what is happening, I think there was an issue somewhere by Moody's International Service in 2002, the global credit research on Trinidad and Tobago, which estimated the 66 per cent GDP in 2002 and projected 77 per cent in 2003.

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Madam President, if that is the case and those projections are realized, it is very clear that we will lose that credit rating and hence the reason this side of the Senate has been cautioning on this debt that the Government is pursuing in extending its borrowing limits. Again, as we keep saying, it is okay and, you see, I know everybody wants to say, “Oh, this was brought two years ago and it was brought in 2001 by the UNC”, but that is another point.

The point is, we are in a different time. This is almost two years. We are going into two years later and we must be able to respond in a dynamic and proactive way. We cannot say, because of what happened two years ago, that is good for today because, with what is happening globally, it is so dynamic that we have to be prepared to respond and to make changes and modify to suit the circumstances of our environment or the factors as they appear in our environment. So this is the reason I think it was advocated that the Government should re-look those levels at which they are looking for extending the borrowing limits.

According to Sen. Mary King, whereas those borrowing limits in the first two Motions would be neutralized, would be sterilized, these would not be. They actually add to the debt position. So unless the Government is clear that it is going to be utilizing that debt facility in order to send the right signal, that it is using it to invest in the revenue earning capacity or the productive capacity of the country, it should not be doing that. I think the point that Sen. Mark was making is that such debt cannot be used—we cannot be using such facilities for recurrent expenditure, for the creation of just short-term gains, in terms of increasing or trying to reduce unemployment which cannot be sustained. That is the point I think Sen. Mark was trying to make.

Madam President, it is very important for us, because, as we look ahead, there are so many uncertainties in the environment, as Sen. D. Montano outlined. Some of them could very well work in our favour because Sen. Montano says every day in the *Business Guardian* or the *Newsday* or all the dailies, the outlook is so good for us in terms of business activity when he looks at the local stock market. However, what I would like to bring to bear, Senator, is what about if you compare our performance relative to the international economy? By what has been happening in the international economy, with all the uncertainties and the threats they are facing, do you not think we should have been much further ahead? We should have been much further ahead.

People are still investing in our local stock exchange because they are afraid. They are afraid of the international economy and the uncertainties that are being presented right now and that has been one of the reasons. If you look at any of the



international financing institutions, they tell you Trinidad and Tobago is still going to come out ahead of the game or in a reasonably favourable position because of the uncertainties that are taking place there. Now, that does not mean at the end of the day that we are going to stop here and say, "Okay, we have reached point X." At the end of the day we must always understand our true potential. Are we tapping into the true potential of this nation? This is why we speak about past policies, past policy objectives and goals and are we continuing those policy programmes in an effort to say, let us maximize our potential as to where we are supposed to be.

Madam President, one last issue that I think the hon. Minister in the Ministry of Finance raised was that of state enterprises and the issue of accountability and transparency in the state enterprises division. I am just quoting what I put down here in my notes. He said there is going to be a number of programmes established to bring state enterprises in line to ensure that there is improved accountability and transparency and disclosure, and I think in the last administration there was the establishment of an audit unit. However, at the end of the day, Madam President, the Government has to understand that it will only get performance out of the state sector if it continues with the liberalization thrust that they themselves started at one time in '91—'95 and which they appear to be sending signals that they are reversing. This Government is doing opposite to what they did in '91—'95, and that is important.

Yes, the UNC administration improved. They have implemented a number of new measures and a number of new mechanisms, et cetera, they had an aggressive legislative agenda, et cetera, et cetera, to improve on accountability in this country, but, Madam President, I am not seeing that accountability. I am not seeing that transparency. I am not seeing the state sector being called into account. If you do not send those simple signals, no amount of audit unit that you put into the Ministry of Finance is going to assist or alleviate any of those problems. I say this especially in light of what has happened with the responses to the question on WASA.

I would tell the hon. Senator that had—I was a former chairman and, when they sat on this side of the Senate, the numerous questions that they brought to this Parliament on that state enterprise—and there was no excuse. We had to respond. My deadline was 10 days before the minister had to go to Parliament to respond. There is no motion to defer questions because all you are doing is giving the state enterprise an opportunity to say, "I do not have to account". What I want to know from the hon. Senator is, what has he done? With all the information requested, if he had picked up the phone and called the chairman of that state

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board or the CEO, he should have had that information in five minutes. You cannot tell me you do not know what is the cost of a function held at the Hilton. They are supposed to return that call within three minutes and give you that information; and here it is you are telling me that from since November to now we could not get those answers!

**6.00 p.m.**

The Minister did not have access to that information; I want to know. That is a simple example of accountability. It is either the WASA board has told him that they do not need to account to him; the CEO does not need to account to him; at the end of the day, he is not privileged to have that information, or it is simply that the Minister refuses to bring that information to the Parliament, which means that the Government does not feel that it has to account to this Parliament and that this Parliament is nothing more than a nuisance. [*Desk thumping*]

When we started talking about accountability and transparency, at the end of the day, it is not how much regulation and legislation, that will only assist, but it has to be the signals that we send. The PNM Government has got to understand that in this country there is a serious mismanagement issue which they continue to foster. If they want to be able to account to the people of this country, they have to get out and say, "Listen, the mismanagement has got to stop," and that is the point that we have been raising on this side of the Senate.

I thank you, Madam President.

**Madam President:** If there is no one else, I will call the Minister of Finance.

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):** Thank you. Madam President, let me just deal with the last issue first. Let me clarify an issue for this honourable Senate. The overall surplus is \$68.9 million, after taking into consideration capital expenditure of \$983 million. The way the accounts are structured is: revenue/current, revenue/capital, current expenditure and capital expenditure. It is not a point that I want to belabour.

I understand the point about capital receipts, but one needs, for completeness, to understand that is not the only issue that we need to deal with if we are dealing with restructuring the balance sheet. We really need to look at matching the capital, recurrent and then receipts. If we do that we would still find that the Government, in managing its expenditure versus its revenue, managed it in such a way that at the end of that process there was surplus revenue. That is the issue.

Madam President, in terms of the ability to sustain this over the long-term—the previous limit under the Development Loans Act was \$10 billion and at the end of September 2002 it was \$9.924 million. When the budget was presented there was a part of it that spoke to the issue of refinancing of high cost debt and the normal repayment activity on loans that had been taken before our time, as well as the external commitment to foreign agencies. It is this Act that gives the Government the ability to go outside there and negotiate loans to achieve this particular objective.

For example, the borrowing programme—the refinancing of debt at this point in time, cannot be achieved simply because there is no room under this legislation for us to go outside there and do this. In fact, the ability for us to go out and convert high cost debt into low cost debt is going to reflect a savings in our current expenses per year in excess of \$17 million and, to me, that is something that must occur. So we are simply saying, this amount of debt, \$2 billion, is now costing us “X”, if I refinance it during this particular period it is going to cost us less; that is to say, every dollar that we now receive, less will go towards debt repayment. I think that is an important principle, something we should support. The increase in the limits is really intended to deal with that.

The oil windfall on revenue—let me put on record how revenue is derived from oil. Oil companies are allowed, under the Act, to programme expenditure when they so desire. Therefore, whenever the price of oil is high, companies usually look at their expenses and programme those expenses, such that, when you receive the revenue, that is to say, revenue received less expenses agreed to, which the companies decide to, when you look at the take on that, your tax revenue from that is what remains.

One of the difficulties we had last year was that, notwithstanding that the price of oil was going up, there were also expenses, that is oil companies programmed within a particular period of time and, therefore, the question of additional revenue, as a consequence of higher oil prices, is only so if the companies themselves have no expenditure that they are programming. Usually what happens is that they use the high price of oil to reduce the exploration expenditure and in those circumstances the Government finds itself, at times, with revenue neutral as a result of the oil price. That is an important concept and people need to understand that, insofar as numbers are concerned.

Looking at the first quarter results in terms of what was programmed and our actual revenue, we are bang on target. We said that during the course of this year we were going to have revenues of \$15.7 billion. At the end of the first quarter,

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based on what we had programmed, we programmed 3.4 and we are at 3.4. In terms of expenditure, we programmed 4.2 and we are at 3.6. So in a real sense, Madam President, the plan that we have put in place and our ability to manage it as we move forward is on target. [*Desk thumping*]

One of the initiatives in the budget that came into effect with the passing of the Finance Bill was the question of giving to our citizens an incentive for savings. In fact, we have provided to the credit union sector an incentive for savings. The reason for that is because we recognized that as we move forward with the development of this country, many of our citizens are wage earners and they do not participate in the development of our society. Therefore, it is our intention to use that mechanism and others to stimulate in the economy a new culture of entrepreneurial activity supported by agencies that we have put in place.

While it may not be a perfect system, the Government recognizes that in order for our wealth to be more equitably distributed—so that what we found when we came into government, a significant amount of our population starving, will be, at some point in the future, corrected. Therefore, Madam President, that is the reason that particular initiative was developed.

There has been mention made of a particular statistic of 77 per cent by Moody's last report. What Moody's did was to look at the Central Bank report that had the debt plus public servants arrears. They used the aggregate of those numbers, projected it into a future and came up with the 77 per cent. We have since taken steps to correct that, because that is not the story. The real story is that they double counted, took information and managed it incorrectly and the Ministry of Finance has dealt with that particular issue. The truth is that the numbers we have quoted, in terms of debt to GDP, is closer to the truth and, that is, we are programming it at about 60 per cent.

Insofar as performance of the economy is concerned, it depends, I think, on whom you speak with, because our information, from as early as yesterday, was that all the economic indicators are moving in the direction that we had programmed it for and there is a significant amount of activity that will take place at this point in time. What is happening is that the negotiations are taking place, the individuals are talking, the dealings are being worked through and those issues are being dealt with.

The 55 per cent that we referred to is really an international benchmark, and to the extent that everyone else uses that particular benchmark, it is the benchmark

that we have used to bring our debt to GDP ratio down. Insofar as the manufacturing sector is concerned—that is where a lot of the activity takes place—quite frankly, from January 1 of this year, after the passage of the Finance Act, manufacturers who have lost the export allowance are, in fact, in a better position as a result of two initiatives; one being the accelerated depreciation and the other being the initial allowance. There is another article, I believe it was in last week's newspaper, which talked about the cash flow to members of the community as a result of that. It was extremely positive.

In a sense, Madam President, the Government's programme for the country has been articulated in the past, but just for the benefit of Senators I will elucidate.

The Government recognizes that as we move forward we need to get to the state where this country is a developed country. What we mean by that is that every citizen will have the right to education, health, and wealth-recreation activities. We have determined that in order to achieve that there are some specific sectors that we have to work with. We have said, for example, and you know this, that energy, manufacturing, agriculture and the people sector are the sectors that we will concentrate on insofar as activities are concerned.

Insofar as energy is concerned, we know that we need to look at diversification of energy. We are doing that. We are ensuring that oil and gas production continues and that Atlantic LNG capacity is built. So that is going to deal with diversification within the energy as it relates to energy receipts.

Insofar as manufacturing is concerned, we are working with the manufacturing sector. We are looking at Cotonou, Free Trade Area of the Americas and the World Trade Organization. There is a team right now working, not only locally, but also with the Caribbean countries, because we recognize two things. We recognize that the Caribbean economies and our own economy are intertwined and anything that happens to affect their economies would affect ours as well. Therefore, we are working with a group, at this time, to determine how, as a community, we can benefit from what is happening in the world today. That is progressing quite smoothly, while we are also looking at certain bilaterals and investment activities.

Insofar as agriculture is concerned, we have talked about that. The Caroni (1975) Limited restructuring is part of that activity. There are going to be some other initiatives that we are going to announce as it relates to moving that whole sector, from the stage where we need to put this kind of support in it and create a situation in which it becomes a net contributor.

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Insofar as the people sector and issues that we recognize as important are concerned, there are two considerations. The first consideration is this: The people sector will continue to develop, but we recognize in the short-term that there are two issues to deal with. The first issue that we must deal with is the question of poverty alleviation. There are two approaches to this. The first piece is to directly intervene into the economy, into the sector and put something into the areas where individuals have no access to any other kind of productive activity.

I heard criticisms about the National Entrepreneur Development Company (NEDCO) and some of the other things and the question that we need to ask ourselves is: Where were these individuals prior to this? The reason that these organizations exist is that there is a vacuum. There are a number of people in our society who need that support. We decided to do as follows: In agencies or organizations where we have activity, we will create opportunities for individuals. We will organize them in such a way that by giving them the activity they will be able to learn a skill and therefore be able to have a basic level of amenities.

The second piece of it is while they are operating with a basic level of amenities, we have another programme in which we are going to transfer skills to them so that those transferable skills would allow them to integrate into the wider economy and, therefore, would be part of the growth that is taking place. That is what will create the sustained activity. So it is a short-term programme and there is a long-term element to it and that is something that we are committed to doing and we are going to do it right. We have made some mistakes in it, but as we move forward and develop it, it is going to be sustainable. [*Desk thumping*]

Maybe the one thing that we have not done well is to articulate our positions very clearly. What this debate has said to me, quite frankly, is that we really need to be doing a better job at saying what we intend to do, because we have a plan that works. Those who have seen it, accept it. We have the business community. We have the labour unions. We have credit unions and we have all the elements of the stakeholders that we are talking to who understand where we want to be. Quite frankly, we really want to get to the stage where Trinidad and Tobago is a place that all of us, every single one of us will find that this is where we want to be, because the opportunities are here, and the way we govern and do business recognizes the right of every individual.

So, Madam President, and Senators, the facts are that the increase in these limits is really to assist us in reducing the cost of borrowings, in the first instance. To manage our operations, such that, where we need to do restructuring and developmental activities, we will have the wherewithal to do so and we will bring

to the table the transparency required, based on parliamentary oversight, by ensuring that what is currently available to us and every government, which is the letters of comfort route, is something that we will basically do away with. It is our intention, therefore, to operate by the rules and what we are asking for is support to establish these rules.

Madam President, as a consequence of those issues, I beg to move.

*Question put and agreed to.*

*Resolved:*

That for the purposes stated in the said section, the Government is hereby authorised to borrow money externally or internally in a further sum or sums not exceeding in the aggregate three thousand million dollars in the currency of Trinidad and Tobago.

#### PROCEDURAL MOTION

**The Minister of Community Development and Gender Affairs (Sen. The Hon. Joan Yuille-Williams):** Madam President, I rise on a procedural motion. In accordance with Standing Order 9(8), I beg to move that the Senate continue to sit until the conclusion of business on the Order Paper.

*Question put an agreed to.*

#### GUARANTEE OF LOANS (COMPANIES) ACT (INCREASE IN BORROWING)

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):** Madam President, I beg to move that Motion No. 4 on the Order Paper be now taken:

*Whereas* it is inter alia provided by subsection (1) of section 3 of the Guarantee of Loans (Companies) Act, Chap. 71:82, (hereinafter referred to as 'the Act') that the Government may, in such manner and on such terms and subject to such conditions as may be agreed between it and a lending agency, guarantee the discharge by a company of its obligation under any agreement which may be entered into by the company with a lending agency in respect of any borrowing by that company that is authorised by the Government:

*And whereas* it is provided by subsection (1) of section 4 of the Act, that the aggregate amount of all borrowings by companies that are guaranteed by the Government under the Act, shall not exceed fifty million dollars (without taking into account any amount in respect of interest, commissions and any other expenses secured by the guarantees) or such greater sum as may from

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time to time be specified by Resolution of the Senate and the House of Representatives:

*And whereas* by Resolution passed in the House of Representatives on the 14<sup>th</sup> day of May, 1979 and in the Senate on the 22<sup>nd</sup> day of May, 1979 an aggregate sum of five thousand million dollars was specified:

*And whereas* it is now necessary to increase the aggregate amount of all borrowings by companies that are guaranteed by the Government under the Act by a further sum of four thousand million dollars:

*Be it resolved* that the aggregate amount of all borrowings by Companies that are guaranteed by the Government under the Act shall not exceed nine thousand million dollars in the currency of Trinidad and Tobago.

*Question proposed.*

*Question put and agreed to.*

*Resolved:*

That the aggregate amount of all borrowings by companies that are guaranteed by the Government under the Act shall not exceed nine thousand million dollars in the currency of Trinidad and Tobago.

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

*Order for second reading read.*

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):**

Madam President, I beg to move,

That a Bill to vary the appropriation of the sum the issue of which was authorized by the Appropriation Act, 2002, be now read a second time.

The House of Representatives met on Monday, January 27, 2003 and agreed on a number of proposals relating to the 2002 accounts. These proposals included the write-off of over payments of salary and pensions, losses on government property and outstanding loans and accountable advances in the sum of \$1,461,551.20 under a number of heads of expenditure. It should be noted that the write-offs referred to above were related to the fiscal years 2001 and 2002. However, due to the inability of Parliament to meet during the period December 2001 to September 2002, the House of Representatives considered and approved those related to fiscal 2001. While the write-off of losses and over payments totalled \$1,461,551.20, it should be noted that \$1,273,000,760.65 was related to the period prior to December 2001.



The variation of the 2002 appropriation in the sum of \$858,978,623 was necessary to allow for the retirement of warrants issued under the Contingency Fund for fiscal 2002, advances for Treasury deposits for fiscal years 2001 and 2002 and to bring to account debit advances drawn on the Treasury Suspense Account held by the Central Bank. It should be noted that the overall reduction in expenditure realized under the various heads of expenditure is \$1.6 billion and the variation of \$858,978,623 is being met from the reduction in these heads.

I need to repeat this, because, from time to time, there have been suggestions about massive spending, inappropriate spending and all kinds of allegations about spending. The truth is as follows: There was an overall reduction in expenditure that was realized under various heads of expenditure to the tune of \$1,635,048,657 and the variation that is being sought now is for an amount of \$858,978,623. This is being met from the reductions in the heads that are contained in Part II of the Bill. These savings were realized primarily as a result of the failure of the Public Services Association and the Chief Personnel Officer to finalize negotiations in the fiscal year 2002, the failure of Parliament to sit for much of the fiscal year and delays experienced on projects under the Public Sector Investment Programme.

The House of Representatives approved an increase under Head 6, Service Commissions, in the sum of \$27,000,256 to bring to account amounts drawn down on a Fincor financing facility related to the implementation of an integrated human resource information system throughout the public service. This particular system is required because our ability to move forward as a nation is based on our ability to understand our human resource requirements and to plan for them. The system that currently operates cannot do what is required, therefore, this particular system and this particular facility were used for the benefit of the public service and our public servants.

Under Head 8, Elections and Boundaries Commission, approval was given for additional expenditure in the sum of \$7,025,982, to bring to account advances from the Contingency Fund to meet expenditure related to the 2002 General Election. Approval was also given for additional expenditure of \$574,968,647 under Head 18, Ministry of Finance. This amount represents the payment of \$12,714,371 in severance payments to Tanteak employees and \$562,254,276 to bring to account debits raised against the Treasury Suspense Account based on Trinidad and Tobago's financial obligations to the International Monetary Fund (IMF).

Madam President, the IMF's usable resources consists of currencies of members with strong balance of payment positions and special drawing rights, which are reserved assets created by the IMF and allocated to members, in

proportion to their quotas, to meet a long-term global need to supplement existing reserved assets, which the IMF could allocate periodically to member States, when the need arises. The IMF determines which members are in a sufficiently strong external position to meet currency exchange obligations. Conversely, the IMF makes general resources temporarily available to members that experience maladjustments in their balance of payments, without resorting to measures adverse to national or international prosperity.

In this regard, Trinidad and Tobago's favourable balance of payment position qualified it as a member from which special drawing rights could be drawn down to lend to economically disadvantaged member nations. This is in accordance with the agreement between the Government of Trinidad and Tobago and the IMF. It should be noted that the Government cannot readily anticipate the nations that would need funding nor the amounts that would be required by the IMF for lending purposes.

The promissory notes that have not yet been processed by the Treasury, total \$163,394,736.76 for the 2001 financial year and \$411,566,764.31 for the 2002 financial year. The IMF counting deals with this transaction in the same manner that it deals with financing issues and, therefore, it is considered as a financing issue and it does not impact the current expenditure.

From an allocation of \$20 million in the Estimates of Expenditure, \$7,292,774.34 has already been processed, leaving a balance of \$12,707,225.66, accounting, therefore, for a shortfall of \$562,254,275.41. The House of Representatives has now approved the additional funding. Transactions with the fund are directly connected with the management of the country's international reserves. The payment of these sums to the Central Bank of Trinidad and Tobago to enable the encashment of these promissory notes represents an increase in Government deposits with the Central Bank. The Central Bank in turn would have used these resources for the encashment of the promissory notes. It should be noted that these transactions occurred over the period February 2001 to July 2002 and do not affect Government's stated fiscal position.

Under Head 40, Ministry of Energy and Energy Industries, the sum of \$142,558,700 in additional expenditure was approved. This expenditure is necessary for the retirement of advances from Treasury deposit accounts for the purpose of meeting the petroleum subsidy payable to petroleum wholesale distributors in order to maintain the current retail price of gasoline. This is a benefit to all our citizens, where the Government takes the position that gas will be maintained at a particular price, and this is the cost to us for it.

Under Head 45, Ministry of Community Empowerment, Sports and Consumer Affairs, approval of additional expenditure of \$107,169,348 was given. This expenditure is related to the retirement of Treasury deposit warrants with respect to payments to the Central Bank as reimbursement for the encashment of old age pension cheques, arising out of the increase in old age pension from \$800 to \$1,000.

In closing, I wish to remind Senators that the variation of appropriation as is being presented does not increase the 2002 appropriation already approved by Parliament.

There is one other issue, Madam President. I am aware that at the beginning of the debate there was concern about the late receipt of documents. For the record, we would like to state that the documents were made available with the schedules and, as far as we were aware, they were, in fact, in circulation. I think I just needed to make that point. *[Interruption]* I made the point that the documents and the schedules, as far as we are aware, were in circulation. I understand that they were not received. On our side, they were submitted on Friday.

**Sen. King:** Madam President, we got ours last night at 9.30 and the spreadsheet we got on Saturday afternoon. We have had very, very little time to explore.

**Sen. The Hon. C. Enill:** I just wanted to make the clarification to hon. Senators, that both documents were available at the same time, from the Government side.

I beg to move.

*Question proposed.*

**Sen. Wade Mark:** Madam President, I would begin by recording our disappointment at the late delivery of such an important document as the Finance (Variation of Appropriation) (2002) Bill.

I have listened very carefully to my colleague, the hon. Minister in the Ministry of Finance, and, maybe, we need to do our business, with your leave, Madam President, somewhat differently. It is really unfair to us on the Opposition Benches and, I guess, the Independents as well, to have these documents delivered in some—In the first instance, I got the schedule on Saturday and then late last night I got the Senate document, which the Minister displayed. If we are to make a meaningful intervention and intelligent contribution to a debate as important and as critical as the one we are dealing with at this time, I think that we have to do our business differently in the future.

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The Government of Trinidad and Tobago, the ruling PMM, would have known that this matter had to be debated long before today. But we have observed a pattern of behaviour: everything is a rush. So we are called upon to debate an important matter like this Bill, and we have had no time to study it. To get this Bill and this Senate document at 9.00 p.m.—and some of my colleagues got theirs today when they came to this Parliament, some got them late last night—I really feel that we are not being treated properly.

It took the technocrats in the Ministry of Finance, a couple of months to prepare these weighty documents, but we are being called upon to debate these documents within the space of 12—16 and, in some instances, 24 hours. I describe this as disrespect for the Parliament and for you, Madam President. It is disrespect and total contempt for the Parliament and, particularly, for those of us who sit on this side.

It tells us that we are being seen as rubber stamps. We are being seen as, “We don’t care about you; you can have your say, the government will have its way”. That is the motto of the Government: The Opposition will have its say, but the PNM will have its way. So they do not care about us, and it is not us alone. We are part of the government and we represent, in a way, although we are not elected, we were nominated, but we are here to debate and to discuss the nation’s business. How can we do it, when we are treated with such contempt and disrespect? I hope that this is the last time we would be subjected to such humiliation and embarrassment.

When we speak about an Executive dictatorship over this Parliament, this is what we are speaking about. We are supposed to be overseeing the activities of the Executive, but the Executive seems to be in charge of this Parliament, because of the framework of our Constitution, and the Parliament is simply seen as a rubber stamp, because they know that, at the end of the day, we could talk how much we want, the PNM has the majority. They have 15 Senators, we have six, so they could pass this piece of legislation. We are debating this matter under protest. I want that to be recorded. We cannot continue with this humiliation; we cannot continue!

I would have liked to make a meaningful contribution. I mean to say, Madam President, I would try my best, but if I had the opportunity to research this in a detailed way, I would have been able to bring to bear a kind of level. It is not to say we will not try, but we are very, very disappointed.

When I looked at this document, I could not even prepare notes. I just have to go through this Bill as it is before me, no research, shooting in the dark; I do not

know what the facts are. [Laughter] Madam President, I am going to concentrate on you now. I am not going to look at this lady, my friend, Sen. Yuille-Williams.

When we look at page 1 of the document, where we deal with expenditure, we have increases, as you would have noticed, in the areas that the Minister outlined. I want to tell the hon. Minister that, on our side, we have no difficulty with this expenditure for the Service Commissions, because we know the importance of public service reform. We know the need for the introduction and application of modern technology in an effort to speed up the process to make, for instance, decision-making more efficient and effective. This Human Resource Information System (HRIS) is something that we promoted when we were there. I am happy to know that under the development programme of the service commissions we were able to, at least, invest this sum of money in order to continue this project. I would like the hon. Minister to tell us where that project is at this time because, based on the information I have seen here, it seems to me that in the Service Commissions Department, which is supposed to be the agency responsible for coordinating this particular project—there is a lack of space. They need better accommodation in an effort to function and to give this system some kind of justice in a real way. That is the impression I got. There was supposed to be a pilot project involving a couple ministries and I do not know where this particular matter is. Maybe the hon. Minister can help by telling this honourable Senate where we are with this HRIS.

We feel that there is need for the public service to operate in an environment where the level of paper pushing should be reduced significantly. What we were thinking about and what we were beginning to do in the public service was to establish a communications backbone, where we would lay the basis for what is called the introduction of electronic government; where we would create a paperless environment in which we could wire the entire public service. Singapore did it quite in the 1970s. We are here in 2003 and our public service, largely speaking, is manually driven; that does a lot of injustice. [Interruption] I will not be disturbed by you, but I want to tell you that we did a lot. The reason we are debating this HRIS is because of our initiative. We initiated the HRIS concept and we are happy that it is here.

Madam President, we have to focus on a new value system, a new culture, a paradigm shift, because we know in our public service there is a mindset. Old habits, Sen. Yuille-Williams, die hard. We know the kind of struggle that must be carried out in order to take public officers from one level to the next.

I would like the hon. Minister of Public Administration—he is not here today; he is somewhere in New York or Washington, and his visit will end up zero, no

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progress there—but the important thing here is that I would like the hon. Minister in the Ministry of Finance to look at the question of reintroducing into the public service what we had done called the “National Public Service Week”. That used to generate a certain kind of patriotism within the family of the public service. If you are talking about changing values, norms and cultures, you have to always recognize people; people must feel that they belong. When that programme was introduced, the public officers took to it and a culture begun to be imbibed in the consciousness of the public officer and, therefore, the customer service concept, treating the public with courtesy, decency and dignity. So that when a customer—whether it be Sen. Mark or Sen. Yuille-Williams or who have you—goes to the public officer for his or her service, they would get efficient, prompt and courteous attention. That is what we were trying to do.

We believe that this measure under the Service Commissions, the introduction, application and continuation of the HRIS, is a very important initiative in an effort, as I said, to speed up the decision-making process, both for the Minister, the senior managers and the ordinary public officer. You speed up decision-making.

Madam President, I can tell you that when I was the Minister in public administration, on St. Vincent Street where the Service Commissions Department is located, they had about two floors stacked with files right up to the roof, about say 10 feet high with people’s records from 1930 and 1940. That is the system we have in our public service today. That is why we moved efficiently, quickly and speedily to get this HRIS in, so that when someone is about to retire, the system would facilitate that person months in advance; you could plan for that. You could talk about “succession planning” or “career path”, as the case may be, but in the absence of efficient systems, you have a lot of chaos, confusion, slow decision-making and inefficiencies, and that is a cost to our country.

The public service plays a very fundamental role in competitiveness in any economy, because it is very critical in the context of moving an economy from, let us say, a certain level to another and, therefore, we must treat those public officers with dignity. We must reward them properly and we must root out the inefficient ones. This is a country in which, for instance, if we want to be a global player, the role of the State, the public service and the public sector is absolutely important and essential, so we need to look at it.

Madam President, I do not have a problem with the Elections and Boundaries Commission (EBC). I do not think even the PNM has a problem with the EBC. They had a problem before they won. They used to attack it left, right and centre and

say that the EBC and the Chairman of the EBC, Oswald Wilson, was a creature of the UNC. I am glad today that all the attacks and assaults have died down. Therefore, we are happy that the EBC was able to get its \$7 million, so it has conducted the elections, which, if the PMM had lost, it would not have been free, it would not have been fair and they would have said it was filled with fear. Now that they are on the other side, they are happy like pappy; they are glad. Rennie, I know that, “doh” worry boy.

Well, the Minister has explained why the Ministry of Finance had this increase of \$574 million. Trinidad and Tobago, he tells us, is now an investor in the IMF. So we are now providing support to the IMF so it can give some support to the less fortunate countries that are experiencing balance of payment problems. So that is why we are no longer a country that can ask for any special assistance from international agencies. They see us almost like a developed nation, in many respects, based on our economic position.

I am also happy that they have paid some \$12 million in severance payments to Tanteak employees, because we knew for a fact that there were some problems affecting those workers. I would like the hon. Minister to let this Parliament know what is the current position, re: the sale of Tanteak. I know there was some kind of effort when we were there to get rid of—when I say “get rid of”—to privatize, to divest Tanteak. [Interruption] No, well, in privatizing, as you would know Rennie, you must have some dislocation. [Laughter] We are not “privateers”.

**Sen. Dumas:** So it is not for spite. [Laughter]

**Sen. W. Mark:** No, this operation—[Interruption]—Madam President, if I may address you, I can tell you [Laughter] that there is a history behind Tanteak and we know for a fact that there was some altercation, some difficulties and problems but, at the end of the day, this particular matter was put to rest. I understand that there are new proposals before the Government, coming from the trade union movement: the Oilfields Workers Trade Union (OWTU), the National Union of Government and Federated Workers (NUGFW), they want to buy Tanteak, to get into business. I call on the Government to treat with the trade union movement equitably and to stop playing political games with them. [Laughter]

Madam President, would you believe that the Government has a policy for some sections of the trade union movement to place them on boards and another section of the trade union movement they say “is UNC”. The doctors are Indo-Trinidadians, so they say that they are supporting the UNC, so every Indo-Trinidadian who might be in support of the PMM is being categorized as UNC. [Crosstalk]

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Anyway, Madam President, I would like the Government to stop pussyfooting and playing games with the trade union movement. We believe that if we are serious about 2020—you have a vision 2020—you must have participation Danny; you must have involvement. The workers who are the creators of wealth and the generators of income, are not being taken on board. When we were there, we felt that in an effort to deepen, strengthen and promote industrial democracy at the level of the workplace, there was need to ensure that there was worker representation and participation on all state boards. We put a worker representative on almost every state board. [*Desk thumping*]

As soon as the PNM came, they removed every single one and then went to bed with a couple of them and said, “Listen, ah go put this one; ah go put that one.” What they have done is to discriminate against the National Trade Union Centre (NATUC), because they feel Cabrera is a UNC; they feel Guiseppi is a UNC and they feel the leadership of NATUC is, basically, UNC and once you are a UNC, “yuh” dead in this country under PNM. [*Crosstalk*] I am saying that is wrong; it is wrong. [*Crosstalk*]

That is why when I addressed the question of NEDCO, my colleague and friend Conrad, I was talking about discrimination. [*Interruption*]

**Madam President:** Please address Senators by their full names. It is not “Rennie” and “Danny”; as friendly as you may be with them, please let it be Senator so and so.

**Sen. W. Mark:** I bow to your ruling—Sen. The Hon. Conrad Enill. Madam President, I was making the point that when I raised the question about NEDCO, it had to do with discrimination, not the concept. We feel that in any economy the drivers of development and progress are really the small business people. So we have no problem with the emergence or evolution of small business entrepreneurs. We would welcome that; we would encourage that; we would support that, but what we have difficulty with is the discrimination on the part of the PNM.

**7.00 p.m.**

This is why I am saying when we settled the \$12.4 million severance payment to Tanteak employees, it was a very positive step. I call on the Government to put back trade unions on state boards. Put them back!

Ask Sen. the Hon. Dumas, who was a former teacher and trade unionist with TTUTA, he knows, and I do not know how he can sit in a Cabinet and allow the Prime Minister who appears to be anti-worker and anti-trade union to be discriminating against the trade union movement. I am ashamed. I have respect



for the Minister, but I do not understand why he does not stand up for the trade union movement whilst he is in the Cabinet of Trinidad and Tobago. The trade union movement and the workers know and defend their interest and they know who their friends are.

Madam President, we go to further increases and we have no problem with the subsidies because we feel that is a good thing. We say the Government should go further and reduce the price of gasoline in this country to poor people, especially diesel fuel where you have transportation as being the centerpiece of activity. If you want to reduce the cost of living, we feel that the reduction of diesel would go a long way in reducing the cost of transport, food and other basic essentials at the end of the day. I am saying it may, not that it will, because in Trinidad and Tobago you know how things operate.

Madam President, the \$107 million, which the Minister indicated had to do with the increase in old age pension from \$800—\$1,000. Again, this was done illegally as you are well aware. This is a Government—as you know—that is very reckless in many respects. It wanted to win at all costs and it utilized its opportunity in office to “ramajay” and have a good time and this is what happened with the \$107 million. They gave the senior citizens \$1,000 and at the end of the day when they were expecting \$200 more in this financial year, we were told they would revisit that in the future because they are now in office.

Madam President, I would like to quote what the hon. Prime Minister said on page 24 of the 2003 budget:

“Mr. Speaker, my Government’s position on providing for the aged is simple, clear and unambiguous: we must continue to provide a floor of protection to this vulnerable group. We will maintain the present \$12,000 per annum to all 63,000 beneficiaries. However Mr. Speaker, this annual amount will be kept under review to enable the elderly to always maintain a reasonable standard of living.

Mr. Speaker, our pension arrangements need to be rationalized.

In addition to the basic pension represented by the Old Age Pension, we must have a second level that will provide adequate pensions to the working population. We are in the process of evaluating recommendations on pension reform with a view to providing the national community with a comprehensive pension reform framework for wide consultation.”

Madam President, the hon. Prime Minister indicated that he is going to keep the \$12,000 under review but the elderly were looking forward to getting another \$200 in October.

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We go now to decreases. The Ministry of Integrated Planning and Development which, as you know, is now the Ministry of Planning and Development, we are told that ministry had a reduction in expenditure of some \$22 million and the reason for that saving had to do with delays in the execution of a number of development projects. So our economy could have grown by more than 2.5 per cent if the Government had taken some time to focus on the implementation of its development programme under the Public Sector Investment Programme (PSIP).

I do not know what these projects are, maybe when I go through the documents—as I said Madam President, I did not have the chance to go through the entire document and maybe the hon. Minister can help me. Maybe one of the reasons our country did not grow at the rate it was supposed to grow was because of the suppression and the lack of implementation of key projects in this country. Why this took place? No information has been offered. What were those projects? Madam President, I may see it later as I go through the document. So \$22 million was not spent on a number of development projects.

We go on further to decreases. We see the Ministry of National Security headed by Sen. the Hon. Howard Chin Lee having its amount reduced by \$124 million and the reason advanced for this sum: “no negotiation has been finalized between the Chief Personnel Officer (CPO) and the Public Services Association (PSA).” Did the Government not have an idea long before that the negotiations would not have been concluded?

If they were doing their homework properly they would have been able to forecast that negotiations would not have been concluded and, therefore, this \$124 million could have been used elsewhere. What about the payment of increased salaries to second division fire and police officers that was lower than projected? It is said a number of contracts were awarded in 2002, but delivery and payment effected in fiscal 2003.

Madam President, do you recall in the year 2002 Trinidad and Tobago experienced a virtual nightmare as it related to crime in this country? Crime was rampant, runaway. A total of 171 citizens of this republic were murdered in 2002. My information is that close to 30 persons were kidnapped in 2002. There was uncertainty and nervousness that visited this country during that period. How can we have a situation where, because of the circumstances of crime in this country, the Government was able to save \$124 million? That money did not go to the Ministry of Health and I am sure the Minister of Health would have liked to have some of it to help him with the problems in the health sector. Why did the

Government not properly forecast that because of circumstances in the year 2002 they would have been able to have a savings of \$124 million?

Madam President, I am not saying it would have happened, but maybe lives could have been saved. Maybe moneys could have been allocated to the police so they could perform their duties more efficiently and effectively but \$124 million is saved and we have some excuse here.

When we go to the Ministry of the Attorney General's office, \$11 million was also saved and one sees that comprises of approvals for acting arrangements, delay in receipt of designs for the construction of the Sangre Grande Magistrates' Court, proposals for the establishment of a population registration system were not finalized, and the rental of the Huggins Building was suspended pending review of an agreement. We know that moneys like this, saved at the level of the Attorney General's office, could have been put to use in some other ministry like the Ministry of Health and even the Ministry of National Security, if there was no use for them at the Attorney General's office and Ministry of Legal Affairs but the money was used, as you would know, for other purposes.

Madam President, we look at the Ministry of Agriculture, Land and Marine Resources. Agriculture, as you know is in serious trouble in our country and the Minister has indicated to us that the Government intends to do something to kick-start that sector, yet \$58 million was saved in 2002.

Could the hon. Minister indicate to this Senate if we need to bring legislation to the Parliament to have a daily-rated worker group pension plan effective? I do not think so. But they are saying that one of the reasons they were able to save money is because this plan was not enacted. Is this a fact? I would like the hon. Minister to tell us whether legislation is needed for this particular pension plan. I do not know, but somebody would have to advise me on this matter. Maybe he can tell us what is the current status of this pension plan for daily-rated workers. Is the plan now in force? Is legislation to come? What? They said they had to save \$58 million because of this matter and, of course, payment to the United Nations body and that sort of thing.

Madam President, as I said, agriculture is in a state of decline in this country; praedial larceny is rampant and that is why I am saying if Government had any commitment to agriculture and national security, even if it saved this money, part of it could have been given to the praedial larceny squad. Of course, it would need to be expanded because I understand it is a very limited force they have in the country and they have to really patrol many areas.

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The Ministry of Education—the hon. Minister is here and we see where the ministry did not complete the processing of payment of increment for teachers during the fiscal year. Maybe the hon. Minister can tell us whether that process has been completed and whether all teachers have now received their increment for fiscal 2002. I do not know.

Delays in the construction of a number of secondary schools and in the execution of a number of development projects. What were those projects and the schools that were delayed? I guess if I look through the document I may see those things but because of the fact that I got it a couple of hours ago I could not go through the entire document. I am debating under duress and protest and trying my best to make sense of a very important document but I will not flinch from my duty, nor abdicate my responsibility to the people of Trinidad and Tobago. [*Desk thumping*] So I will go slowly in a very measured way to understand this document before me.

I would like the hon. Minister of Education, a very charming lady—I do not know if I may say so—to tell us what were the delays in the construction of a number of secondary schools in this country. We know that our children are still in many instances subject to the shift system and one of the policies of the UNC was to deshift the junior secondary schools. I know this is the policy of the Minister of Education as well, to deshift, because we want our children to go to school at 8.00 a.m. and return home at 4.00 p.m. We do not want them to be exposed to the terrorists, criminals and sick-minded people who are there and actually stalking our daughters and children. That is why the deshifting of the school system was so important and I would like the hon. Minister to tell us what caused the delays in the construction of these schools. Where are/were these schools located and as it relates to the delays in the execution of a number of development projects, could the hon. Minister indicate what were some of the factors or problems? Maybe she has overcome these delays now. I do not know.

Madam President, I skip the Ministry of Information Communication because I know that is another area and I will leave that for someone else.

Under the Ministry of Enterprise Development and Foreign Affairs, \$85 million. We have Sen. the Hon. Martin Joseph, a very bright person especially in “mamaguying” people in places like Ortoire/Mayaro, Tunapuna, St. Joseph and San Fernando West. Very good! In fact, he got promoted for that, that is why he is here today.

Madam President, you cannot tell me that the Government of this country could not have forecast that no settlement could have been reached between CPO

and the PSA. It allowed a situation to develop where \$85 million that could have been sent to the Ministry of Health, or the Ministry of National Security to buy more vehicles to provide more technology for our police officers—

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

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

*Question put and agreed to.*

**Sen. W. Mark:** Madam President, I am long this evening because the documents were delivered so late that I have to really go through them slowly. I am sorry if I am being unfair to you because we could have been finished at 9.00 p.m., now we have to go maybe to midnight.

Madam President, maybe the hon. Minister can tell us what led to this question, and what steps are being taken by the Minister to ensure we do not have a repetition of this? What systems are going to be put in place to avoid that in the future?

Seeing that I have 15 minutes more, I will have to deal with some other matters. What I found quite interesting and maybe the Minister could advise on this matter, is the transfer of funds between sub-heads under the same Head of Expenditure. If I recall, the hon. Minister of Finance approves that. Madam President, \$308 million was transferred between heads. When you look at some of the shifts—I see for instance the Prime Minister's office and on page 12 you will see under Statement of Approved Transfers, Goods and Services was suppressed. General Administration, and Expenses close to \$1 million, \$914,000. Where did it go? It went as an initial payment to the chairman and members of the Commission of Enquiry into the Piarco Airport.

Madam President, I learned only recently that another extension was granted to May. I believe that when these people are finished each one would be a millionaire. You have to allocate \$914,000 just to start. I asked a question—I do not know when it would be answered, but I hope it will be answered soon—on this particular matter.

If you go to page 15 under the Ministry of the Attorney General and Legal Affairs you see where there was a suppression of \$14.7 million or transferred to another sub-head in that ministry. I saw a Vote, Consulting and other Contracted Services of \$14 million. What is the explanation for that? Who got that money? Is the hon. Minister in a position to tell this Senate who got this \$14 million? I do

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not know, but I am being asked to approve a document and I do not have the information. Where is the information? Where is the transparency, the scrutiny, and the probity? This Government always speaks to the issue of being cleaner than “squezy”, but we do not have the information and are being asked to approve and support this. How can we?

Madam President, I see the frequent flyers, official overseas travel and as I go further I see where \$1 million was transferred from one sub-head to another sub-head under a Head of Expenditure amounting to \$1 million. Frequent flyers, \$203,000, very small in relation to the transfer that took place in the Ministry of Agriculture.

All I would like Sen. the Hon. Conrad Enill to do is tell this Senate what were the consulting and other contracted services. Who got the money? Friends of the party, relatives? Who? We do not know, but we must approve this. It is like signing a blank cheque.

We go to the Ministry of Agriculture, Land and Marine Resources and this is the scandal of the year. Sub-head again, travelling, \$1.4 million. Where did they travel? To Mars? Who is going to answer this question? Where did they travel? Is it overseas, or Tobago? I did not see overseas travel, I just see travelling. Where did they travel? Space?

Madam President, while all of this is taking place they are retrenching workers. I remember hundreds of supporters of the UNC were dismissed from whatever workplace. Do not talk about the Unemployment Relief Programme (URP).

**Sen. Yuille-Williams:** Could the Senator turn to page 25? Under “The transfer of funds was required to meet the following”—look at (b).

**Sen. W. Mark:** What is the travelling about?

**Sen. Yuille-Williams:** I just want to draw your attention to (b).

**Sen. W. Mark:** Yes. But I am not seeing the travelling. It says:

“(b) arrears of travelling with respect to fiscal year 2001 which was paid in 2002;”

What are the details? We want the details. You are asking me to approve something and I do not have the details. It might be legitimate, but I do not know.

Consulting and other contracted services \$612,000, was this in the year 2001 or 2002? Were your friends and family brought in to work? I do not know. Can you answer? We are just asking questions.

Madam President, if one looks at page 17. This one beats all; I think we are now qualifying this one. Under the Ministry of Enterprise Development and Foreign Affairs the frequent flyers are joyriding, having a good time. Official overseas travel in one ministry, \$1 million. [*Crosstalk*] It is right here on page 17, Head 32. Official Overseas Travel to where? I am seeing where it is removed from one area to the next. So it is moved from Miss Universe Pageant and—[*Laughter*] I am asking who travelled there? What was their purpose for \$1 million. You all are laughing, but while you are laughing people are crying, people are starving out there, they are hungry, but you all are laughing. Having a good time joyriding.

Madam President, I see on page 18 Development Programme where about \$2 million was suppressed under the Ministry of Transport. They said it was supposed to deal with subsidies, Port Authority and coastal steamers so they have an excuse.

We go to the Ministry of Housing and Settlements for Consulting and Contracted Services, \$400,000 that is to bring in their friends and family during that period and send them to places like Ortoire/Mayaro and places like San Fernando West. The Ministry of the Environment, \$180,000 for consulting services.

Madam President, I am not too sure and maybe the hon. Minister can guide me. On page 19, under the Ministry of Infrastructure, Development and Local Government we had something called severance pay and retirement benefits. I am a unionist who like to see fair play, I want to find out what this was about. Could the hon. Minister say whether it was for people who had reached the retirement age, or those who were retrenched in 2002? The only time severance is paid is when workers are retrenched. How many workers were retrenched?

Did the Government embark on a programme of retrenchment in the year 2002? I ask this because they are saying that the applications were more than they anticipated. Did it take place in 2001? [*Interruption*] We need to get some answers from the hon. Minister.

Sen. Dumas is being disrespected by the CEO of WASA and I hope next week he does not tell you, Madam President, that he cannot answer again. Madam President, he is my good friend, but he is under pressure.

As I said, I am trying to go through this document the best I can. It was a bit painstaking because I could not do justice to it. Normally, I would take my time, specialize in a particular area and deal with a particular subject matter. Today, I had to deal with everything because I could not do justice to it given the time frame.

I thank you for letting me make my contribution and I hope that the hon. Minister of Finance would be able to supply some answers to some of my queries

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and, at the end of the day if we have answers to our questions, we may consider giving support to this Bill.

**Sen. Dana Seetahal:** Madam President, for the last year or so we have been hearing from the Government that the 2002 budget was not exceeded, in fact, despite the many new programmes which were introduced in 2002 they kept well within the spending, and despite rumours to the contrary that they exceeded the budgeted allowances, they were not doing so. Therefore, they deserve a lot of praise for that happening. That might well be so, but there are two things that concerned me when I looked at the details of the expenditure.

The first thing which is not really premised on this, but is something that I find happening and I read about it happening before, you have an appropriation bill passed and it states there should be certain expenditure under certain ministries. It seems to me that for the many years, 2002 as well, whatever government there is, transfers funds—transfer may not be the right word—they exceed, an increase in one ministry and decrease in another ministry and now we are being asked to validate that.

What in effect has happened is that the Government—and I am sure other governments have done too in the past—has broken the law. They have really breached the terms of the last Act and now we are being asked to retroactively say that it should be legalized. I find that very hard to accept, the fact that it happens so frequently and it is just a mere matter of form to come here and say: Okay, let us have your agreement.

As a lawyer I find that difficult to condone because if we are talking about things like zero tolerance, and that people must obey the law and all that, I think there should be some kind of example and I really think that all governments, including this one should not so lightly take the fact that it has really breached the Appropriation Act and now wants us to agree to that. That is just an observation that I think has merit, because it is something that no one really bothers with. We just come here and get it done.

The second and more important point is, I think we ought to look at what was the sacrifice in 2002 so that we could fund other things—“we” as in the Government. As a citizen of Trinidad and Tobago, I connect myself with the “we”. The first thing that you see running through the transfers is the nonpayment of the arrears for the public officers, the increased salaries, for the reason apparently that this was not approved before September 2002. So you have millions of dollars allocated for this purpose which were used elsewhere.



One would think that since at some point in time these arrears would have had to be paid that a person—just like a sensible housewife—would retain that sum to pay when the time is due, but not so in this case. We see other expenditure being made, the other use being put to all these arrears. We also see there was a non-filling of vacant posts in many ministries. One would think that this meant that the establishment had reached its fullest, but this is not so. One hears time and again of a shortage of teachers, lawyers, a shortage of this and that, but that was a sacrifice made last year and I do not know that it was merited.

We also hear about delays in the construction, for instance, of the Sangre Grande Magistrates' Court and anyone who knows that building will tell you it is sadly in need of a new court. Construction of various secondary schools. What we had instead of these things was the increase of old age pension, which is commendable, but it was still illegal to implement it when it was. The book grant I am told is a one-off payment, but that cost one hundred and something million dollars and that was for all the non-filling of vacant posts which allocations went more significantly for consultancy fees and payment to those in the commission of enquiry.

There are non-filling of vacant posts and payment to two members of commissions of enquiry, consultancies and so on. Anyone who followed the recent publication of payments to people on contract of whom we heard recently will, or ought to, think carefully of what is happening in this country. Not now only, but previously too in terms of the retention of persons on contract as compared to Government employees.

For instance, there is a Director of Public Prosecutions (DPP) who earns a salary of \$15,000 per month, much like a Minister who earns probably just a few more thousands. He has a couple of allowances and the grand package comes up to \$22,000—\$23,000 per month. If you multiply that by 12, you will realize that the total for the year of the DPP who is responsible for all criminal prosecutions in this country—a very serious and important post—is a total of \$300,000. Someone who is supposed to ensure that all of us are kept straight, there is no corruption, he is making just about 300,000 and there is a payment in the figures that we have here of \$914,000 for a commission of enquiry under the Prime Minister's office.

In the Attorney General's budget, \$13,592,000 for consulting services and in the breakdown of her expenditure there is an indication that those payments went to salaries to legal officers on contract for two months. Legal fees and other costs relating to the holding of a commission of enquiry; payments for forensic services—I imagine such as Bob Lindquist; purchase of furniture and furnishings

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for the Ministry of Legal Affairs, \$13.5 million was allocated for this purpose. Moving moneys from vacant posts so you are not giving the DPP and offices like that money for vacant posts. There is a shortage of staff there and also the need for more posts to be advertised at a higher range, but the heads of the departments are not getting that. The money is being moved over for consulting and other contracted services.

What I am saying, it is clear that the people who are permanently employed with the Government insofar as the Attorney General's ministry is concerned—and that is one ministry I know something about—there are people working for many years and are being paid what I consider mere pittance for very serious work, and there are young lawyers working on commissions of enquiry who are getting \$150,000 per month for five week's work. This is atrocious, and this is what we have to approve.

We have a serious problem with crime we are told, and it is clear from the figures every day that it is a national problem. One of the ways to deal with it, we know, is to ensure that there is speedy justice, to ensure that we have a legal system and a system of administration of justice that we could rely on. Central to that would be prosecutors, legal officers in the Attorney General's office, people who are dealing with the constitutional matters and so on, but we do not give them any respect. They must stay there and if they get tired after working 15 or 16 years and taking home \$9,000, when they leave, it is said they do not care about their country. Yet people with five or ten years of that experience get high incomes. Members of commissions of enquiries—the rumours are—\$1 million on retainer. We do not know if this is so. What is going on here?

I was not planning to speak but there was something that just touched me so much in that ministry. In the Ministry of Education I see \$38 million being allocated for vacant posts. I do not know why they were not filled. I see \$14 million allocated for the increases to public officers, \$6 million for primary education schools and for secondary education \$12 million. None of these sums was spent and instead \$104 million in book grants.

It seems to me that the other side would be the preferred areas of spending. These are the concerns that I have and I hope that one day we have a government that treats its public servants and the officers in the departments like the Director of Public Prosecutions, and the Attorney General's office with some respect and dignity. As far as I am concerned, in the last 20 years we have had no government that has done so and this Government continues in that trend.

Thank you.

**Sen. Bro. Noble S. A. Khan:** Madam President, let us give thanks for this day and all that is therein. I think that the Bill before us is important in the total financial system, that part of the system of governance that is critical in advancing the welfare of our country. It deals with money through which implementation of those actions would ensure betterment for our people of Trinidad and Tobago.

This Bill deals with a financial year when our country was in a very unique state, a budget being introduced by one administration, which managed it for a few months, and thereafter by a succeeding administration. The colonial system that was in place has definitely served us well against the background of law and order. Today, however, the need for transparency, responsibility, accountability and so forth is high. Throughout the world people are asking for this, of course it can be claimed that what the system now delivers there is an element of catering for that accountability but one could say that the opposite is attained. If we were to give it a summary look, one gets the element of cloudiness and opacity.

However, the financial system allowed for a linkage between those two administrations and it is important to note that the existence of a valid budget allowed for governance, and the lapse of that budget provided for the emergence and triumphs of a Parliament and Senators would recall at that time what obtained.

However, as massive as what that budget system seems to address, one can understand the problem, in some way, that is before us. That obviously has come out of some of the contributions that Senators have been making. I do not think it was a system that was established for people, it came out of the experiences of the United Kingdom, way back in the 16<sup>th</sup> Century or thereabouts and we adopted it in 1965 or thereabouts and so it has continued over a period of time. The overcoming of that opacity is a major challenge for us. Everyone is asking for more openness in Government, participation in the democratic process and collaboration with the wider society.

I must say that the preparation of this year's budget—the one that is to end on September 30, 2003—there was a deviation from what obtained in the past and credit should be given to the Minister of Finance and the Minister in the Ministry in that a consultative process obtained. I do not know if it was because Parliament was not sitting, but I was part of a non-governmental organization (NGO) and many of us were invited to share in what was hoped to be achieved and submit recommendations and also to have consultation with the Minister in the Ministry of Finance. I must say they were fruitful and some of our recommendations appeared in the budget.

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However, seeking to deepen the decision-making processes I suggest that we continue that element of participation, collaboration and cooperation by institutionalizing this and it should be done openly and through review of the whole financial system too. There is need to look at the financial system even after a 40-year period or more that we have been operating it. Frustration will definitely arise and this obtains with the masses when they are not included in any loop with which they can identify.

Very often they see the elements of the budget as do this, this is good for you and an element of patronage and cronyism. I would not go into all the negatives that could emerge through a system like that, but there is need for the people to be involved and definitely what better place than in the budgetary processes. There is need to review the mechanisms to give variables, be they tangible or not.

I raised in the last budget the question of the public service. I was a public servant and I strongly urge that consideration be given to this. Very often to get away from what may be termed the malaise and, I am not saying that our civil service is like that. If we did not have that civil service, I do not think we would have been sitting here. It is the backbone of our country and it is through which we are able to give to our people what little we are able to deliver to them.

[MR VICE-PRESIDENT *in the Chair*]

However, there is need to properly equip them and obviously in the equipping of any system, you will have to think of the people, their skills, improving them technically in the areas of conceptuality. These are the most important aspects of it, through the education processes, of creating within the public service some value system.

I paid particular attention to the contribution made by my colleague Sen. Mark and I think it is worthy of consideration. Beside the facilities of creating that environment of systems, this may be a bridge between the facilities and the training skills you could have but there is a responsibility in a democratic process to create a relevant system, for example, the financial system, this Bill which is before us today. Definitely without implementation the question of deliverables becomes very elusive and difficult and those of us who have been in the public service for some time and I dare say at the other levels beyond management and even at the political directorate would have met this challenge.

This is a very important aspect of governance and many of the problems we see taking place is because they are systemic. The question of having to cut through that element of accountability where flexibility is so very important if we are to deliver. This is more so for those who may have a short time. The question

of creating a value system of productivity, of being proactive as against what obtains now, the question of the inertia that the system apparently brings about as against the dynamism which we need and which we have to cultivate if we are to deliver to our people. We should definitely continue along a path of seeking this.

As I have said before, the need for reform of the public service is crying and this should be done in a way that would take other elements of our community into consideration. Everything we know emanates from our Constitution and the section which deals with finance has its genesis in that. In democracy it could be linked to how we spend money. We may not have had that experience in the Caribbean, but my limited understanding of it is that it came out of the English Parliament experience.

The local parlance that we use in the closing of accounts, the cleaning-up exercise, is not meant to be said in any way that is negative but this is the term that is used; “the cleaning-up exercise”, “the closing of the accounts”. So even when we come here that desire to deal with something that has a forward movement is not there and the exercise obviously is one of futility and frustration, but if we were to give some credence to what I am saying, I am sure it has been echoed many decades ago.

There are some Heads of Expenditure that I would like to touch on in education and agriculture. What I am going to say may be relevant in the others and some of my colleagues have made reference to it. That is the filling of posts and very often it is said and I am particularly aware that there are some posts that are vacant for which people have qualifications and yet they remain unfilled. Even in ECIAF and these places there is a crying need for these persons if we are to go forward, not only for personal development, but there are highly dynamic young people in the best years of their lives, but are frustrated in making a contribution to what has been referred to as filling of posts. We are seeing that money is apparently “saved”—the word is not “saved”, it is “not spent”—and there are people who you can put in the position. Of course there may be other reasons like availability of cash, and what have you but obviously the question of priorities will arise and these are prime areas in education.

We are thinking in terms of 2020 and the country is committed to that and if we are to go forward we have to go with people, it is people oriented. If that is not done what is going on now might look as a joke in a few years. This is very important so I strongly urge the Ministry of Finance—because the feedback is when the ministries put up their recommendations they either remain on the desk or they have to wait until funds are available, or words to that effect.

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With respect to the Ministry of Health, I know that the delivery of services is an important aspect. There are some things that the ministry is supposed to give, it is a question of delivering, leadership, and problem solving when we are faced with it. How are we meeting these challenges particularly in that ministry? I would not get into what might be alluded to. One wonders if the form of Government has been subsumed under legalism because the people who can least afford it are the ones who suffer most. I saw in the budget—and I give credit for that—where people are sick and unable to purchase medicine, the Government may buy pharmaceuticals and things like that. But definitely as a system we should get it going. There is no need for holding that up.

**8.00 p.m.**

The question of the Ministry of the Environment, again, the question of national parks, I know it could be very difficult, but we have got to get the thing going. I am sure the Minister of Public Utilities and the Environment is a totally committed person but I strongly urge that there are certain priorities that the country would like to see, for instance, a review of the Environmental Management Authority and very often in some of the systems that may be passing through, because the basis of our country rests on our natural resources. We would not rehash that. The world is a living organism, as some people would say, and how we care for it would have a strong correlation with what benefits we could get and the continuity to pass it on to future generations.

The question, as I have mentioned before, of national security which is under great stress, there is a Bill before us, hopefully. Again that deals with the whole system and has a backfeed into the Constitution. I would have my own views on that and possibly share them. But when we think in terms of management, we think of people, of systems, of the facilities for them. These are under the direct control of the Central Government. There is a minister who deals with the question of facilities; a minister who deals with staffing and this can be dealt with. But insofar as how we see this operation, the whole question of the deliverables again is very complex, but I dare say that we could look at some of these things again.

The question here of pensions, “computation of benefits of public officers and teachers”, I know that is long awaited and one wonders at the moment how much more is really due to public servants and teachers. Of course, within the system the unions such as the PSA and the teachers’ union would deal with that, but those who have retired from the public service—I would not like to say those who have gone to the great beyond—and who have not received their benefits, there is a crying need to address that.

There has been some statement, I think, that actual amounts have not been ascertained or computations have not been done, but I am sure that the technocrats in the public service could ascertain some quantum that may be due and maybe make an advance towards these people, because very often the time frame after you have left the service, is very short, and they may leave the service permanently and derive no benefits. Very often you meet some of your old colleagues on the road and they tell you, “Mr. Khan” so and so; they “ain’t” get it yet. You know that sort of thing. So there should be some element of reaching out to what is actually due to those who have contributed to nation-building in a way that only they would have done.

With these remarks, Madam President, I think that I will express my thanks to you for allowing me this opportunity and we look forward to something emerging out of this. Thank you.

**Sen. Robin Montano:** Madam President, a major problem that I have had with this Bill is the same one that my colleague, Sen. Mark, spoke about, which was that it was delivered to me late. Indeed, this particular document headlined “The Senate” and then the next page “Contents, Variation of the Appropriation for fiscal year 2002”, never reached me. I got all the other documents but I never got this. I got this from my colleagues. It has made it difficult, if not impossible, to make any kind of really meaningful contribution this evening. As a result, I would be brief—and I can hear the whispers, “mercifully so”—[*Laughter*] because it is late.

Madam President, there are a couple of things that bother me. For example—I am looking at page 22:

“Head 13—Office of the Prime Minister - \$914,000

The transfer of funds was necessary to facilitate the advance payment of ex-gratia awards to the Chairman and Commissioner of the Commission of Enquiry into the Piarco Airport Development Project.”

It is better if I read it, because my memory would probably get it slightly wrong. But the relevant part of our oath, as Senators, is that we swear that we would uphold the Constitution and the law. That is the oath that we take. Now, the Commissions of Enquiry Act, Chap. 19:01, section 14 says:

“Commissioners appointed under this Act shall not be entitled to any remuneration, unless such remuneration is specially voted by Parliament, beyond the actual expenses incurred in holding the enquiry,...”

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And it goes on:

“...but the President may direct what remuneration, if any, shall be paid to the secretary, and to any other person employed in or about any such commission, and may direct payment of any other expenses attendant upon the carrying out of any such commission, or upon any proceedings for any penalty under this Act.”

The clause finishes by saying:

“Such sums, so directed to be paid, shall be paid out of moneys provided by Parliament.”

Let us rewind it a little. It states:

“Commissioners appointed under this Act shall not be entitled to any remuneration, unless such remuneration is specially voted by Parliament...”

I do not know what bright spark advised the Attorney General that the law could be so circumvented as to give the chairman of the commission of enquiry and the commissioners a so-called ex-gratia payment, when the law is quite clear, and section 14 is quite clear, that commissioners appointed under the Act “shall not be paid any remuneration, unless the remuneration is specially provided by Parliament.” In other words—I am going to leave all the remarks that I have made about these commissions of enquiry that were appointed last year out of it; it is well known; the country knows and I think this Parliament knows what I think of all these commissions of enquiry. Leaving aside all the comments that I have and all the feelings that I have about whether these commissions of enquiry were good, bad, indifferent or anything else, what, in the name of heaven, is going on here? Why is the law so cavalierly and so obviously being broken? Why are we being asked in this Senate to turn around and say, “Okay, yes, sure, let us agree. Let them pay an ex-gratia payment because we do not have to obey section 14 of the Commissions of Enquiry Act, do we?”

Parliament can be circumvented. We can circumvent the law; we can turn around and say, okay, Parliament has never been asked—

**Sen. Morean:** On a point of order, Madam President, Standing Order 35(1). The subject under discussion is the Finance (Variation of Appropriation) Bill. It is not commissions of enquiry and the remuneration for commissioners. If my friend had made a passing remark in relation to something in the Bill, then he would be in order, but to go off on a tangent and to raise a point that he had raised before the Biche Commission of Enquiry and on which he was overruled and to try to



rehash it afresh here when it is not relevant, is certainly to try the patience of this honourable Senate.

**Madam President:** All right. Senator, would you try to come back to the substance of the matter under discussion and maybe tie in what you are saying there, but not debate that one particular issue?

**Sen. R. Montano:** Madam President, with the greatest of respect, I do not know if the Attorney General was listening, but I did tie it in. I started off by reading from this document on page 22, but if you wish me to tie it in, in particular—where is the actual Bill that is before us? This was a document that my friend, Sen. Wade Mark, was referring to. It is under the head of the Prime Minister’s office. What are we debating if we are not debating this? When I look at page 12 of the document it says:

“Office of the Prime Minister

Sub-item 09 Remuneration to Chairman  
and members of Commission  
of Enquiry \$914,000”

This is what I am talking about. What else was I talking about? I am sorry, but I do not understand the point of order and I do not understand the objection and, with respect, I really do not understand the ruling, because I was talking about this.

If I might continue, I would like to come back and I would like to say that the law, that is to say, the Commissions of Enquiry Act, is being broken by this device that is being used in this Act to approve a payment to a chairman and commissioners of an enquiry who are appointed under this Act, to pay them with ex-gratia payments on the right-hand side, when the law says that they shall not be entitled to any remuneration.

Now, “any remuneration” has to be any remuneration, and “any remuneration” must include an ex-gratia payment relating to the commission of enquiry, unless such remuneration is specially voted by Parliament. And we have not voted on that! Nowhere—at least, let me put it to you this way. I have attended every single session of the Parliament since we began on October 17 and I cannot remember once this issue having been raised. So in these circumstances, I am saying that this is a terrible breach of the law. It is a blatant attempt to get around the law and it is a blatant attempt to ask this Senate to ignore the laws of Trinidad and Tobago, and if we vote for this Bill, we are, in effect, breaking our oath of office. That is my point.

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I could go on. Sen. Mark made the points very clear, for example, the \$124 million in the Ministry of National Security that has been transferred. One of the things that I was most concerned about when I saw it—and if I could just look for it in a minute—I know I saw it here somewhere. There was a head of \$124 million in the Ministry of National Security. Here it is, on page 5 of “The Senate”. What are the reasons for the savings? I quote:

“Salary negotiation between the Public Services Association and the Chief Personnel Officer was not finalised in the fiscal year as anticipated.”

All right. Well, then you get:

“Payment of increased salaries to Second Division Fire and Police Officers was lower than projected.”

Why? Why with a rising crime rate? And this crime rate began to rise as soon as the PNM came in, and it got worse and worse. Why are we not paying our Second Division Fire Officers and our Second Division Police Officers? Why are we not paying them the maximum that we had budgeted for? Or is it that, “Oh well, let’s pull one on them; let’s pull a fast one. ‘Fellas’, we are going to hold you down because the name of the game is ‘hold you down’.”

We budgeted for the increase. The police officers in this country are badly paid. From the top to the bottom, they are badly paid. It is one of the reasons there are rotten apples in the service, which we all know about. I have been campaigning for 22 years. In 1980 I made a public statement that our police force was underpaid and badly paid and they should be properly paid, and here I see the Government saying, “Ah well, you know, we were able to save more than \$124 million because we managed to get them to accept a lower salary.”

Why? That does not make sense. I endorse everything that Sen. Seetahal said and, frankly, she “stole a lot of my thunder”, because the arguments that she raised were arguments that I had—

**Sen. Yuille-Williams:** I wonder if the hon. Senator would give way. I just want to ask a simple question because I hear him asking why. I am looking at page 23 and I want to ask if negotiations are in progress, would you pay money? Negotiations were not completed. I do not know if he read that.

**Sen. R. Montano:** Thank you very much, I did read it. You will see that I saw here:

“Salary negotiation between the Public Services Association and the Chief Personnel Officer was not finalised in the fiscal year as anticipated.”

Then I go on to say here:

“Payment of increased salaries to Second Division Fire and Police Officers was lower than projected.”

So I am asking why. And why not? Because as far as I am concerned this is a matter of urgency and we are looking here at \$124 million, with a rising crime rate. You could not have given them in the meantime—even if negotiations are going on, you could not have given them an interim pay rise, which you had budgeted for? Oh no, you are going to hold tight; hold the reins.

As I was saying before I was interrupted, I agree completely with everything; I endorse everything that Sen. Seetahal said and I repeat it. There is a serious question. In fact, I do have questions to the hon. Attorney General which, hopefully, would be answered promptly, concerning the question of payments of fees and so on. So in a few weeks time we would all find out how much money was paid to whom, for what, and everything else. But Sen. Seetahal is quite right when she talks about the payment to young lawyers, and so on. I cannot remember the exact figures, but I did obtain them under the Freedom of Information Act—the two lawyers who were hired for the Biche Enquiry were paid a total of something like \$800,000 or \$900,000. That was in total. I cannot remember the exact figures—I do have them—but it came up to something like that; an extraordinary amount of money and at the same time you have serious problems in the office of the DPP, trying to fill vacancies; you have problems with, as Sen. Seetahal said, the Director for Public Prosecutions being underpaid, seriously. But I guess he is not a member of the People’s National Movement.

I regret that I am not able to make a better contribution than this, this evening. I regret that I am not able to go through all the matters as fully and as carefully and as properly as a Senator of the Republic of Trinidad and Tobago ought to. I regret that because I did not receive this information on time that I have not been able to fulfill my duties to the people of Trinidad and Tobago, as I ought to. I beg that this sort of situation do not arise again, because when you do this to the Senate, you, in fact, are doing it to the people of Trinidad and Tobago. What you are doing is, you are saying to the people of Trinidad and Tobago: “We really have no respect for you. We will do whatever we want and it does not matter. We do not particularly want to hear the other side. We do not really care what the other side says and we do not care about the fact that the other side represents approximately half the population of this country, because what we do is none of your business.”

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I do hope and pray that such an attitude would change, because such an attitude breeds division; it does not breed unity. I warn again of what I said last week which was that a government stands on two legs: a leg of moral authority and a leg of legal authority, and it is so easy for that leg of moral authority to disappear. We have seen it happen in this country during the NAR regime. We do not want to see it again. It is not in the interest of Trinidad and Tobago that that should happen to any government.

Thank you, Madam President. [*Desk thumping*]

**Sen. Sadiq Baksh:** Madam President, the Finance (Variation of Appropriation) Bill for fiscal year 2002 to facilitate the closing of the accounts presents to us an opportunity to review what actually took place during a period in our history when we, in fact, had no Parliament. In fact, you would realize that when the budget presentation was made for the year 2002, it would have had certain goals, certain aspirations and certain objectives, in terms of the development of Trinidad and Tobago.

Today we are reviewing what actually took place. Whereas the distinguished Minister in the Ministry of Finance, Sen. Conrad Enill, presented to us all the reasons for the increases and decreases at a macro level, when you get down to studying this document—even with the availability of the information at such a short space of time—you would realize that one of the areas in which you had the greatest saving would have been from the developmental programmes.

Just to look at the Ministry of Infrastructure Development and Local Government, you would realize that under Item 002, “Highways”, you had a savings of \$15 million. When you go lower down to “Drainage”, it is \$5 million; when you go to “Maintenance” it is \$5 million-plus; when you go to “Local Government Bodies”, \$25 million; when you get into “Development Programme”, \$62,904,808, you would see the breakdown in terms of the number of bridges, roads, reinstatement and stabilization of failed slopes, institutional strengthening, trunk road expansions. You would see, in fact, when you look at the other areas, say, for instance, the Ministry of Labour and Small and Micro Enterprise and Development, you would see the amount of funding that came from the developmental programme.

When you look at the Ministry of Food Production and Marine Resources, you would see the same thing. When you look at the Ministry of National Security, you would see the same thing. A common thread in the entire savings would have been lack of implementation. So when you look at the savings here and the decreases for the various ministries, you would look at it at a macro level

and say they are savings but, really, they amount to a lack of implementation. When you look at the physical infrastructure in all the ministries and the importance of that infrastructure for the improvement of the quality of lives of the citizens of Trinidad and Tobago, you would realize that it is the Government not being able to deliver in terms of the development in Trinidad and Tobago.

When you look at the specifics, you would also see the opportunities that we lost in terms of employment-creation, of developing the physical infrastructure to allow businesses to flourish to create jobs. You would see the Government not being able to show in a very systematic way what actually took place.

So to say that we had a saving of \$800 million-plus—and the way it was allocated into areas that did not contribute to the overall improvement in terms of the capital works necessary to take our country forward. I am sure that there are many other areas in terms of social development that the Government might have channelled some of the funding. And that is also an important area. It is important to see that the major ministries, the ministries responsible for really taking care of the citizens of Trinidad and Tobago, are the areas in which we had the decrease in terms of the implementation.

If you look specifically at the Ministry of National Security, we are living in a time in Trinidad and Tobago where there is a continuous escalation in terms of murders taking place. We have a situation where, during the year under review, 2002, we have broken all records in terms of what we did not expect to take place here. What we are reaping today we have sown the whirlwind in terms of not implementing the things that were necessary for ensuring that we act appropriately so as to ensure that we provide the training necessary for our policemen; to ensure that we provide the equipment necessary; to ensure that we provide the physical infrastructure so that the conditions under which they work would, in fact, encourage them to go after the criminals in a way that we would be able to show a reduction in criminal activities in Trinidad and Tobago.

What we are experiencing today is because of the lack of action during the year under review, the year 2002, when we had the necessary funding in the major ministry, the Ministry of National Security, to ensure that we provided an opportunity to improve the conditions under which our police officers work.

To go further, you would see under that particular allocation for the Ministry of National Security, the improvements to the E999 and the reduction in terms of the amount of funding that was not really utilized. In fact, on page 22 it says:

“Subhead 9: Development Programme”

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Of a development programme estimated for 2002 of \$60,929,000 you had a revised provision of \$40,196,922, a decrease of 33 per cent in terms of the development programme for the year 2002 of \$20,732,078. Of that amount, \$14,018,745 came from “Public Order and Safety.”

This is what I was talking about. “Improvement works to Police Stations”, a saving of \$2,763,087; “The Construction of a Command Centre for E999”—and, Madam President, you would realize that under the administration of the United National Congress and the establishment of the E999, we, in fact, envisaged that we would then provide the physical infrastructure to house that command centre, and we had a saving. In fact, out of \$8 million allocated for the construction of that command centre, \$6,511,133 remain unspent—a decrease.

It is safe to say that nothing happened. It was not delivered and as such, I do not anticipate it. In fact, if I had the documents earlier I would have looked at what will take place in 2003. Maybe that might not be even on the agenda. In addition to that, we expected the computerized system to work hand-in-hand with the establishment of the command centre so that police vehicles would be outfitted with mobile computers where information could be accessed to tie into the transport division. The transport division had a saving of \$10 million where it was anticipated that a fully integrated system in which users of motor vehicles would no longer be tied to the ownership but the name on the plates, so that you could readily identify the owner with all the information necessary to be able to facilitate better crime-fighting.

So when we looked at it at a macro level and the contribution made by the Minister of Finance, that would have escaped him completely. What I am linking here is a common thread throughout all the ministries where a major contributor to the savings would have been the area of the developmental programmes.

While we have that savings in the Ministry of Infrastructure Development and Local Government, we, in fact, had flooding taking place during the year 2002. We had safer practices because we intended to have a proper management control system for motor vehicles. That was not implemented. There were many roads that needed to be repaired. But worst of all, you had all the different regional corporations in which you had a reduction in terms of the funding available to every single regional corporation, averaging to the tune of \$25 million, and then saying you had a saving when all the regional corporations were starved for funding during the entire year.

So how could you come and say you had savings there but you had all the regional corporations asking for more funding? And that is, in fact, the ministry

where you provide goods and services to the average and the ordinary citizens of Trinidad and Tobago—simple services like scavenging, roads and drains in areas where the highways division do not reach. In fact, the Ministry of Infrastructure Development and Local Government is the heartbeat of the services sector to the citizens of Trinidad and Tobago, yet we come here to say that we had a savings.

Madam President, we, in fact, had a saving in that Ministry of \$130 million, number one, in terms of the decreases. Number two, in terms of the decreases is the Ministry of National Security, a very important ministry; number three, the Ministry of Enterprise Development and Foreign Affairs and the Ministry of Food Production and Marine Resources running at number four, at \$58,214,179.

Under that you would see savings in terms of \$14 million for rural access roads. The Rural Access Roads Programme and agricultural access roads continue to be one of the important ingredients in the development of the agricultural sector. If you look at the period 1996—2002, you would have seen a systematic improvement and a systematic allocation to allow the physical infrastructure to complement the agricultural sector.

The philosophical underpinning of the United National Congress was, in fact, first to provide the physical infrastructure to allow businesses to flourish; to provide infrastructure for the Ministry of Agriculture, Land and Marine Resources to encourage people to go back to the land. We had many instances of farmers owning lands and not being able to access those lands because of the lack of transportation and the lack of mobility to and from the markets; and from home to the land, in addition to the praedial larceny that continues to plague the industry.

So in an important ministry like the Ministry of Food Production and Marine Resources, we are saying that we have had a savings of \$58 million but yet we have the agricultural sector continuously on a decline with no hope for the future. Running number four was the Ministry of Food Production and Marine Resources. I am sure that the present Minister of that Ministry—in fact, he was also the past Minister during that period—would have improved in terms of providing the infrastructure necessary to allow farmers to get back to planting to ensure food security. Food security is an important aspect of any developing country and as we move—and we share that view, in terms of moving Trinidad and Tobago—to First World status, we must look at an integrated method of getting all the ministries together, so that as we provide physical infrastructure, as we provide the facilities for agriculture, as we provide better health care, education, and most of all a safe environment for the enjoyment of life, property,

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and the resources that people have been able to accumulate, that Trinidad and Tobago develop into the type of society that we would like to see.

This Finance (Variation of Appropriation) Bill, 2002, as it seeks to bring the books to a close, I want to warn and advise the Government that during the period 2002—2003, that we do not look towards the savings but towards implementation to provide the physical infrastructure to allow the citizens of Trinidad and Tobago to live safely and to provide the infrastructure to promote good businesses. We must concern ourselves with the creation of jobs. We must concern ourselves with the creation of better housing standards and better living conditions. That is the only way we would be able to develop our society.

Madam President, I thank you very much.

**The Minister of Science, Technology and Tertiary Education (Sen. The Hon. Danny Montano):** Madam President, I would be very brief. It is getting very late, but I just wanted to make one or two very short points.

First of all, I want to address a comment to something that Sen. Mark said. He chastised us severely on the \$107 million that was spent on pensions. On behalf of my Government, we make no apology for spending that. [*Desk thumping*] That was a promise that was made by the UNC when they were in government back in the year 2000. They failed to keep it when they brought the budget in 2001, and when we came into office in January 2002, we kept our promise, as we always do. It is as simple as that.

**Sen. Mark:** Madam President, on a point of order. Standing Order No. 35(1); I think the hon. Senator is misleading the Senate.

**Madam President:** Misleading the Senate on?

**Sen. Mark:** He is claiming that the United National Congress promised in its manifesto to increase pension from \$800 to \$1,000. That is not true.

**Madam President:** Sen. Montano, will you try to not—

**Sen. The Hon. D. Montano:** Madam President, thank you very much. Following on from what I said, in 2001, we made a promise and we kept it. That is what the PNM is all about. You make your promise and you keep it. [*Desk thumping*]

There is something else I want to address. It was clear from the contribution made by Sen. Mark and especially from the remarks that were made by Sen. Baksh and one or two others, that—in fact, I am extremely concerned that we



could reach this point. We have two former ministers of government who fail to understand what a budget is all about, and have completely missed the point of what is happening here. Sen. Baksh kept talking about the macro and micro issues, and macro this and micro that, when, in fact, he cannot see the forest for the trees. I listened to him and I was just absolutely astounded.

What they have failed to hear and what they fail to read in the budget documents that were laid back in October of last year is that there was a revenue shortfall during the fiscal year 2001—2002 of approximately \$1.6 billion—revenue shortfall. The Minister of Finance, when he made his presentation this evening, indicated that there was a suppression of expenses to the tune of \$1.6 billion, and that was because there was a revenue shortfall of \$1.6 billion. And being a responsible administration, we did not spend what we did not have; we spent only what we had.

I know that particularly Sen. Baksh, in the ministries that he was in, should understand very well that the moneys that are spent in the Public Sector Investment Programme (PSIP) are largely discretionary funds and the recurrent expenditure are largely funds that you have no choice in spending. They are almost imperative. Therefore, if you have a shortfall in revenue, the only place that you can really pull your savings from—the word that they have used literally is a misnomer—is from your discretionary expenditure.

What happened was this. I just want to show you this. The total revenue that was budgeted for the fiscal year 2001—2002 was \$15.8 billion. There was, in fact, a shortfall of \$1.6; the actual revenue for the year was \$14.2 billion. But, Madam President, I want you to understand this. Within the first quarter of that year, while the UNC was in government, the revenue was \$2.7 billion. The shortfall in the first quarter alone was \$1.2 billion. By the time we got into government in January of 2002, we already had a shortfall of \$1.2 billion. By the end of the second quarter, which was the first quarter that the PNM was in office, the shortfall escalated by a further \$500 million, but we tended to recover a bit.

Let me just show you what the pattern of the revenue receipts was like over that year. The first quarter—quarter one—revenue, \$2.7 billion as opposed to revenue for the first quarter of this financial year, of \$3.4 billion. Revenue for the last fiscal year was \$2.7 billion; second quarter, \$3.4 billion; third quarter, \$3.7 billion and fourth quarter, \$4.3 billion. It was very clear that by the last quarter of the calendar year, 2001, the country had lost confidence in the UNC administration and the economy was on a very quick slide downhill. We, coming into office, fortunately managed to get the confidence of the people back and we arrested the

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slide and revenues began to pick up again. That is what happened. [*Desk thumping*]

So you can talk about the savings in all of the different ministries but the short, simple point is that the money was not there to be spent; it had to be suppressed. You cannot spend what you do not have! To do anything else would be grossly irresponsible. And it is as simple as that. It had nothing to do with an inability to implement the PSIP or whatever it is. That is just absolute nonsense! It is absolute nonsense and it displays a level of ignorance of what really happens in terms of the budgeting process. It is absolutely astounding that you could get that from a person who has been a minister for six years. [*Desk thumping*]

It is those two points I wanted to deal with. It is of concern, and it should be of concern to all of us, when we have a lot of debate on non-issues because speakers simply do not understand the fundamentals of what we are dealing with. I hope they now understand it. I hope that we can close off the debate at this point. Thank you very much. [*Desk thumping*]

**The Attorney General (Sen. The Hon. Glenda Morean):** Madam President, I want to deal with a point raised by Sen. R. Montano in relation to the transfer under Head 13. Head 13 is the Office of the Prime Minister, and that is shown on page 12 of the document, "The Senate".

Now we see under Item 001, sub-item 18, "Expenses - \$914,000" and that sum was transferred to sub-item 9 "Remuneration to chairman and members of Commissions of Enquiry." As was stated earlier, it is quite lawful and legitimate for transfers to be made under one head from one item or sub-item to another under the same head, and this is what was done here.

Sen. R. Montano referred to section 14 of the Commissions of Enquiry Act and he raised a point which he had raised before the Commission of Enquiry into the construction of the Biche High School, a point which was overruled, and I will go over the point again. The section says:

"Commissioners appointed under this Act shall not be entitled to any remuneration, unless such remuneration is specially voted by Parliament..."

The explanation there for "specially voted by Parliament" is that it must be voted by Parliament, and this was voted by Parliament for Commissions of Enquiry under Head 13.

**Sen. R. Montano:** No—

**Sen. The Hon. G. Morean:** If, for some reason, the amount under that head is insufficient, it is quite legitimate to transfer from one sub-head to the other under that head, and that is what was done here, so it is quite legal. The goodly Senator misinterpreted section 14 and interpreted it to mean that for each commission of enquiry to be able to pay a commissioner, you had to vote specially for that one. Because I recall when he had brought up that point he said, you know, like children would say, “Ah ha, ah have them. I have a bomb to let go”, and this was the bomb he let go, but the bomb fizzed out because it really was a misinterpretation of the section. Because if you go further into that same section it is made quite clear when the section goes on to say:

“...but the President may direct what remuneration, if any, shall be paid to the secretary, and to any other person employed in or about any such commission, but the President may direct...”

And it goes on to say:

“...Such sums, so directed to be paid, shall be paid out of moneys provided by Parliament.”

It is the same provision, that is, moneys that have been voted in the budget for the purpose.

So what has been done here is quite legitimate and it is a question of interpretation of the law and how you interpret the law.

**Sen. R. Montano:** You are wrong.

**Sen. The Hon. G. Morean:** Well I am wrong, everybody is wrong; you are right. I am saying this is what the interpretation is.

Now with respect to the very question of accountability which was mentioned by Sen. Baksh—surprisingly enough, Sen. Baksh talks about accountability and in relation to this very topic of spending of money, everyone here will recall that Sen. Baksh was the Minister of Works and Transport under whom the project, namely the Airport Development Project, was undertaken, and we have seen how that is continuing to unfold day by day.

When we look at the Commissions of Enquiry Act, we see that—and I should mention here that this is being amended because when we, as Senators, take an oath, we take the oath to uphold the Constitution—

**Sen. R. Montano:** On a point of order, Madam President, section 35(5).

**Madam President:** Improper motives? Could you maybe—

**Sen. R. Montano:** Madam President, where the hon. Attorney General is going, she is clearly imputing improper motives to Sen. Baksh and I am objecting under section 35(5). When we have done the same thing in the past, you have upheld that ruling.

**Madam President:** All right. Madam Attorney General, just be very particular that you do not impute any improper motives to any Senator on the opposite side.

**Sen. The Hon. G. Morean:** Certainly, Madam President. I would certainly not impute improper motive, but I will make a statement of fact, and the fact is that section 12 of the Commissions of Enquiry Act also provides for witnesses to be summoned before commissions of enquiry. [*Desk thumping*]

**Madam President:** Madam Attorney General, would you please come back to the Bill under debate.

**Sen. The Hon. G. Morean:** I am coming back because the Senator referred to accountability and he did make mention of this Government not being accountable and not knowing about accountability and so on. I am simply responding to accountability and showing examples of what accountability should be. Because if you are summoned—

**Sen. R. Montano:** On a point of order. When in the past I have attempted to make this kind of explanation, you have ruled me out of order and you have insisted that I return to the topic at hand.

**Sen. The Hon. G. Morean:** I am dealing with the question of accountability as raised by the goodly Sen. Baksh and I am saying that a classic example of non-accountability is not responding to a summons from a commission of enquiry.

**Sen. R. Montano:** On a point of order.

**Madam President:** Could you state directly your point of order?

**Sen. R. Montano:** Point of order, section 35(1).

**Madam President:** Madam Attorney General, will you please confine yourself to the subject under discussion and not personalities?

**Sen. The Hon. G. Morean:** I appreciate that.

So that as far as commissions of enquiry and the movement of funds is concerned, what was done here is quite legitimate. The Act itself you may say needs some amending to make it even clearer, in both the case of 12(2) where you are summoned before it and also on the question of payment. [*Desk thumping*]

Now I, unfortunately, was not here when Sen. Seetahal made her contribution, but I gathered from what was said that some mention was made of fees to lawyers. It is a fact that lawyers, somehow—and I am a lawyer myself; I have been in practice for 27 years but I have never charged the sort of fees that lawyers have been charging now, and I can say since I have been in this office, I have been seeking to keep those fees down. I have been putting some sort of rationality to the fees that are being charged because the Government is not a cash cow.

Sen. Baksh sought to link the programmes with the escalation in crime and earlier this evening when Sen. Mark got a bit hot under the collar when I said he was misquoting me, this was the point I was making with respect to the neglect of a sector of the community, and it was really the youth I was referring to. Because when you pull out things like the youth camps, the Civilian Conservation Corps, the On-the-Job Training Programme, you have a whole band of young people turning into marauders. [*Desk thumping*] It was this Government that brought back these programmes and sought to get the youth back on track. [*Desk thumping*]

So I just wanted to make these three points, Madam President. [*Desk thumping*]

**Sen. Carolyn Seepersad-Bachan:** [*Desk thumping*]: Madam President, I had not intended to make a contribution this evening but I rise, really, to support other contributions that have been made from this side of the Senate, mainly because I think the Government Bench failed to understand, once more, the perspective from this side of the Senate.

Earlier we spoke at some length about investing in the productive capacity of the country, or the future revenue-earning potential of the country. Sen. Baksh, in his own way, from his experiences as a former minister in the relevant ministries, outlined the former government's position, its policies, its objectives and its intentions in achieving that over the last five to six years. I must say over those years the UNC administration made serious progress and today we have seen the results of that progress. [*Desk thumping*]

The productive capacity of this nation improved; the revenue-earning potential of the country improved and it was because there was an attempt, in the

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first instance, to upgrade infrastructure. As a result of that—and I want to come back to what Sen. R. Montano said. I myself have not had an opportunity to review this Bill in detail and I also would like to apologize, having received this very late last night.

**9.00 p.m.**

Again, Madam President, we talk about the importance of accountability in this Parliament; we talk about accountability to the nation and it is time we stop the partisan politicking that continues in this House. At the end of the day, Madam President, the Government Benches have a job to do; the Opposition Bench has a job to do and the Independent Bench has a job to do. Why? Because we are all being paid by taxpayers. We are being paid by taxpayers to do the research work and make a meaningful contribution.

In accordance with the oath we have taken, I would like the opportunity to deliver on that obligation. As a result, Madam President, let me just say that I was very disappointed when I received this Bill so late. This is so mainly because this has been a Bill that has been talked about for almost the last year. We, on this side of the Senate have asked for this Finance (Variation of Appropriation) Bill several times. The country at large has asked for this Bill. It is a shame that we sit here, and all of us are just trying to go through this document, hurriedly, to be able to make a contribution in this Parliament.

Madam President, like Sen. R. Montano, I apologize to the people whom we represent that we do not take their business seriously. It goes for all of us, Madam President, Senators on the Government Benches, Senators on the Independent Bench and Senators on the Opposition Bench. We need to start taking the business of the people seriously.

On that note, I would like to go back to the point I was making. If you will forgive me, Madam President, I just want to point out that what Sen. Baksh was doing was going through all of the development programmes and the policy objectives of the last administration in terms of improving infrastructure. Infrastructure that we felt was relevant to allow business to flourish; that would allow the private sector to participate, that would allow for ease and the improvement in the quality of life to the citizens of this country so that at the end of the day they would be able to contribute and to add to the productivity of this country.

As a result of that, Madam President, what we noted here—and although I would have liked to give exact figures on these—is that under these same heads

there was suppression of the development programmes; as Sen. R. Montano said, the PSIP. What has happened is that portions of the expenditure were re-assigned. In some cases all, but I am being very general. In some of the ministries most of it has gone over to increase the expenditure on the other side, and if you look on the right side there is really a lot of recurrent expenditure. This is not expenditure that is going to add to the productive capacity of the nation.

When Sen. Seetahal mentioned the Magistrates' Court—was it Sangre Grande? One of them—they actually suppressed the activity but yet one is seeing an increase. We are not saying that this was all. In the Attorney General's office we see an increase of \$13 million and more in consulting services. That is not to say that that was the total. That was an increase and this is the point we have been making here this evening. So the common thread throughout that re-emphasizes and reinforces the point is that the Government of the day, its vision and its policy agenda is saying one thing but its action plan is saying something else. [*Desk thumping*]

The signals that it is sending are quite contrary and counter to its policy agenda. The Government cannot say that it is trying to develop the productive capacity and infrastructure of this nation because at the first opportunity that arises, it takes away from the programme and finds ways to put it back into recurrent expenditure.

Madam President, I really do not want to go into what Sen. Danny Montano started this evening about the shortfall and so on; that in the first quarter of the fiscal year there was this great shortfall. But I do not know if he expects that tomorrow morning as he picks up government that he is going to see an immediate response in terms of gross revenue? Anybody who says that tells me that they do not even understand business. That will not happen, because the infrastructure and the productive facilities were already there to allow for the revenue earning of the nation! This is not what he referred to earlier in terms of the local stock exchange where there is a reactionary response in terms of perceptions of what is happening; the dynamics of the global marketplace or what is taking place on the international global scene or the international stock exchange or the US stock exchange. That is not the same thing. That is what I wanted to clarify.

This explanation as to whether or not there was this shortfall, but as soon as the PNM Government came into office in January things just got rosy. There were facilities in place! They came in and met everything ongoing! What they have served to do is cancel a lot of the programmes that the UNC administration put in

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place and we will see the effect of that in the next year. That is what we have to look out for. That is why Sen. Baksh had to caution the Government that it has to take check of where it is going in terms of these programmes. If it continues on this trend it will sap up every source of revenue earning capacity of the nation. That is what we have to be careful about.

As I said, Madam President, I wish I could have made a better contribution. I still want to study this Bill in detail because it is something I know the people of this nation have been asking for. Again, I apologize for not being able to make a more meaningful contribution, especially on a Bill like this, a Bill that is so important because it tells us—it is not just a matter of analyzing the figures—it gives us the thrust of the Government's policy and that is what is important.

Thank you, Madam President.

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):** Madam President, we are indeed honoured to have heard so many comments from the other side. I think they are all appropriate. What I would like to say at the onset however is that over the last couple of months we have heard talk about massive spending wrecking the economy; \$20 billion, \$30 billion; accountability, and so on. The matter really is that the last administration passed a budget in Parliament in which there was a revenue expectation of \$15,801 billion. Then September 11, 2001 occurred, and the effect of that on the international economy, on trade and prices, caused oil revenue to move in a particular direction. A responsible response, such that we had, required us to develop a contingency plan based on a revision of the projections. It is in that context, therefore, decisions were made over a period of time. Those actual decisions have, in fact, reflected themselves in the actual versus planned and it is what is before us today.

Section 112 of the Constitution provides us with the manner by which we will account, the way in which we will account and the time frame in which we will account. I would like to place on record the fact that in accordance with this and in accordance with the law, we have done so. The circumstance of the receipt of the documentation, really, is unfortunate but to say that we knew that this was coming for a year and so on is to give the impression that we have done something that is incorrect, and that is not so.

A lot of the questions that were asked there are explanations for them. For example, Sen. Mark asked the question: What did you do with \$1 million under Head 32: Ministry of Enterprise Development and Foreign Affairs? Well, the transfer of funds was to enable the Government of Trinidad and Tobago to be



represented at various international and regional fora in connection with trade and anti-dumping matters. These fora included Caricom, the Free Trade Area of the Americas, the World Trade Organization, in addition to meeting/conferences, which were held at the bilateral level during the fiscal year.

Earlier on we said that we were involved in this activity to support the manufacturing sectors and small business, and this is part of the process. Where would the saving come from? Savings resulted from the over-provision with respect to the liability of Miss Universe Pageant. In a real sense, therefore, some of the things that you see and some of the initiatives that were taken really reflected the priority of the current Government. Now it is interesting, that on the one hand you would argue that when this Government came into power they met things in place but on the other hand you would argue the period that this administration was in power before there was no value to the country. I think that there is an inconsistency there.

My view is, yes, all of us did things and what this Government is going to do as we move forward, is to listen to those comments that you have made, take those into consideration to build for a nation a better Trinidad and Tobago. [*Desk thumping*]

Some of the comments made, for example, with respect to the Ministry of Education, insofar as the School Programme is concerned, the issues that were raised there have been dealt with and those things are now on stream; it was simply a timing issue.

The comment made by Sen. Seetahal in terms of her discomfort; the way in which the Finance (Variation of Appropriation) Bill comes before us. Well, it is a fact of life that whenever we make projections and whenever we decide on things in the future, circumstances change. Our response to those circumstances is reflected in what we do and that comes to the Parliament through this measure and therefore that is how it works. That is what that is.

Sen. Baksh talked about the PSIP. Yes, Senator, you are correct. However, one of the things we have found as we were going through the process was that there were funds identified for projects and some of the projects were not yet approved. Therefore you had sums of moneys but absolutely nothing in place to deal with them. And therefore in those circumstances, what you simply did was try to make sure that what was required to move the project took place. That took time, and as a consequence of that you had a situation where there was a difference in what you projected and what you did. That is what is reflected there. There is no other

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activity insofar as that is concerned. Incidentally, last year we spent \$983 million on the PSIP and this does not include the other agencies of the State that do projects from time to time.

Madam President, we have spent a long time and we have talked about a lot of issues. On this side, we do appreciate all the comments because Sen. Seepersad-Bachan is correct; you do have a different view of the world. You do things differently. What we have sought to do in the short term was to ensure that there is balance within the system. We will not interfere with the macro-economic fundamentals because we understand them. We have had a history of creating the environment. You have had a history of doing things in a particular way.

I want to assure this Senate that we have a plan; we have a vision, and whether it is different or not, and whether the implementation process is not understood, the end game in all of this is that in the shortest possible time and, certainly, by the year 2020, Trinidad and Tobago will be a developed society.  
[*Desk thumping*]

Madam President, I beg to move.

*Question put and agreed to.*

*Bill accordingly read a second time.*

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

*Bill accordingly read the third time and passed.*

#### ADJOURNMENT

*Motion made and question proposed, That the Senate do now adjourn to Tuesday, February 4, 2003 at 1.30 p.m. [Sen. J. Yuille-Williams]*

#### **Rising Crime Situation**

**Sen. Arnim Smith:** Madam President, I rise to speak about the rising crime situation in this country. Sitting here this evening and looking at the behaviour of many of the Senators on the other side, I see why this country is as it is. There is no respect for law and order when we have people acting in the manner in which a number of Senators on the other side were acting today.

I, personally, want to congratulate Sen. Conrad Enill. I think he is a gentleman. I think he deals with an issue as it is. While we were busy attacking each other's contribution, he recognized what is right and he promised to deal with it. That is the kind of thing I feel we need in this country. I am now wondering how long he will be accepted by those on that side because that is not their policy, so they might "buss" his throat just now. [*Desk thumping*]

Madam President, we are having runaway crime in this country and I make no apology for putting the blame squarely on the Prime Minister of this country and his Cabinet. During the election time money was squandered; given away, on the NHA programme and the URP. People were going home with \$80,000 a fortnight, \$100,000 a fortnight. One Sunday night I stopped on Duncan Street—I grew up on Nelson Street, behind the bridge—a friend of mine came back and I stopped to talk to her. I met a girl there whose husband was killed about four days before. She told me that she used to get 80 names—I said, “When you say you got 80 names, what do you mean?”—and now that he is dead his friends come and cut it up and she is only getting 10 names. She was vexed about only getting 10 names, which is \$10,000 a fortnight, because it was \$1,000 a fortnight.

Madam President, this is what was happening. These people bought guns and cars. Everybody knows that! Where Laventille might have one and two leaders, it now has 10 because everybody who has a gun has a little gang. Now that the election is finished and the amount of money that was running through these areas is not there—the Prime Minister clearly said is war for turf now.

Last year when certain “fellas” would have “humbled” to certain “fellas” all of them have guns now. So they are killing one another for turf. UNC did not create that. They created a lawless society between the months of August and October 2002 and they expect it to be law-abiding now.

The Prime Minister was walking through Laventille with a man who said, “Boss if we loss this election it will have a serious race riot in this country.” The Prime Minister did not respond to that in the negative. So that is what we are reaping today. The Prime Minister now says he is meeting with community leaders. That is surrendering to the “bad boys”. Those “bad boys” are not community leaders they are gang leaders.

Community leaders, as I know, and as the population knows, are steelband leaders. A steelband represents a community. When Desperadoes leave Laventille hill to go to the savannah to do musical battle, the whole hill goes behind, and who does not go are glued to their televisions. If the results come out 2 o’clock in the morning and the band wins, the whole neighbourhood awakens, so too Phase II, if they leave the village; so too Invaders, if they leave the Woodbrook area; so too Fonclaire, if they leave South; so too Harmonites or Pannites, if they leave Vegas; so too Tokyo, if they leave John John. They are community leaders.

I say the hon. Prime Minister is a joker. He does not even know who is a community leader. He is meeting with gangsters and calling them community leaders. Now, what signal is he sending? He met with these people privately.

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Madam President, my first point is: He could talk to them genuinely but they could go back and tell the people, “You know, I have the Prime Minister in grip. He is afraid that we might rise up against him and so forth.” So he is sending the wrong message and then they would feel that they could do what they want in this country.

My second point is: I do not know—and I am being very harsh here—if UNC members are being set up in those conversations. They are blaming UNC for everything. So he could very well tell them: “Listen, those fellas want me to put pressure on you all. Those fellas want me to bring harsh measures on you all.” Madam President, our lives could be at stake.

My third point is: Let us say that everything was genuine and he asked them what is the problem, and probably there are social problems in the community and so on and he intends to deal with them. What signal is he sending? He is saying that to get the attention of the Prime Minister and to get your community developed you must turn your community into a murder case first. Kill people and then he will talk to you. He embraced them before the election and now they feel that they could do what they want.

As I said, steelbandmen are the community leaders. I know for a fact that the President of Pan Trinbago has been trying to meet with the Prime Minister for over a year. These are the people he should be meeting with. Meet with the steelband movement. They are the people who have the most people in any community involved in anything. This time of the year, if you go to any one of these communities you will see over 100-odd young men and women in steelband yards.

Andy Narell the great international pannist, his father came here in the 1960s. His father was a social worker and when his father saw the steelband, he took the steelband and carried it back to America to use to take people off the streets. Today there are over 200 school steelbands in London.

I also want to congratulate the Minister of Education for introducing a massive steelband programme. When the young people fail in school, that is the only thing they have to fall back on, not to meet with gunmen and “bad johns” and call them community leaders.

Madam President, it is not only the question of the Prime Minister’s action but generally in this country we have too much double standards; that is no example to the young people. When things do not affect us we stay quiet; when something affects us we talk. As I said, look at the behaviour of these Senators this evening. We were speaking about serious things—Only Sen. Enill lived up to it.

I have heard, over the years, calypsonians degrade women to the lowest. Last year I heard a guy sing a calypso “Ah maco, and ah maco she.” He said: “He maco he father, put he birdie in he mammy nest and he birdie wing break.” Another “fella” sing a calypso, he say: If a man is a bad man and he hit him in the morning and he is a right-hander, by the evening he go have to learn to wipe he bam bam with he left hand.” These are the things that we are allowing to be preached on the air to our young children. This year a man sing about “Catholic” is that what he said? “Catholic confirm she.” Madam President, you are hearing religious leaders, Catholic and everybody kicking up. What example are we setting for the young people? We want to tell them to go to church, turn to religion, but we have double standards. Crazy singing this year “Ah pulling she panty down.” They are not talking about that. We, as a society have too much double standards and if we continue so, as a society, a life of crime for the young would escalate.

Madam President, they were pounding the desks for the Attorney General just now. She said certain areas were neglected and the area she was speaking about is the Civilian Conservation Corps and the young people. She is inciting violence and murder in this country when she says—and I make no apologies for this—the reason for the murders and the crimes was because people were neglected. What was she saying? And they were pounding the desks when she said it was neglect. So when you are neglected you could go and commit a crime.

I remember some time ago a young man killed the former Commissioner of Prisons, Mr. Hercules. Do you know what his mother said? She said, he went for a ten-days the morning and he did not get it, that is why he went to look for money and he killed—That is the same thing the Attorney General is saying and we are pounding desks about that.

When we talk about neglect—Up to 1995 when you drove through Laventille and John John 2 o’clock in the morning you could see children between the ages of 8 years to 15 years lining up to catch water. They could not sleep in the night because they were waiting on water. Water came at 2 o’clock and left at 5 o’clock. The UNC changed that! [*Desk thumping*] Laventille has water now. These are the same people who could not study during that period because they could not do their homework or study. These are the school dropouts who are committing the crimes. We have to get together and we have to stop pointing fingers. We have to deal with the crime. The health situation is UNC; the crime situation is UNC; terrorist, is UNC.

Madam President, with respect to the front page article in the *Sunday’s Express*, from the time I read the headline I knew they were going to say it was

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the UNC. The British Advisory is UNC, Sadiq Baksh and Panday, it is them. But we have, in this country, the American Ambassador, the Canadian High Commissioner, the British High Commissioner; they have their intelligence here so nothing Sadiq Baksh say and nothing Panday say could convince their Government when they have their people here to report directly to them.

So when we keep making jokes and pointing fingers and not dealing with the issue we are carrying the country down a bad path. They are the ones, not me, who told the population: “Vote PNM and save T&T.” All you save it now, do not blame anybody! Madam President, the people voted for the PNM, the PNM said to save T&T, save it now, do not blame anybody! [*Desk thumping*] How could we—

**Madam President:** Hon. Senator, you have two more minutes.

**Sen. A. Smith:** Thank you, Madam President. The hon. Minister of Science, Technology and Tertiary Education stood here in October and said the first time he realized what is poverty and poor is when he became a Minister—nine months before that. So they cannot really deal with poor people problem. But I am saying what is joke for school children, is death for “crapaud.” “All yuh stop making joke. Ting to cry about all yuh laughing.” This country would erupt! And all “yuh” would be still making joke because you all do not understand what is happening! You all are still dreaming, you know. You all do not understand what is happening and when you play with fire you would get burned. This is not a threat, this is a warning, but if you all continue to play with fire you all will get burned.

Madam President, in 1990 the NAR government was warned about this attempted coup. They said it could not happen here but it happened. The CIA was warned about planes flying into the Twin Towers, they ignored it; it happened! You all are seeing people with chemical weapon and the Member for Diego Martin West said it was a joke that those could be bought in the drugstore. The people at Cariri, however, say that these things could make bombs. They are things that could be bought in the drugstore but then he said it is a conspiracy between the UNC and the *Express* but the same owner of the *Express* is one of the five people that the PNM Government shortlisted for the President. Suddenly, however, the *Express* is in conspiracy with the UNC.

Madam President, I have so much more to say but thank you for the time.

**The Minister of National Security (Sen. The Hon. Howard Chin Lee):** Madam President, I wanted to talk a little today about the rising crime as well as the statements made about the increase in the murder rate,

which, of course, is creating great concern to the Government and to the people at large. I just wanted to go back maybe four years to the situation and how the situation has been getting increasingly worse.

In 1999, in Trinidad and Tobago, there was a total of about 100 murders in this country which, of course was unacceptable. A year after that, in the year 2000 the murder rate increased by 19 per cent to a total of 119. Following that, in the year 2001, under the stewardship of Mr. Basdeo Panday as the Minister of National Security it went to a record high of 152; up by 27 per cent, and last year we went to 171, which was an increase of 12 per cent.

The point that I am making, Madam President, is simply to show that the rate of increase has been increasing for the last four or five years. Certainly it was not last year that murder started and that crime began. There was a continual rise from the year 1999 to now, by an average of 22 per cent to 23 per cent per annum.

I also wanted to comment on the fact that there is a perception that crime in all areas—as Sen. Baksh said—has increased. The reality is that certain areas have actually decreased. In burglaries and robberies, for example, in the year 2001, there were 5,016 and the following year, which is 2002, it decreased to 4,915. As well, narcotic offences reduced from 485 to 479, and in other serious crimes as well, there was a decrease.

What we have today, Madam President, is an increase in the murder rate, which, we as a government are taking very seriously. The question you have to ask is: Why is there this level of increase, and why is there such a high rate of murder in our country? There have already been 17 murders to date, as Sen. Smith said. If we were to analyze and to understand why there have been 17 murders to date, we ought to look at the causes and the reasons.

We have seen a number of senseless killings, certainly, not just in the last five or ten years but in the last month. If I might add, most of the murder in the last month, up till January 24, 2003, were related to crimes of passion. If you do recall the headless corpse that was found in the river; that was a crime of passion, as well as the woman whose foetus was torn out. We had another incident of the 16-year-old boy and PC Parke, all of which are very heinous crimes indeed.

So it is very difficult for the police or even the Government to curb this outpouring of intense negative passion which precedes the act of murder, as well as our young population who has seen a government previously that led with very bad examples of morality and integrity. Madam President, here is where the community leaders can play a significant role in assisting—and I was very

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pleased to hear that the UNC would like to play its part and work collectively as we have realized—[*Interruption*] Any time? Well, the first thing we would like the UNC to do is certainly to look—[*Interruption*] We would like the UNC, first of all, to consider that in order for us to improve the situation on crime, we have to look at the police service and reform. So what we are asking is that you pass the Police Reform Bill immediately! [*Desk thumping*] So that while you pay lip service to the matter, I think you ought to take action and immediately pass the Bill. Sen. Mark; one time!

So that, Madam President, people need to be spiritually strong. I do not want to point blame; we need to get together on this issue. So with the input of various religious denominations the beauty and essence of life will be highlighted and the negative of hate will be removed.

In addition, Madam President, the integrated support and monitoring of the schools, our business organizations, our non-governmental agencies and, of course, the Government must be in place to effectively control the crime situation in any modernized state. So all members of our society have to play a part in solving the crime situation. The time could never be appropriate for anyone or any group to score cheap political mileage as a result of any escalation of crime. [*Desk thumping*]

Madam President, I will not deny that the general public appears intensely concerned by the frequency of these incidences of crime. It is against that backdrop that the police service formulated a crime control strategy to address the crime situation and to consequently reduce the public fear about their safety. So the police service has been doing its part and I will go through some of its strategies very quickly.

The first strategy will be an accelerated level of police visibility; officers' presence and visibility would be heightened throughout the various communities by day and by night in the form of foot and mobile patrols. As well, the necessity of random searches will be relentlessly pursued. There will be planned and organized searches in the various communities on a random basis utilizing available intelligence on illegal and firearm activities. So that the level and intensity of sustained investigation must be undertaken if the issue of crime has to be remedially confronted.

To this end, aggressive investigation will form an integral part of the crime reduction process at the Ministry of National Security. Serious crime investigations will be pursued vigorously and necessary criminal charges preferred expeditiously.



Madam President, I raise these points to simply state that it is a collective approach; the country has to come together; we have to stop pointing the blame, because as I have said before going into the blame game denies the population a true debate on the real issues of crime.

So that in closing, Madam President, I do hope that extreme caution is exercised in projecting the State's affairs within our beautiful country. We must remember that as Trinbagonians this nation belongs to all of us. We must protect it, we must cherish it, and above all we must amplify and nation build.

Thank you, Madam President.

**Sen. Yuille-Williams:** Madam President, before the adjournment is taken, I wish to advise the Senate that next Tuesday will be Private Members' Day.

*Question put and agreed to.*

*Senate adjourned accordingly,*

*Adjourned at 9.40 p.m.*

#### WRITTEN ANSWER TO QUESTION

#### **Water and Sewerage Authority (Details of Salary Structure)**

*Pursuant to his reply to question 6, earlier in the proceedings, the Minister of Public Utilities and the Environment (Sen. The Hon. Rennie Dumas) caused to be circulated to Members of the Senate the following:*

Motor vehicle expenses	Fully maintained leased vehicle (maximum value \$250,000) or \$6,000 per month
Increment	3 per cent of previous year basic salary to be determined based on agreed performance indicators

I am to advise that instructions were given on January 15, 2003 for all the relevant personnel in WASA to revert to their previous remuneration packages with immediate effect pending the consideration of these proposed packages by the Public Sector Negotiations Committee. Steps have also been taken to ensure strict adherence to the established procedure for the determination/review of remuneration packages related to WASA and other state-funded agencies falling under the purview of the Ministry of Public Utilities and the Environment.

Further, initiatives have been taken by the Ministry of Public Utilities and the Environment to regularize the situation where WASA has parallel top managerial positions both on its organizational structure and under contractual arrangements.