

*Leave of Absence**Tuesday, July 06, 2004***SENATE***Tuesday, July 06, 2004*

The Senate met at 1.30 p.m.

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

Mr. Vice-President: Hon. Senators, I wish to advise that the President of the Senate, Sen. The Hon. Dr. Linda Baboolal, is out of the country for the period June 30, 2004 to July 30, 2004. During the absence of the President, the Vice-President of the Senate, Sen. Rawle Titus, would preside over the sittings of the Senate, and Mrs. Joan Hackshaw-Marslin would act temporarily.

Hon. Senators, I have granted leave of absence to Sen. The Hon. Knowlson Gift from today's sitting of the Senate.

SENATORS' APPOINTMENT

Mr. Vice-President: Hon. Senators, I have received the following correspondence from His Excellency, the President:

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency Professor GEORGE
MAXWELL RICHARDS, T.C., C.M.T., Ph.D.,
President and Commander-in-Chief of the
Republic of Trinidad and Tobago.

/s/ G. Richards
President.

TO: MRS. JOAN HACKSHAW-MARSLIN

WHEREAS Senator Dr. Linda Savitri Baboolal is incapable of performing her duties as a Senator by reason of her absence from Trinidad and Tobago:

NOW, THEREFORE, I, GEORGE MAXWELL RICHARDS, 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 effect from 6th July, 2004 and continuing during the absence from Trinidad and Tobago of the said Senator Dr. Linda Savitri Baboolal.

Senators' Appointment
[MR. VICE-PRESIDENT]

Tuesday, July 06, 2004

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 29th day of June, 2004"

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency Professor GEORGE MAXWELL RICHARDS, T.C., C.M.T., Ph.D., President and Commander-in-Chief of the Republic of Trinidad and Tobago.

/s/ G. Richards
President.

TO: MRS. MAGNA WILLIAMS-SMITH

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, GEORGE MAXWELL RICHARDS, 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, MAGNA WILLIAMS-SMITH, to be temporarily a member of the Senate, with effect from 6th July, 2004 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 3rd day of July, 2004.”

OATH OF ALLEGIANCE

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

COMMONWEALTH PARLIAMENTARY ASSOCIATION SEMINAR DELEGATES

Mr. Vice-President: Hon. Senators, visiting chairmen of Public Accounts Committees within the region, and officials from the Commonwealth Parliamentary Association (CPA) and the Canadian International Development Agency (CIDA) presently attending the regional seminar for Commonwealth

parliamentarians entitled: The Budgetary Cycle Oversight and Public Accounts Committees, Port-of-Spain, Trinidad and Tobago, are here with us today. I extend a hearty welcome to them. [*Desk thumping*]

FAMILY PROCEEDINGS (AMDT.) BILL

Bill to amend the Family Proceedings Act, brought from the House of Representatives [*The Attorney General*]; read the first time.

PAPERS LAID

1. Report of the Elections and Boundaries Commission on the review of constituency boundaries pursuant to section 72 of the Constitution of the Republic of Trinidad and Tobago dated June 15, 2004. [*The Vice-President (Sen. Rawle Titus)*]
2. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Cipriani Labour College (now the Cipriani College of Labour and Co-operative Studies) for the year ended December 31, 1984. [*The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill)*]
3. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Cipriani Labour College now the Cipriani College of Labour and Co-operative Studies) for the year ended December 31, 1985. [*Sen. The Hon. C. Enill*]
4. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Cipriani Labour College (now the Cipriani College of Labour and Co-operative Studies) for the year ended December 31, 1986. [*Sen. The Hon. C. Enill*]
5. Annual audited financial statements of First Citizens Bank Limited and its subsidiaries for the year ended September 30, 2003. [*Sen. The Hon. C. Enill*]
6. Annual audited financial statements of First Citizens Trust and Merchant Bank Limited for the year ended September 30, 2003. [*Sen. The Hon. C. Enill*]
7. White Paper on the reform of the Financial System of Trinidad and Tobago. [*Sen. The Hon. C. Enill*]

**Financial System of Trinidad and Tobago
(White Paper)**

The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):
Mr. Vice-President, I wish to indicate to hon. Senators that this is a document that

would be discussed at some future time. Our intention is simply to lay it for consideration.

8. The seventy-first report of the Salaries Review Commission on the review of the salary and other conditions of service applicable to officers in the judicial and legal service. [*Sen. The Hon. C. Enill*]
9. The annual administration report of the Betting Levy Board for the period July 01, 2002 to June 30, 2003. [*The Minister of Public Administration and Information (Sen. The Hon. Dr. Lenny Saith)*]

JOINT SELECT COMMITTEE REPORT

**Public Broadcast of Debates and Business of
Both Houses of Parliament
(Presentation)**

The Minister of Social Development and Gender Affairs (Sen. The Hon. Mustapha Abdul-Hamid): Mr. Vice-President, I beg to lay on the Table, the report of the joint select committee appointed to consider and report on the Public Broadcast of Debates and Business of Both Houses.

**PUBLIC ACCOUNTS COMMITTEE REPORT
(Presentation)**

The Minister in the Office of the Prime Minister (Social Services Delivery) (Sen. The Hon. Christine Kangaloo): Mr. Vice-President, I wish to lay on the Table, the first report of the Public Accounts Committee of the Parliament of the Republic of Trinidad and Tobago.

ORAL ANSWERS TO QUESTIONS

**Unemployment Relief Structure
(Management Structure)**

- 60. Sen. Wade Mark** asked the hon. Minister of Local Government:
- A. Could the Minister provide the management structure of the Unemployment Relief Programme (URP) inclusive of the Women's Programme in Trinidad and Tobago?
 - B. Could the Minister further provide:
 - (i) the names;
 - (ii) qualifications;

- (iii) salaries; and other conditions of employment of all persons permanently employed by the URP particularly those positions from labourer or to director in URP Women's section over the period January, 2002 to March, 2004?

The Minister of Local Government (Sen. The Hon. Rennie Dumas): Mr. Vice-President, the management structure of the URP comprises:

- a. One Programme Manager;
- b. One Deputy Programme Manager;
- c. Two Special Projects Coordinator;
- d. One Head Programme Auditor;
- e. Twelve Regional Managers;
- f. Thirty-six Regional Supervisors;
- g. Thirty-six Regional Coordinators;
- h. One Women's Programme Manager;
- i. One Assistant Women's Programme Manager;
- j. Twelve Women's Programme Coordinators; and
- k. Thirty-six Women's Programme Regional Supervisors.

The Unemployment Relief Programme (URP) public service staff, in contrast to its contracted personnel, all hold longer term appointments and could therefore be considered the permanent staff of the programme. The qualifications of the URP public service personnel are the same as those that are required by the public Service Commission for the respective post. Furthermore, the working conditions of this cadre are similar to that enjoyed by personnel of like class in all other ministries.

The details of the public service personnel employed by the URP according to name, position and salary are as follows:

POST	NAME	SALARY
Administrative Officer IV	Savitri Pargass	\$7,191
Administrative Officer II	Linda Sooknanan	\$6,240

POST	NAME	SALARY
Administrative Assistant	Lynette Fletcher	\$5,785
Accountant II	Rampersad Mahabir	\$6,373
Accountant I	Ramdeo Harrilal	\$5,281
Accounting Assistant	Harold Hillaire	\$4,311
	Sadee Sanichar Ram	\$4,311
	Anand Rampersad	\$4,311
	Stacey Dailey	\$4,311
Auditing Assistant	Chandra B. Persad Baksh	\$5,887
	Suraj Ramcharitar	\$5,887
Clerk IV	Allison Murray	\$4,984
Clerk IV	Jemini Rampersad	\$4,800
	Zinobia Sankar	\$4,800
Clerk III	Ronald Lee Tang	\$4,040
Clerk II	Mona Phillip-Burke	\$4,079
	Liza Mohammed	\$3,630
	Mary Seenath	\$3,630
	Vedawatee Sookoo	\$3,630
	Michelle Ragoo	\$3,630
	Annesa Singh	\$3,630
	Roger Seepaul	\$3,630
	Veyush Sabad	\$3,630

POST	NAME	SALARY
	Pauline Mungal	\$3,630
	Mark Jagdeosingh	\$3,568.84
	Kavita Sampath	\$3,067
	Ginelle Huggins	\$3,630
Clerk I	Marisha Aberdeen	\$2,903
	Natasha Dennis	\$2,982
	Wynette Toussaint	\$3,067
	Aneisa Mohammed	\$2,903
	Sean Baig	\$2,903
	Joseph Ramsarran	\$2,903
	Selvon Phillips	\$2,903
	Rose Ann Nandram	\$2,903
	Alemene Henry	\$2,963
	Shaliza Hosein	\$2,903
	D. Moonesar	\$2,903
Clerk Stenographer III	Gale Reason Duke	\$3,631
Clerk Stenographer II	Roberta Heywood	\$3,291
	Isha Dan	\$3,291
Clerk Typist I	Yvette Murphy	\$3,567
	Marlene Riley-Mohammed	\$3,328
	Sylvia Small	\$3,648

POST	NAME	SALARY
	Sandra Hosein	\$3,648
	Sherina Khan	\$3,328
	Michelle Subero	\$3,087
	Amarie Waldropt	\$2,848
	Roberta Heywood	\$2,848
Messenger I	Margaret Edwards	\$2,856
	Gertrude Da Costa	\$3,124
Paymaster I	Jeewan Seewnath	\$4,508
	Ancle Joseph	\$4,508
	Azaad Barak Tali	\$4,508
Paymaster I	Randy Christian	\$4,508
	Monette Smith	\$4,508
	Poorandeo Ramroop	\$4,508
	Moonan Beharry	\$4,508
Paymaster II	Lauren Augustus	\$4,508
Estate Inspector	Ephraem Robinson	\$6,295
Estate Sergeant	Sewak Baran	\$4,920
Estate Constable	Floyd Marcelle	\$4,303
	George Phillip	\$4,303
	Mary L. Simon George	\$4,303
	Atiba Babatunde	\$4,191

POST	NAME	SALARY
	Alan Webb	\$3,072
	Peter Maharaj	\$3,964
	Terrance Raleigh	\$3,854
Works Superintendent	Jason Iles	\$7,477
Works Superintendent III	Junior Bedeau	\$5,884
	Anderson Richardson	\$6,014
	Mankard Hosein	\$6,014
	Kenny Arjoon	\$6,014
	Lewis Paul	\$6,166
Works Superintendent II	Abiola Balewa	\$5,508
	William Francis	\$6,151
	Deokie Balkissoon	\$5,508
	Deodath Ranoo	\$5,508
	Anand Sieunarine	\$5,508
	Michael De Four	\$5,671
	Samuel Jack	\$5,561
Engineering Assistant II	Oscar Deane	\$5,339
	Ernst Batson	\$6,151

Sen. Mark: Mr. Vice-President, through you, may I ask the hon. Minister: How many women have been trained to date under this programme?

Sen. The Hon. R. Dumas: Mr. Vice-President, I could say many, but I think it is only fair that the Senator put that question formally, and then we would provide the answer for him.

Sen. Mark: Mr. Vice-President, I did ask for the qualifications of the individuals which the hon. Minister has not provided to this honourable Senate. I also asked for other conditions of employment for those persons, and the Minister has failed to provide that information. Mr. Vice-President, I do not know if you could direct him to so do.

Mr. Vice-President: Mr. Minister?

Sen. The Hon. R. Dumas: Mr. Vice-President, in my answer, I proceeded from the perspective that the information is in the public domain, and it should not constitute part of my answer to the question. I did say that the like qualifications and like conditions for all ministries are matters in the public domain.

**Barbados and Trinidad and Tobago
(Maritime and Trade Matters)**

61. Sen. Wade Mark asked the hon. Minister of Foreign Affairs:

Could the Minister give a detailed account on the impact of the maritime and trade matters that are adversely affecting friendly relations between Barbados and Trinidad and Tobago?

The Minister of Legal Affairs (Sen. The Hon. Danny Montano): Mr. Vice-President, by Diplomatic Note dated February 16, 2004, the Government of Barbados informed the Government of Trinidad and Tobago that it had referred the matter involving the delimitation of the exclusive economic zone and the continental shelf, to the compulsory binding procedure pursuant to Article 286 and Annex VII of the 1982 United Nations Convention on the Law of the Sea.

Consistent with its obligations under the Convention and in deference to its national interests, the Government of Trinidad and Tobago has scrupulously adhered to the tenets of international law and has appointed its member of the arbitral tribunal pursuant to Article 3(1) of Annex VII.

Both Trinidad and Tobago and Barbados have agreed on the appointment of the other three members of the tribunal in accordance with Article 3(d) of Annex VII. Other matters related to the procedures governing the convening of the arbitral tribunal are in progress.

Mr. Vice-President, Senators are aware of the fact that with effect from February 13, 2004, the Government of Barbados imposed licensing requirements on a scheduled list of items from the Caribbean Community. This has resulted in

distributors, agents and customers in Barbados having to obtain import licences to purchase products from Trinidad and Tobago. These licences are only valid for three months. Trinidad and Tobago's exporters of fresh fruit and vegetables, in the main, have complained of the pace in getting their goods into the Barbados market.

In keeping faith with the commitment to protect its nationals, and in this instance, members of the business community, the Government of Trinidad and Tobago invoked the jurisdiction of the Council of Trade and Economic Development (COTED) pursuant to the Revised Treaty of Chaguaramas.

At its Sixteenth Meeting held in Belize during the period March 01, 2004 to March 05, 2004, COTED found that Barbados had acted inconsistently with its obligations under Articles 91 and 92 of the Revised Treaty of Chaguaramas and "urged the Government of Barbados to remove the import licensing regime as soon as practicable". If no action was taken to comply with this decision of the COTED, then the matter was to be referred to the Caricom Heads at the next meeting in July 2004 in Grenada.

Mr. Vice-President, despite the referral by Barbados of the bilateral maritime delimitation issue to Annex VII arbitration under UNCLOS, and the imposition by Barbados of a licensing regime on selected items made in Trinidad and Tobago and exported to Barbados, there is no evidence that there has been any serious impairment of the traditional friendly relations which have always been a characteristic of matters between Trinidad and Tobago and Barbados. To the contrary, both governments have continued to cooperate on matters of mutual interest and on matters involving the development of regional integration.

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

Barbados and Trinidad and Tobago (Diplomatic Notes of Protests)

62. Sen. Wade Mark asked the hon. Minister of Foreign Affairs:

Could the Minister table the several diplomatic notes of protests received from the Government of Barbados and the responses of the Government of Trinidad and Tobago to these notes and protests?

The Minister of Legal Affairs (Sen. The Hon. Danny Montano): Mr. Vice-President, official diplomatic correspondence between sovereign States are accorded a special status not conferred on other types of correspondence. In this regard, Diplomatic Notes or Notes Verbale are no exception. For this reason, it is

not the practice of states to table these documents in Parliament or otherwise to make them public.

The Government of Trinidad and Tobago has received two Diplomatic Notes of protest from the Government of Barbados since the latter informed through Diplomatic Note Ref. 18/1-1-2 dated February 16, 2004 that it had referred the issue of delimitation of maritime boundaries between the two states to compulsory binding procedure pursuant to Article 286 and Annex VII of the 1982 United Nations Convention of the Law of the Sea.

However, in recognition of the importance of this matter, Government places the dissemination of the following information: By Diplomatic Notes Nos. IR/2004/43 dated March 01, 2004 and IR/2004/56 dated March 30, 2004, the Government of Barbados protested the offer by the Government of Trinidad and Tobago, of oil and gas concessions to the north and east off Tobago. In response, the Government of Trinidad and Tobago by Diplomatic Note No. 596 dated April 05, 2004, advised the Government of Barbados that it was satisfied that its actions with regard to any developments in its offshore oil and gas industry were not in violation of its international legal obligations.

**Runway Overlay Project
(Contract)**

85. Sen. Sadiq Baksh asked the hon. Minister of Works and Transport:

With respect to the original contract for the Piarco Airport Runway Overlay Project, could the Minister state:

- (i) whether there was any increase in the contract sum;
- (ii) if there was an increase, would the Minister state which clause in the original contract allowed for this;
- (iii) whether there were any variation orders issued under the contract for additional works and if so, what were they; and
- (iv) whether the performance bond was seized for failure to perform in accordance with the contract?

The Minister of Works and Transport (Hon. Franklin Khan): Mr. Vice-President, I wish to reply to question No. 85 as posed by Sen. Sadiq Baksh and to advise this honourable Senate that the original contract sum for the project was \$20,240,567.60, Vat exclusive.

Mr. Vice-President, by letter dated May 14, 2004 to the Central Tenders Board, variation in the sum of \$7,003,589.12, Vat exclusive, was requested. The revised contract sum was, therefore, \$27,244,156.72, Vat exclusive.

It should be noted that some of the variations amounting to a total of \$3,366,885.12 cannot be classified as “additional works” under the contract. These are as follows:

Item	Variation Sum (\$)
Restriction of working hours	99,420
Bomb scare on November 13, 2003	69,750
Minister of Foreign Affairs of the People’s Republic of China arrival on 16.09.03	78,200
Refund of petro-grid fabric	185,780.51
Importation of aggregates	2,444,026.34
Supply of touchdown lights	489,708.27
Total	3,366,885.12

The increase in the contract sum was allowed under clause 51.5 (variations) of the general conditions of contract.

Variation orders for additional works were issued for the following items:

Item	Variation sum (\$)
Installation of temporary wingbar lighting	32,000
Shear keys at the end of runway ramps	126,000
Reinstating of existing runway touchdown zone lights	60,480
Paving of runway shoulders	3,370,224
Paving of AATT administrative building driveway	48,500
Total	3,637,204

Mr. Vice-President, work on the Piarco Airport Runway Overlay Project is still ongoing. On completion of the contract, an adjudication of the contractor’s

Oral Answers to Question
[HON. F. KHAN]

Tuesday, July 06, 2004

performance would be undertaken as is required by the Central Tenders Board, and recommendations would then be forwarded to the Director of Contracts, regarding the performance bond. [*Desk thumping*]

Sen. Baksh: Mr. Vice-President, would the hon. Minister consider after all that took place, an increase of 40 per cent in the cost of the original project is prudent management?

Hon. F. Khan: I do not want to give too much of an interpretation, but you would realize that there were two major cost components: one was an engineering error, where the original scope of works did not include the paving of the shoulders, and that amounted to \$3.370 million. The other unforeseen circumstance was the importation of aggregates, which increased the cost by \$2.44 million.

Mr. Vice-President, permit me to elaborate on the aggregate, because we were dealing with an airport runway—we were not dealing with a highway on which cars travelled. We took a very firm position with regard to the quality spec for the aggregate, all of which were not available locally. We make no apologies, because we were in a non-compromising position as to the standard of the paving.

Sen. Baksh: Mr. Vice-President, the importation of aggregate is not new. In fact, it was a known factor before this Overlay Project, that the new taxiway had to import aggregate. So, therefore, that error would have been a repeat of a previous error when we did not know to source the aggregate outside. So it is a question of if we did not learn from the past, then we are in trouble.

Sen. R. Montano: Mr. Vice-President, through you, may I ask who is responsible for these engineering and other errors? Somebody has to be responsible for it. Who is responsible for the paving error? While I am on my legs, could the Minister also explain how a bomb scare could result in \$69,000 worth of delays?

Hon. F. Khan: Just for the enlightenment of the Senator, the runway is paved when the last flight comes in, so it is really paved from 11.30 p.m. to 4.00 a.m. If there were a bomb scare, then we would have to shut down work for the night. So work was shut down for the night and the approximate cost for one night's work, based on the mobilization of the contractor, his equipment and staff approximated \$69,000.

Sen. R. Montano: What about the question as to who is responsible for these engineering and other errors that were made?

Hon. F. Khan: Mr. Vice-President, probably I used the word “error” inadvertently, but it was actually the scope of work did not take into consideration the paving of the shoulders of the runway. As Sen. Baksh would know—he is nodding his head—I am sorry that Sen. Montano is not too au courant with the engineering aspects of the job and, therefore, some of his questions are really out of tandem.

Sen. R. Montano: Mr. Vice-President, this is important because we are talking about \$7 million that has—as my four-year-old daughter used to say—“misappeared.” [*Laughter*] The Minister said that a mistake was made because they did not take into account the paving of the sidebars of the runaway, or whatever it is called. A simple question does not require a rocket scientist to figure out what I am trying to get at. Who are the persons responsible for these mistakes or errors? Do not obfuscate the issue and do not pretend that you do not know what I am talking about. Who is responsible?

Mr. Vice-President: Sen. Montano, the Minister indicates that he is not in a position to say that. If you wish to pursue the matter, please file a question to the effect.

Sen. Mark: Mr. Vice-President, I would like to move under Standing Order 83(1) that we suspend the Standing Orders to facilitate the answering of the other three questions. I understand that the Senate would not be meeting next week Tuesday and, as such, I move Standing Order 83(1).

Mr. Vice-President: Sen. Mark, I have no information with regard to whether this is the last sitting.

Sen. The Hon. Dr. Saith: Mr. Vice-President, I have no problem with the questions being asked. We have three more questions and we would answer them.

Natural Gas Export Task Force

96. Sen. Carolyn Seepersad-Bachan asked the hon. Minister of Energy and Energy Industries:

- A. Could the Minister advise the Senate what is the role and function of the Natural Gas Export Task Force?
- B. Could the Minister provide the Senate with the names, professions and of any affiliations with private entities of the members of this task force?

- C. Could the Minister provide the names of projects undertaken by this task force which are currently in the conceptual and/or developmental stage?

The Minister of Energy and Energy Industries (Hon. Eric Williams): Mr. Vice President, it must be pointed out that the Natural Gas Export Task Force reports to the inter-ministerial committee on energy which reports to the Sanding Committee, a sub-committee of the Cabinet.

In that context the terms and reference of the Task Force are:

- (i) to take responsibility for the continued negotiations on the expansion of the LNG industry, maintaining the original target date of a Train 4 expansion by December 2005;
- (ii) to promote and be active in the development of any proposed large consumption of natural gas for export—compressed natural gas; liquefied natural gas, gas to liquids, di-methyl ether, methanol to olefins and the proposed Caribbean pipeline system;
- (iii) to develop the principles that will inform any new policies or legislation that will govern the export of natural gas;
- (iv) to formulate strategies for increasing and sustaining local value content in the natural gas sub-sector; and
- (v) to formulate strategies for increasing training opportunities in support of the energy and industrial sectors.

2.15 p.m.

Mr. Vice-President, the members of the task force are Prof. Kenneth Julien, who is Chairman of the Task Force and also Chairman of KENESJAY Systems Limited; Mr. Barry Barnes, adviser to the Minister of Energy and Energy Industries; Mr. Andrew Jupiter, Permanent Secretary in the Ministry of Energy and Energy Industries; Mr. Leroy Mayers, Acting Permanent Secretary in the Ministry of Finance; Mr. Keith Awong, Chairman of the National Gas Company of Trinidad and Tobago and Malcolm Jones, Executive Chairman of the Petroleum Company of Trinidad and Tobago.

Following is a list of major projects in which the Task Force has been involved:

- 1. Gas to petrochemicals—
 - (i) Lurgi's methanol to propylene proposals
 - (ii) UOP's methanol to olefins, (ethylene and propylene)

- (iii) Ethylene Cracker
- (iv) Ammonia proposals
 - (a) Clico Energy
 - (b) Terra/Ansa McAl
 - (c) Enaex Chile; and
 - (d) Simplot-UAN.
- 2. Gas Refinery
- 3. Metals
 - (i) Iron and Steel; and we have made statements on those, (Nucor and the International Steel Group)
- 4. Liquefied Natural Gas (LNG)
 - (i) Train 4
 - (ii) Any further expansions of the LNG industry
 - (iii) Involvement in regasification terminals in the United States, Jamaica and the Bahamas
 - (iv) compressed natural gas
- 5. Other Task Force work programmes
 - (i) Review of the Gas Master Plan
 - (ii) Review of fiscal incentives for energy intensive industries
 - (iii) Establishment of an LNG contract administration and unit monitoring
 - (iv) Downstream metals industry
 - (v) The future of the refining industry
 - (vi) Local content industries, and
 - (vii) The aluminium smelter project.
- 6. Any other project as considered appropriate by the Standing Committee on Energy or the Cabinet.

Sen. Seepersad-Bachan: Can the Minister indicate, given that the members of this task force are in constant contact with the various proposals of these projects through negotiations and otherwise, if they fall under the Integrity in Public Life Act, 2000?

Hon. E. Williams: Some of them do, by virtue of their substantive positions.

Sen. Seepersad-Bachan: What about the others?

Hon. E. Williams: I believe all of them are members of boards, so they are all covered.

World Scale Ethylene Complex (Building of)

97. Sen. Carolyn Seepersad-Bachan asked the hon. Minister of Energy and Energy Industries:

- A. Could the Minister inform the Senate if the Government of Trinidad and Tobago or any State Agency has signed a Memorandum of Understanding (MOU) or is in the process of negotiating for the building of a world scale ethylene complex in Trinidad and Tobago?
- B. If the answer to (a) is in the affirmative, could the Minister provide:
 - (i) the name/names of the company/companies with whom the Government has either signed the Memorandum of Understanding (MOU) or with whom they are presently negotiating; and
 - (ii) state whether the firm KENESJAY or any of its principals were involved in the negotiations/discussions leading to the signing of the agreement? And if they were, what was their role/function?

The Minister of Energy and Energy Industries (Hon. Eric Williams): Mr. Vice-President, yes, memoranda of understanding (MOU) were signed between the National Gas Company (NGC) and four entities to conduct pre-feasibility studies aimed at implementing a world scale ethylene complex in Trinidad and Tobago. This was done back in 2003. These MOUs have all been satisfied and have expired.

A tripartite confidentiality agreement has since been executed and remains in force between the National Energy Corporation (NEC), which is a subsidiary of the NGC and two preferred prospective investors. These have been working jointly

with the NGC and the Natural Gas Export Task Force, with support from the Ministry of Energy and Energy Industries, in formulating a negotiating strategy for acquisition of the feedstock for the ethylene complex.

Mr. Vice-President, it would not be in the projects' interest nor in the interest of Trinidad and Tobago to make public, at this time, the names of the firms or foreign entities involved. These companies are publicly traded companies and premature release of information would jeopardize the relationship and affect their share value. On a previous occasion in the year 2000, a prospective investor in the project literally walked away, mainly due to the received negative impact on their share prices when a premature announcement was made by the then government of Trinidad and Tobago of their involvement in the project.

No, the firm KENESJAY was not involved in any way in the negotiations or discussions leading to the signing of the agreement for the building of a world scale ethylene complex in Trinidad and Tobago. It should be noted, however, that one of the principals of KENESJAY is Prof. Ken Julien who, indeed, is the Chairman of the Natural Gas Export Task Force and a member of the NEC board. In those capacities he would have been involved in some of the discussions leading to the signing of the agreement.

Sen. Seepersad-Bachan: Could the Minister indicate if the firm KENESJAY was engaged to provide any study for any of the projects he mentioned?

Hon. E. Williams: That, of course, would be another question and I can provide the answer.

World Scale Ethylene Complex (Submission of Proposals)

98. Sen. Carolyn Seepersad-Bachan asked the hon. Minister of Energy and Energy Industries:

- A. Could the Minister indicate to the Senate if any other company/companies, either local or foreign, have submitted proposals for the building of a world scale ethylene complex in Trinidad and Tobago?
- B. If the answer to (A) is in the affirmative, could the Minister indicate whether these proposals were evaluated by technocrats of the relevant ministry/ministries prior to commencement of negotiations or to the signing of a Memorandum of Understanding (MOU)?

The Minister of Energy and Energy Industries (Hon. Eric Williams): Mr. Vice-President, three other companies besides the two selected preferred prospective investors presented and submitted the results of their pre-feasibility studies to the National Gas Company (NGC) and the Natural Gas Export Task Force.

All five firms and their proposals were evaluated jointly by technocrats from the Ministry of Energy and Energy Industries, the National Gas Company and the Natural Gas Export Task Force prior to selection of the two preferred prospective investors, who have since signed a confidentiality agreement with the NEC and the Natural Gas Export Task Force, as was pointed out before and have been meeting with the local team to formulate a strategy for the acquisition of stock.

Sen. Seepersad-Bachan: Just a clarification. Are you saying that the three other companies who provided prefeasibility studies met with the three entities?

Hon. E. Williams: No, they presented their prefeasibility studies to the NGC and the Natural Gas Export Task Force.

Sen. Seepersad-Bachan: Were the principals for these feasibility studies ever met with by these entities at all, to consider the proposals or was it just that they submitted their proposals?

Hon. E. Williams: I do not have the details, because I do not drill into the day-to-day activities, but my understanding is that there would have been face-to-face discussions between them.

ARRANGEMENT OF BUSINESS

Mr. Vice-President: Hon. Senators, I am advised that there is a ministerial statement to be made by the hon. Minister of Public Administration and Information, Sen. The Hon. Dr. Lenny Saith. I have granted leave for the Minister to proceed.

BROADCAST LICENCES (RECIPIENTS)

The Minister of Public Administration and Information (Sen. The Hon. Dr. Lenny Saith): Mr. Vice-President, I thank you for the opportunity to make the following statement to this honourable Senate.

Hon. Senators may recall that the National Policy on Broadcasting and the Broadcast Industry was approved by Cabinet in late July 2003 and was thereafter laid in both Houses of the Parliament. In my capacity as the Minister responsible for all telecommunication and broadcasting matters, I subsequently directed that

all outstanding applications for FM radio broadcasting licences be processed, for the purpose of making recommendations to Cabinet for the granting of additional FM radio broadcasting licences.

To this end, a ministerial technical committee was established comprising the following persons:

Ms. Elizabeth Camps	Chairperson, Head of Legal Services Division
Ms. Mala Guinness	Ag. Director, Telecommunications Division
Mr. Cris Seecheran	Senior Telecommunications Engineer
Mr. Kwesi Prescod	Telecommunications Advisor

A total of 32 outstanding applications were identified by the technical team and the review exercise commenced in September 2003 and was completed on December 19, 2003.

I am advised that the technical team considered it appropriate to develop a two-tiered approach of eligibility and selection criteria in the processing of these applications. Eligibility criteria were established to ensure that applications were in conformity with the requirements set out in the application form. The selection criteria identified the various operational and policy issues which needed to be satisfied prior to any consideration being given for a recommendation for award of a broadcast licence.

At the commencement of the exercise, therefore, the technical team contacted all applicants inviting them to supply outstanding information not supplied initially in their original application documents. It is to be noted that at the end of the exercise, despite repeated requests, some applicants still had not supplied the necessary information. As such, those applications remained incomplete and were not considered in the second phase of the evaluation process.

I would like to spend a little time discussing the selection criteria that the technical team established to inform its deliberations. Consistent with the National Policy on Broadcast and the Broadcast Industry, the team determined that once the eligibility requirements had been met applicants would then have to satisfy both operational and policy requirements in order to satisfy the selection criteria. The operational requirements necessitated the provision of feasible technical and financial proposals. With respect to the technical requirements, note was to be taken of any prior spectrum assignments to the applicants in the FM band so as not to create the dominance of any one entity in this band.

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With regard to the policy requirements of the selection criteria, the technical team gave consideration to the following:

The relative contribution of the proposed content package to the economic and social development of Trinidad and Tobago;

The extent that the proposed content package would reflect and contribute to the development of Trinidad and Tobago's identity and culture;

The contribution of the content package to the overall variety and range of programmes that would be made available in addressing the requirements of the various interest groups in Trinidad and Tobago;

The extent that competition will be promoted;

The commercial plan for the planned usage of the FM Band, including full coverage for Tobago and the applicant's shareholding/ownership of other mass communications media, to avoid the dominance by any one entity in the mass communications sector.

As a result of the review exercise that I have described very briefly, a total of 13 applications were considered to have satisfied the criteria for the award of an FM broadcast licence. These comprised 10 national licences and 3 community licences. There were several applications from non-profit and non-commercial type organizations with proposed religious and inspirational programming. However, the technical team, again mindful of the National Broadcast Policy that non-commercial organizations may only access air time through individual arrangements with commercial stations, as well as the physical constraint of the number of available FM channels, did not recommend the grant of licences to such organizations, at this time. Instead, the team has recommended that a frequency be reserved for use by such organizations on a time-sharing basis.

Due to the scarcity of spectrum, which is based in no small measure on the poor spectrum management practices of the past, the technical team also formulated a draft FM Band plan, which is intended to facilitate the management of the band in a more efficient and effective manner. The key elements of the draft plan are as follows:

Assignment of frequencies will be in accordance with the International Telecommunications Union, Region 2 allocation;

Carrier frequencies will be centred at odd tenth of a megahertz;

The bandwidth of each station's broadcasting signal shall not be greater than 150 kilohertz; and

Carrier centre frequencies shall be separated by 400 kilohertz in order to provide sufficient separation, including guard bands, between adjacent carriers.

This plan is currently being reviewed by international consultants as part of the national spectrum audit exercise and will be finalized shortly.

Adoption of a sound plan will ensure that the maximum number of channels will become available for assignment within the FM Band. This plan, in addition to the deployment of frequency re-use techniques for community broadcast stations, will possibly mean the availability of some 50 channels in total including those currently assigned.

The technical team also noted that the existing licensing arrangements had several shortcomings, particularly in the following areas: Technical parameters of operation; assignment/transferability of licence; duration of licence and licence fee, because, to date, spectrum has been given away freely. The team has also proposed a tighter licensing regime and mindful that all existing licences are up for renewal in approximately two years, January 2006, successful applicants will be granted licences for the remaining period to January 2006. Like the existing broadcasters, they will be eligible for renewal on the new terms and conditions that are developed.

These and all related matters, as you know, will become the responsibility of the Telecommunications Authority. It is anticipated that in conformity with its mandate given to it by statute, that full consultation with the stakeholders and the public generally will be the basis upon which the renewal of the licences will be effected.

The report of the technical committee was submitted to the Cabinet. After a review of the report by the hon. Attorney General, the report was accepted without modification. Therefore, I wish to advise that the following applications have been approved for national coverage:

PBCT Limited; 21st Century Arts and Entertainment Limited;

VL Communications;

Wonderland Entertainment Limited;

Upward Trend Entertainment;

InnerCity Broadcasting;

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Marcel Mahabir;
United Cinemas Limited;
Q Corporation; and
Heritage Communications Limited.

The following applications have been approved for community coverage:

Side Walk Radio;
Neil "Iwer" George; and
Kenny Phillips (WACK FM).

The Cabinet also agreed to the proposal of the technical team for the sharing of a reserved band for non-profit/non-commercial organizations and it will fall to the Telecommunications Authority to implement this proposal. The BBC World Service has also been granted a broadcast licence, using a reserved frequency, on terms and conditions to be developed.

Finally, it is anticipated that within the next two years or so, when all broadcasters are operating within tighter technical parameters and with the completion of the entire spectrum management exercise, a further 8 to 10 frequencies will become available and applications to operate in the FM broadcast band will then be invited.

Mr. Vice-President, thank you for the time you have afforded me.

VENTURE CAPITAL (AMDT.) BILL

Order for second reading read.

The Minister in the Ministry of Finance (Sen. The Hon. Christine Sahadeo): Mr. Vice-President, I beg to move,

That a Bill to amend the Venture Capital Act, 1994, be now read a second time.

In order to stimulate the growth and development of the venture capital industry in Trinidad and Tobago, Government enacted the Venture Capital Act, 1994 as amended by the Venture Capital Act, 1997 and the Venture Capital Regulations, 1996.

The primary objectives of the Venture Capital Incentive Programme (VCIP) is to mobilize capital for risk financing of business activity. The VCIP was introduced in 1996 as a direct response to the need for a new and alternative

approach for financing of the small and medium enterprise sector. In essence, this programme seeks to direct equity capital to businesses with above average risks. Venture capital is a mechanism used in many countries to allow the matching of ideas with capital. Thus, venture capitalists are required to provide not only capital, but also management services to the investee company. It is a specialized form of financing which is not otherwise available to the entrepreneur. The primary attraction to the venture capitalist is, albeit high risks, the high growth potential of the prospective investee business.

Other objectives which influence the legislative framework were:

to promote economic activity and diversification;

to facilitate the development of a culture of entrepreneurship, innovation and risk taking;

nurture the developing of new business ideas which have the potential to develop industries that can sustain the long-term growth objectives of the country;

broaden and deepen the range of financial services available to business, to promote development of the capital market in Trinidad and Tobago;

to enhance business expertise through more effective management;

generate sustainable employment; and

reduce the risk of business failure caused by fixed debt servicing and lack of management skills.

The last objective is very important, because fixed debt servicing has been the detriment and cause of failure of many new businesses.

The venture capital legislation is, essentially, incentive based. It provides a tax incentive to persons purchasing shares in registered venture capital companies. It also prescribes the procedures and requirements for the registration of a venture capital company; regulations relating to capital requirements, business and investments of the venture capital company and an institutional framework for the administration of the Act.

Venture capital provides a major source of financing for starter companies that experience difficulty in sourcing funding from traditional financiers. Given where our country is today and where we want to go, it is extremely important that we provide the environment and infrastructure to start-up companies or persons with new ideas and that innovators get funding for their projects. More

importantly, given the positioning of Trinidad and Tobago for future development in idea-based or knowledge-based industries, it is anticipated that the need for equity financing by venture capitalists will increase.

It is given that the legislation should remain incentive based, as they are at present, its policy orientation needs to be refocused to provide for development and regulation of all venture capital companies. Further, and more specifically, the restrictive provisions of the Act, with regard to the registration requirements, business and investment conditionalities, need to be removed or substantially modified.

The vision of this Government for Trinidad and Tobago is to create a pan-Caribbean financial centre that is globally competitive and market driven and which comprises a range of financial instruments and institutions that will provide the requisite financial resources for the long-term growth and development of the economy. It is within the context of this broader reform exercise, that the Government is seeking to amend the Venture Capital Act, 1994.

Venture capital is an important source of business financing, particularly for long-term risk capital, which has the potential to stimulate growth in key sectors of the economy. In fact, for many countries in the world, venture capital has been an important source of dedicated financing for business activity that has a strong growth potential, but which may not attract financing from traditional sources.

Mr. Vice-President, the present law is based on the British Columbia model and is structured to cater exclusively to the needs of the small and medium enterprise (SME) sector. This is achieved through the current restrictions placed on the registration requirements, that is: A limit of TT \$20 million in authorized share capital of a VCC; limits on the equity base of \$3 million and the number of employees to be 75, of a qualifying investee company.

Several features of the existing legislation are deemed restrictive; namely:

a majority of directors of the VCC must actually each reside in Trinidad and Tobago for a period of not less than 183 days;

a VCC can only invest in one class of shares in the qualifying investee company (QIC);

a VCC shall commence its investment in a QIC within 12 months from the date of its registration;

a VCC shall invest not less than 80 per cent of its equity capital in eligible investments on or before the second year of its registration;

a VCC shall not hold more than 49 per cent of the share capital of the QIC;

a venture capital company shall not invest in prohibited categories of business; and

a VCC shall deposit into an investment protection account a certain percentage of its equity capital equivalent to the marginal rate percentage as defined by the Income Tax Act and a venture capital company shall hold its shares in the QIC for a period of five to 10 years.

Mr. Vice-President, these are just a few of the restrictions contained in the present Act. To date, there are five venture capital companies, three of which operate within the purview of the Venture Capital Incentive Programme and two private funds. In addition, two organizations have established funds for equity financing; however, there is a low level of participation by institutional investors which should be increased.

Among the factors which negatively impacted on the success of the regime, include, a risk averse culture; a relatively underdeveloped capital market; a general lack of awareness of venture capital; an aversion to sharing ownership and control among small businesses; and an education system that does not promote entrepreneurship.

In January 2000, Cabinet agreed to the appointment of a task force to conduct a comprehensive review of the venture capital regime in Trinidad and Tobago. This recommendation to establish such a task force was subsequent to a preliminary assessment by international consultants, Lockwood Green Incorporated. They also assisted the last government with the development of the National Science Technology and Innovation Plan in 1999. They reported that the venture capital legislation was too restrictive in Trinidad and Tobago. The firm reported that there was considerable work to be done on the issue of venture capital. The current legislation in Trinidad and Tobago would have to be substantially amended, even rewritten, to secure the kind of activity required in Trinidad and Tobago.

Based on the concerns expressed by Lockwood Green Incorporated, the then Cabinet appointed the task force to review the venture capital legislation. The team was chaired by the then President of the Tourism and Industrial Development Corporation (TIDCO), Mr. Vishnu Ramlogan, and included Ms.

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Monica Clement; Dr. Patrick Watson; Mrs. Judith Mark, administrator of the venture capital administration in the VCIP; Mr. Radrendra Rajnauth, partner Ernst & Young; Mr. Alan Clovis, Chairman of the Small Business Development Company; representatives from the government, Bankers Association, the National Trade Union Centre of Trinidad and Tobago and Mr. Clive Pegus, acting as legal adviser.

I have taken time to identify the team as I believe we must recognize its contribution. I also wish to place on the record, my gratitude for the dedicated effort of this team which provided much input for the Bill before this Chamber. The task force identified several factors that adversely affected the industry.

The major issues and questions that engaged the attention of the task force, included what should be the objectives of a venture capital regime in Trinidad and Tobago: What is the domestic and international environment in which venture capital has to develop in Trinidad and Tobago? Are incentives required to stimulate the industry? If this is so, should incentives be reserved for the small and medium-sized enterprises? Should incentives be differentiated to accommodate different sectors? Should venture capital be regulated by statute? If so, should the legislative framework have, as its focus, the grant of incentives or the overall regulation, management and development of the entire industry or both? What supportive institutions are necessary and what roles should they play? What reforms in the education system are required to create and develop an entrepreneurial class? Is there a special role for the State in the promotion of the venture capital industry?

The recommendation was that the current legislation was too restrictive and it limited the size of the venture capital company to an authorized capital of \$20 million. It limited the size of the qualified investee company to an authorized capital of \$3 million and not more than 75 employees. It required that the majority of directors must qualify as residents of Trinidad and Tobago. There is a restriction on the type of investment that can be made by an investor. An investor can only invest in one class of shares in the qualified investee company. A venture capital company must invest in a qualified investee company within 12 months from the date of registration. By the end of the second year there is a requirement that 80 per cent of the funds of the venture capital company must be invested in the qualified investee company.

The Government recognizes that it may be too early to pronounce on the effectiveness or success of the venture capital regime. This notwithstanding, the Government has agreed that there are certain recognizable weaknesses in the

regime and require remedial measures to facilitate the development of the industry. In this light, the amendments before us in this Bill are presented today.

Mr. Vice-President, I move swiftly with regard to the objectives of the Bill. The purpose of this Bill is to remove, as far as practicable, the restrictions in this existing legislation, which I have already identified, with a view to facilitating further development of a venture capital regime and industry. I draw to the attention of this Senate some significant provisions of this Bill.

Clause 3 of the Bill seeks to amend the definition of “equity share” to mean “capital in the form of ordinary, preference and convertible shares”. This will give investors an opportunity to decide on the level of risk they would like to adopt or accept.

Clause 3 is in keeping with clause 5(c), which would remove the restriction in section 5(e) of the Act that upon registration the venture capital company must have only one class of shares with no special rights or restrictions. A venture capital company will now be required to have equity shares only upon registration. This is consistent with the recommendations of the task force that options for investment instruments need to be expanded in order to attract investments for risk financing.

Clause 4(2) will remove the requirement for a company to provide authorized share capital upon registration as a VCC. We have agreed in clause 5 to maintain a minimum of \$50,000. Another significant recommendation of the task force is reflected in clause 6 of the Bill, which outlines the requisite qualifications for persons wishing to act as a Fund Manager. A Fund Manager is defined in clause 3(c):

“...a person who manages the assets of a venture capital company...”

Under clause 6 such persons must possess professional qualifications in any of the following:

- “(i) as an Accountant;
- (iii) as a Chartered Secretary;
- (iv) in the field of Law;
- (v) in the field of Business;
- (vi) in the field of Economics; or
- (vii) in the field of Management,”

Fund managers must also have:

“...at least two years working experience in finance, management, accounting or such other qualification as the Minister...may by Order prescribe,”

after consultation with the administration of the VCIP. This is a most significant amendment. I am optimistic that this will breathe new life into the process and augur well to ensure efficient investment of funds and reduce the incidents of failure in a very high-risk area.

Clause 7 will increase the maximum equity capital of a venture capital company from TT \$20 million to TT \$100 million, as recommended by the task force. The intention here is to attract companies that have a serious interest in venture capital, as well as to increase the amount of funds available for investment in qualifying investee companies.

Clause 10 extends the period for commencement of investment by the venture capital company from 12 months to 24 months from the date of registration or such period as may be determined by the administrator of the VCIP. The intention is to give greater flexibility to the venture capital company in choosing appropriate investments, as well as to allow the administrator greater control over the investment activities. You must agree that the short period of 12 months was very restrictive and did not allow for optimization of the investment portfolio.

Clause 12 will remove the requirement that a qualifying investee company must have a prescribed number of employees. Additionally, I must mention that the consequential amendments to the venture capital regulations, 1996 have already been drafted and these will be made as soon as the Bill becomes law. These amendment regulations will remove the restrictions that prohibit venture capital companies from companies engaged in the extraction of oil and natural gas and the manufacture of petrochemicals. This offers tremendous opportunities for investment. Others have been seeing it though, unfortunately, as a loss of tax revenues.

This Bill represents but one element of a thrust to improve the performance of the venture capital industry. It should, therefore, be considered in the context of a number of other strategic initiatives on which the venture capital incentive programme will embark in the short to medium term. I now outline these initiatives: The development of an advisory and mentoring unit to address weaknesses in business proposals of companies that would qualify for registration as qualifying investee companies. To this end, this unit will deal with such issues as business plan formulation, market research, accounting services; financial

management; general management and legal issues; collaboration with the University of the West Indies and other institutions of higher learning to establish linkages between innovation and business development. Strategies will include the inclusion of entrepreneurship in the curriculum and exposing students to business activities; intensifying promotional efforts to address the weak entrepreneurial culture; increasing the level of business success by making seed capital available to companies that require early stage funding; finally, establishing an advisory committee to assist the VCIP in policy formation.

Mr. Vice-President, experience in other jurisdictions has shown that if properly managed and regulated, the venture capital industry can be a source of significant economic activity and wealth creation. With this Bill, we should see increased investment and economic activity, which will redound to the benefit of the people of Trinidad and Tobago.

Mr. Vice-President, I beg to move.

Question proposed.

Sen. Wade Mark: Mr. Vice-President, in the Explanatory Note it says that the Venture Capital (Amdt.) Bill is aimed at removing certain restrictions and to provide for the further development of the venture capital regime and industry.

As the Minister indicated in her presentation, the Bill is an attempt to introduce measures aimed at encouraging risk capital in the economy of Trinidad and Tobago. You would be aware that there was an attempt, through legislation in 1994, to introduce into this economy venture capitalism. The record has been very poor, if not dismal. I will demonstrate that given the environment that exists in Trinidad and Tobago and all the limitations within this economy, not to mention the underdevelopment of the capital markets, the poor level of savings in this economy and the tendency toward loan capital versus equity capital, all these are very important elements that, upon deep analysis, would show that this particular venture into what is called venture capitalism, in the context of Trinidad and Tobago's economy, seems doomed to failure once more.

May I seek to engage, very early in this debate, some observations that have caused some alarm. This is the Parliament and whilst we would require constitutional reform to give it its rightful place, we take, and I am sure you would as well, take strong umbrage to anyone anticipating our discussions, deliberations and conclusions, at the end of this particular process.

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Mr. Vice-President, may I draw this notice to your attention. I was able to clip two notices, but I understand that there was a third. If you are not aware there was a public notice in the newspaper entitled, "Venture Capital and You". It was paid for by a State company called the Venture Capital Investment Programme. This advertisement purports to highlight some of the benefits of the Bill that we are now debating, anticipating that this particular measure will be passed in the present form we now have before us.

I thought it a bit disrespectful, particularly when a matter has not been determined in this Senate, which is the second leg in the relay race. How can this Venture Capital Incentive Programme, located at 23 Chacon Street, Port of Spain, have the audacity to print, maybe at a very exorbitant cost, and to virtually anticipate, what would take place at the end of our deliberation today. I thought that was another attempt at disrespecting and undermining our Parliament and our Senate. But we should not be surprised; it is a certain trend that has started to undermine this Parliament of ours. One only had to locate a media blitz on the so-called anti-crime Bills, that had one certainly flabbergasted and aghast at times, but that was all part of a strategy, on the part of the Government, to undermine this Parliament, by seeking to put pressure on you and I, but luckily for us they removed it from this Chamber.

Mr. Vice-President, I must indicate that in spite of the best efforts on the part of the Government, the political and economic environment seem not to be capable of supporting these noble ideals, as outlined by the hon. Minister. The Minister said that upon the implementation of these measures, Trinidad and Tobago will witness an increase in investment; we will have greater levels of economic activity in the society, which would lead, obviously, to growth and, I suspect, employment generation in this nation.

This Act, as you know, was passed in 1994. It came into effect through a venture capital incentive programme back in 1996. We are in the year 2004 and the Minister has admitted that in some eight years only five venture capital adventures have taken place in this land. We do not even have before us any up-to-date information on the operations of the Venture Capital Incentive Programme. If we look at the Venture Capital Act of 1994 in clause 3(9), we would see that the administrator, before the 31st day of March in each year, should furnish to the Minister, for laying before Parliament, a report of his activities during the previous year.

The library is a source of information. I have been seeking reports on this venture capital programme. I understand that the latest information available to us

is for 2000. Maybe the hon. Minister who came here to seek parliamentary support for this Venture Capital (Amdt.) Bill, may wish to advise the Venture Capital Incentive Programme. They seem to have a lot of money, \$3,000 to \$5,000, to publish, on three separate occasions in the *Trinidad Express*, a full-page ad on this Bill, highlighting some of the features and benefits, and anticipating that this rubber-stamp Senate, that has no value in the eyes of the Venture Capital Incentive Programme, will simply come here today and pass the particular amendment. This is an act of aggression on this Senate, by this Venture Capital Incentive Programme company. The hon. Minister has to take responsibility for the absence of venture capital reports in this Parliament for 2001, 2002 and 2003. At least, we are supposed to have three reports before us, 2001—2003.

Do you know what was even more interesting, Mr. Vice-President? The Minister indicated in her presentation that the regulations will be coming shortly. Where are the regulations? We are being told that this Bill will do so much for our economy; that it will mobilize savings and allow investors to risk their capital in start-up enterprises or even invest in enterprises that are ongoing in this economy. But you know what? The regulations to give effect to these mechanisms are not here with us.

3.15 p.m.

We are told by the hon. Minister that those regulations would be with us very shortly. I do not know how long “shortly” is, but they are not here, and there is this particular company boasting about what will take place when this rubber-stamp Senate gives approval to the Venture Capital (Amdt.) Bill, 2004.

Mr. Vice-President, I ask the hon. Minister: Where are the Regulations? When she says that they would be here shortly, what does the Minister mean by shortly? Is it next week? Next year? Next two months? We do not know. Therefore, it puts a lie to all she has stated that this particular measure will bring about some kind of revolutionary change and it is part of some pan-Caribbean financial initiative. Words! No meaning in reality. Pan-Caribbean! I thought she was going to say pan-African. Words!

I am sure she stuck to the script, never deviated a moment from what was written. I guess as a Minister you have to do that at times, so I sympathize.

Mr. Vice-President, the scope of the investment activity as stated in this advertisement and as identified in her presentation is to ensure that new players, new companies, or the scope of investment activity for venture capital companies

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will be expanded to include companies engaged in the extraction of oil and gas. So venture capitalism has failed in the non-oil sector. After 10 years or thereabouts, only five companies were able to be floated and this particular measure is being introduced at a time when this economy is shaky. It is like a bubble economy, where there is much uncertainty in this society and economy and I will demonstrate to you what I mean when I talk about uncertainty in this economy.

How can we hope to attract and encourage venture capitalists into risking their capital by providing same to start-up businesses, and even ongoing businesses in an environment that is very uncertain? In an environment where investors are not investing, consumers are not buying as they ought to be and I would demonstrate what the political pundits are saying in this country.

I refer to the *Sunday Guardian* of July 04, 2004. The headline reads:

“Crime affecting consumer confidence”

And I want to read certain extracts of this particular article written by Sherry Ann Singh. Extracts from this particular article will demonstrate that with the best intention on the part of the hon. Minister, and this weak regime called the PNM, that venture capitalism in this nation will fail. It will not get off the ground in spite of all the new incentives.

I come to the point focusing on oil and gas now because we are supposed to be focusing on the non-oil economy, not on the energy or oil sector. We are supposed to be focusing and giving the necessary incentives and clouts to businesses and entrepreneurs who are interested in pushing the non-oil domestic economy. There is where we have all the crime, not offshore; we have the crime onshore, inshore that is where it is. So when you say that you are going to expand the scope of investment activity to the gas, oil, and energy sector, you are defeating the purpose of this whole Venture Capital (Amdt.) Bill.

Let me read this part by Dr. Dhanaysahr Mahabir, a very noted economist from the University of the West Indies. He is quoted as saying:

“...there has been a decrease in aggregate demand as consumer confidence is still down because of non-economic factors like crime and the fear of crime.

While the Central Bank was counteracting the lack of consumer confidence with low interest rates to stimulate the local economy, that was not the answer, Mahabir said.”

So even though, in an effort to boost consumer confidence in this nation, the Central Bank is reducing the rate of interest, nobody is borrowing and I will tell you why.

“He said all the economic indicators suggest that consumer and investor confidence ought to be growing and that was not the case.”

So investor confidence and consumer confidence ought to be growing in an economy that is expanding. There is a paradox here; the economy is growing, economic growth is taking place but at the same time consumer as well as investor confidence are down.

“Small businesses, Mahabir said, should be rushing to take advantage of low interest rate loans to expand their businesses and are not doing so. The only expansion taking place is in the foreign investment sector.”

He goes on to say:

“I am of the view that low interest rates will not solve the problem,” Mahabir said.

‘Confidence is a multi-faceted problem built on security. The only thing that will restore consumer confidence in Trinidad and Tobago at this time is if the consumer is confident that the Government has been able to tame the vicious animal that is called crime.’”

Mr. Vice-President, this is a waste of time because no capitalist is going to risk his capital in a small business, or medium sized business enterprise in the non-oil sector and particularly in this environment where crime is a vicious animal which Government is unable to tame.

As I talk about crime, I saw in the newspapers today where the Prime Minister of the Republic of Trinidad and Tobago is in Grenada boasting that he is going to table bills in Parliament very shortly. Just as he tabled the police service bills, he is going to table the Caribbean Court of Justice Bill and he is giving the assurance to his Caricom counterparts that he expects free and safe passage.

I want to shake him out of his slumber and let him know that one does not go abroad and tell the world we will support matters when he is yet to speak with the Opposition on this matter. Therefore, a word to the wise is enough. He made a mistake once and paid a price, and I hope he does not make the mistake twice and pay a similar price. I just say that to you, Mr. Vice-President, because I know the people on that side would want to advise accordingly.

This question of consumer confidence is very important because we are asking the question: How are you going to generate the interest? How are you going to encourage these venture capitalists to invest their capital in an

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environment such as this? We are told as well that employment opportunities are supposed to be derived from these exercises, these adventures I call them.

Mr. Vice-President, in Trinidad and Tobago more than 75 per cent of the small businesses fail after one year.

Sen. Dumas: That is internationally.

Sen. W. Mark: I know. So if there is that kind of failure rate in Trinidad—
[*Interruption*] That was a figure given by a “fella” called Desmond Ali. He gave that figure a long time ago, but I will be a little conservative and make it about 65 per cent. Your colleague just said that over 70 per cent is a normal rate in the world, but I say around 65 per cent.

The point I am making is that the Government is saying that this measure will generate employment hopefully, but after eight years the Minister has not provided us with any statistics or data on how many jobs these five companies have generated, and they were given incentives, and tax credits. So my revenues that could have been utilized for other purposes have been foregone and the Government is now seeking to increase and expand opportunities for these venture capitalists, but I do not have any faith in this particular process. I think the evidence is clear that it will not work in the context of the environment, and until the Government comes to grips with that reality, I believe that they are virtually going to be fishing and shooting in the dark insofar as this measure is concerned.

Mr. Vice-President, how are you going to encourage equity financing of enterprises when the entire gamut of legislation and the framework that encourages investment opportunities in this country are biased towards loan financing? You have to deal with the whole system. You need an overhaul. The system is biased towards loan financing.

In fact, the Governor of the Central Bank is on record as saying that the commercial banks in this country are vulnerable to the extent that most businesses in this country; small, medium and large, and moreso large businesses do not risk their own capital. Everybody goes to the bank for a loan. The Governor of the Central Bank is claiming that the bank in Trinidad and Tobago today is in a situation where it could be in some danger. It means that we have to be conscious of this reality.

I quote from the *Trinidad Express* of Thursday, June 10, 2004 headed:
“Governor: Banking system at risk

Central Bank governor Ewart Williams is warning that the banking system is becoming increasingly vulnerable because of the lack of development of the local capital market.”

What we call a capital market here is a joke. We do not have a capital market here, we have a cabal carrying the name of a capital market and I would demonstrate to you what some thinkers in the business have said about this.

Mr. Vice-President, I want to tell my hon. colleague that whilst her intentions may be good, the reality is what you have to face is not good. And, therefore, this measure which was introduced and which the venture capital incentive company has gone about advertising is not going to succeed. It may succeed in the gas, energy and oil sector because maybe capitalists would prefer to risk their capitals where they are sure of returns, but when it comes to the domestic economy, I do not believe that would take place. It continues:

“Williams said local investors had a bias toward debt financing with the banking system accounting for a high 60 per cent of total financial claims as compared with just 20 per cent in the United States.”

Do you understand what is taking place here? We are talking about equity financing and saying that a capitalist must risk his capital to get involved and give support to small and medium-sized businesses in the country. And here we have the Governor of the Central Bank saying that the banking system could become increasingly vulnerable because of the lack of development of the local capital market. He went on to say:

“‘The risk from this excessive leveraging can be high indeed.’ Williams listed the high cost of equity financing, a reluctance by private companies to relinquish control of their companies...”

Mr. Vice-President, how are you going to develop equity financing when the local capital market is underdeveloped? When the private sector, which is more or less family controlled in terms of businesses, does not want to list its companies on the stock exchange? So where is the equity financing going to come from? We are in a dream world.

The Governor is telling us that 60 per cent of total financial claims come from the banking system so there is a bias towards loan financing as opposed to equity financing and he tells us it is less than 20 per cent in loan financing in the United States of America. Where are we going? We are in a dream world. This Bill is not going to achieve anything. It will just be a piece of paper like the Venture

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Capital Act, of 1994 and you have five companies being established in 10 years, maybe employing about 200—400 persons. I think the Minister owes this Parliament an explanation as to how many persons are employed in those five companies.

“...the high cost of equity financing, a reluctance by private companies to relinquish control of their companies and a risk averse investor population that also lacks confidence in the market, as some of the factors hindering the development of the local market.

He said there was a general feeling among market players that insider trading and the prevalence of interlocking directorships were contributing to the weakness in the equities market.”

Mr. Vice-President, manipulation of the stock exchange and interlocking directorates all are contributing to a very weak and underdeveloped capital market. So where is the transparency in the private sector? Transparency is demanded in the public sector, but where is the transparency and accountability in the private sector? They do not want to list their companies on the stock exchange, so how can the capital market grow? How can we have equity financing? How can we expand and develop if we do not have a vibrant capital market? We do not have it.

I raise these points to demonstrate that with the best intention, this measure before us today will not succeed because of too many difficult problems confronting the economy of this country and no efforts are being made by the Government to address these limitations. If you are biased towards loan financing, and want to promote equity financing, then you have to make alterations. You have to adjust the laws, the framework, the system of incentives that are in place that are biased towards loan financing in order to give encouragement to equity financing and nothing is before this Parliament on this matter. So where are we going with this piece of legislation? We are going nowhere but fast.

I quote again for you and for hon. Senators from the *Trinidad Express* on Thursday, June 10, 2004. It says:

“Insiders manipulating market, says Esau

Allegations of heavy insider trading and the manipulation of the stock market by brokerage firms raised many eyebrows at yesterday’s forum on Understanding Capital Markets, organized by the UWI Institute of Business at the Hilton Trinidad.

The claims were made by Prestige Holdings chairman Joe Esau, who further charged that board members of many private sector companies were reluctant to facilitate crucial changes in the operations of the Trinidad and Tobago Stock Exchange because they benefited from not doing so.”

Here is a businessman telling the whole world that there is corruption on the stock exchange, there is insider trading, and he is calling on them to publish their reports not on a half yearly basis, but on a quarterly basis.

Mr. Vice-President, in other jurisdictions it is done on a monthly basis and we are still publishing reports on a half yearly basis. Mr. Joe Esau is calling on the stock exchange, and by extension the Government to do something about the insider trading and the manipulation.

So how are you going to develop venture capitalism and the basis of developing the venture capital market in equity financing? It is a contradiction. How can you develop equity financing for enterprises when there are so many contradictions in the system, when there are so many difficulties and challenges, and corrupt activities within the system? When the entire banking network seems not to understand that the world has changed and that we have gone from the industrial age to the information and knowledge age and they are still operating and engaged in practices that are stale dated?

3.45 p.m.

This is from a lady who is no relationship of mine but carries my surname—Judith Mark—and I want to quote this section for you—

Mr. Vice-President: Hon. Senators, 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: Thank you very much, Mr. Vice-President.

May I quote for you from the *Trinidad Guardian*, Friday, June 11, 2004, under the heading: “Government Increases Venture Capital Limits”. One Ms. Judith Mark—she is not married to my brother or to me; she is the Venture Capital Incentive Programme Administrator—said:

“While she was pleased with the new amendments...”

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She is referring to these amendments—

“the issue goes beyond legislative changes and there was a need for more meaningful support for small and medium enterprises.”

Where is the support for these small and medium enterprises? The Government is wasting resources on things like CEPEP—\$400 million to \$500 million—and purporting to be developing entrepreneurs. Could you imagine that? Mr. Vice-President, if you could sit on your chair every day and get \$50,000 to \$80,000 per month, “you good”. So how can you encourage me? I have my capital; you are telling me to risk my capital when the Government of Trinidad and Tobago seems to be giving away!

So Judith Mark is saying, legislative changes are wanting but there is need for more meaningful support for small and medium enterprises. Where is the support for small and medium enterprises? Do you see the contradictions in the measure that is before us? “Ol’ talk”; sweet words, noble intentions, but there is no structure, no framework and the environment is not encouraging. What is the policy framework for this measure that is before us?

The Minister has not in any way indicated to this Parliament what are some of the industries that are being targeted. If you are going to encourage venture capitalists to risk their capital in business startups, where are the businesses you are targeting? Is it agriculture? Is it services? Is it information technology? Where? I am dealing with the specifics before us today and nowhere are we seeing or did I see in this legislation, nor did I hear the Minister venture into the area of targeted industries for this particular adventure that she has outlined to this Parliament.

So this particular measure does not hold much hope for the people. The banks in this country have to alter their focus. The banks must be able to give more support to small and medium-sized enterprises in this country rather than focus so much on consumer loans as we have seen over the years. Even the President of this Republic was forced to remark just a couple days ago that this country's import bill for food is too high. We are importing vegetables and foods that you, in Tobago, Mr. Vice-President, used to export to us. The sum of \$1.2 billion worth of food is imported into this country every year and it is increasing.

Is the Venture Capital (Amdt.) Bill going to do something about this? The Government has not said anything. So this is a measure that is destined for the dustbin of history. It would not work because the framework, the policy and the environment are not there. In this country today, investment is still relatively low.

The rate averages 20 per cent, I think. We need to expand our pool of savings, and do not expect these venture capitalists to do it for you. They are not going to do it.

Our savings rate is still too low and I believe that it is the intention of this legislation to generate more savings through capital investment in small and medium-sized enterprises. But as I said, who is going to invest? Who is going to invest his or her capital in an environment where you can be dead tomorrow? You invest your money and you are kidnapped the following day! I saw in the newspapers today where they are demanding \$10 million from some victim who has been kidnapped. This is the kidnap capital of the Caribbean and maybe the Western world, and the Minister of National Security says he is not going to retreat and he is not surrendering—gun talk! People are being kidnapped in this environment! How are you going to encourage investors to invest in such an environment? Who is going to part with their hard-earned capital to invest in a small business when you could be shot dead tomorrow morning? So the framework and the environment are not there and the Government is bringing legislation in a vacuum. That is what is happening, as if they are virtually oblivious to what is taking place in the society.

This is a situation in which, even the Central Bank, in its quarterly report, talks about capital flight, which, as I said, for the first time was noted in that report. The Governor of the Central Bank says that apart from our entrepreneurs who are investing heavily in the Caribbean, there is an increased level of capital flight in this country. So the environment is not appropriate for this kind of measure. The political management of this society is extremely and hopelessly weak! And unless and until measures can be taken to restore consumer confidence, to restore investor confidence, then venture capitalism is a term; venture capitalism is going to be a dream; venture capitalism would never be realized in this kind of environment. Therefore, this economy and this measure before us must be looked at within the present economic framework.

This economy is supposed to be expanding, or is expanding; it is supposed to be growing. It is also growing in national output, but at the same time the economy is growing and output is expanding, unemployment is increasing. That is a paradox. It is a phenomenon of jobless growth. You would have thought that as the economy grew and expanded, that employment would increase, but instead of employment increasing, unemployment is rising in this society and you still have a population of over 300,000 citizens living below the poverty line who do not know where their next meal would come from.

That explains the crime; not management. It is poverty, drugs, drug abuse, youth delinquency and mis-education in this nation that could be assessed as

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contributing to the runaway crime wave that we have here. So do not come and mamaguy the population and tell the country that you want a better management system when you want total political control to oppress, exploit and destroy the United National Congress and all those people who oppose you.

Sen. Dumas: That is irrelevant.

Sen. W. Mark: It is relevant, because we are seeking to approve a measure that would attract capitalists to part with their hard-earned capital in an environment that is not conducive, that is riddled with crime, murder, kidnapping and burglary. That is why it is relevant.

Sen. Dumas: And Opposition misbehaviour.

Sen. W. Mark: We would talk during tea. You would not detain me at all. I know I only have a few more minutes so I would concentrate on you alone at this time.

It is our view that whilst these measures are intended to achieve certain objectives, that animal spirit—and do you know what was surprisingly important in the Minister's contribution? She admitted failure, and I hope the hon. Minister of Education, Sen. The Hon. Hazel Manning, would take note of it. The hon. Minister indicated that the education system has more or less failed in the context of developing an entrepreneurial spirit; and that aggression on the part of the population to deal with business enterprises and to develop a business culture is largely absent in the education system. So if it is absent in the education system, there is a lacuna.

So there is, in fact, a gap in the system and I hope the hon. Minister of Education would take note of that matter. Therefore this measure is going to fail; it will not generate the jobs; it will not attract the investors; it will not bring about the kind of opportunities that the hon. Minister so gleefully boasted about in her presentation. We believe this measure would not succeed. It is just words, declarations, on the part of the Government and an announcement, and there would be no kind of advancement. I would tell you that five years from today, if you are still in that Chair and I am debating this question of venture capitalism, we would go from five companies to maybe seven. There would be no advancement until the policy environment is changed and until the Government of Trinidad and Tobago understands it cannot pressure us to support it to deal with crime. It must work with us. That is the only way that we are going to advance forward in dealing with crime, with the economy and providing this society with the peace, security, harmony and serenity that is important in this land.

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

Sen. Basharat Ali: Mr. Vice-President, I wish to endorse the opening statements of Sen. Mark with respect to the preemption of the debate in this House by this advertisement which appeared in the *Sunday Express* of July 04, 2004. It is very disturbing to me that we are preparing here to come and debate a matter and while it does say that “The Venture Capital (Amendment) Act, 2004, was passed in the Lower House of Parliament recently,” it is my understanding that it is still a bill until it goes through this Senate, so it is not an Act. It really disturbed me, especially as there was some misleading information within the context of this whole advertisement. Under the heading: “Scope of Investment Activity Expands”, it states:

“The scope of investment activity for Venture Capital Companies will be expanded to include companies engaged in the extraction of oil and gas. This development is likely to facilitate local content in both the upstream and downstream operations in the energy sector. Entrepreneurs in this sector can now have enhanced opportunities to access funding. This change will be reflected in the regulations supporting the Venture Capital Amendment Bill, which will be tabled in Parliament shortly.”

When I first read this, I said I do not recall that being in the original Act which I went to in order to prepare to debate the amendments, only to find, in fact—and it did prompt me to look at the regulations and, in fact, these prohibitions contained in the 1996 Venture Capital Regulations under clause 11(1) where it says:

“For the purposes of section 14(c) of the Act, a venture capital company shall not invest in the shares of a company carrying on the following categories of business:

- (a) primary resource extraction, including oil and natural gas extraction;
- (b) manufacture of petrochemicals;”

But I do have one small query on this. Section 14(c) of the Act relates to the grant of a certificate of approval to a company as a qualifying investee company. Section 14(c) says:

“Where he is satisfied that the company is not established for the purpose of carrying on any of the prohibited categories of business as may be prescribed.”

So these are the prohibited categories for an investor company, if I am to read it correctly, because section 14(c) refers to that. In fact, the prohibited activities of

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the venture capital company are covered under clause 16, I think it is, and clause 16(h) states: “such other disbursements as may be prescribed by the Minister.”

I am not a legal person but it was a little confusing to me when this regulation, 11(1) speaks of, “for the purposes of section 14(c)” which refers to an investee company, and it then goes on to say, “a venture capital company shall not invest in the shares”, et cetera. So I would like the hon. Minister to clarify that position.

Similarly, in the same public notice, as it is called, the next item was: “Increase in Equity Capital for QICs.”—QICs being Qualifying Investee Companies. It says:

“The maximum share capital for Qualifying Investee Companies (QICS) has been increased from three million dollars to fifty million dollars. This change will result in more companies qualifying for Venture Capital funding.”

If one looks at the amendments one never finds anything relating to \$3 million as the qualifying investee company shareholding or to this amendment to \$15 million. Once again, one has to go back to the regulations at 10(2) where under “capital qualification” it states:

“For the purposes of section 14(b) of the Act, a qualifying investee company shall have an issued and fully paid up share capital of not more than three million dollars.”

So, in fact, this \$50 million has nothing to do with this Act. It refers to regulations which would be following the passage of this Bill and those regulations, I believe, are subject to a negative resolution of Parliament. So that it may be coming here at some stage or other, but it is presumptuous, in fact, that this statement can come out in this press advertisement, and, as said by Sen. Mark, that it did run for a few days before this. This is the *Sunday Express* of July 04, 2004 that I referred to.

So, as I said, that article prompted me to do some work, and this was Sunday—and today, Tuesday, was the debate—so bright and early I went back to the Act and found that one of the provisions at section 9(3) of the Act requires the Administrator to submit to the Minister for laying in Parliament an annual report for the previous years' activity and the Parliament library informed me that the only report that they have is the annual report 1999/2000, which would be October, 1999—September, 2000. So the information on this is the latest available, unless I am mistaken and there was some other report laid. I suspect that there was nothing else laid.

One good thing about the newspaper advertisement was that it gave me the website. So I thought maybe I would get some more information by going to the website: www.vcip.org which I did, and up to this morning I went to that website to check out what the companies were like. There were three venture capital companies listed on the website and those are the ones that are in this report of 2000. The hon. Minister has said that there are five venture capital companies (VCCs), so I would very much like to know what are the additional ones to: Prudent Venture, Add-Venture and FNCU Venture Capital Company. Those are the three that are listed here which were also in this report.

As regards the qualifying investee companies on the website, there were six. This report gave six but it would appear there were a couple of dropouts because the report gives two: Executive Air Services Limited, with a value of \$375,594 and Hardbody Garment Company Limited, \$20,000; a total of \$395,494 out of a total value of \$2.039 million. So that is roughly 19 per cent. I do not know where they have gone, whether they have dropped out of the system, but the website once again includes some additional QICs, which are: Carnival Export Company Limited—they do not say how much and that is in August 2001; Caribbean Molding Industries Limited in manufacturing, May, 2001. So, evidently, this is more up-to-date than the report we have, but still way behind for us to be able to judge what is the performance of the whole regime of venture capital.

I have my concerns and I hope that we would get some more information, overall, on where we stand on this. I hope that in future those who have responsibility for these things would make sure that everything is in order before they start doing such publicity. I take exception, too, because I know, for example, that other Acts like—which is one of my hobby horses—the Occupational Safety and Health Act, has been assented to since the end of January 2004, but I have not seen any Government initiative to publicize the Act. I have a question on the proclamation which I hope would be answered fairly soon, but I have not seen any initiative on the part of the Government at all to bring that to the people. What I have seen is an advertisement of the National Safety Council and a lot of other small training companies setting out to say, “We are doing these little courses on OSHA.” I do not know whether they are certificated, accredited companies or not, but they are certainly going ahead to look for candidates for training, et cetera, under the OSHA.

The Government is silent on it, in fact, as far as I can see. So there we have an Act which, in my view, should already have been proclaimed and very little is being said about it. It is an important Act, because the safety of workers and the protection of resources are critical items in the industrial sector in this country.

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Mr. Vice-President, I do not propose to say very much more. I look forward to these amendments. I am quite satisfied with the amendments that are proposed. I believe, though, that there was one amendment to the Bill which came up from the Lower House. I have not heard any mention of these items here. I presume they would be taken up at some stage of the debate, because there was a reduction in one figure for one item there and there was a variation of another clause—

Sen. Sahadeo: On a point of clarification. I did mention that we agreed on the \$50,000 minimum. So it is no longer the \$500,000, but I did indicate that the \$50,000 remains.

Sen. B. Ali: Thank you, Madam Minister, through you, Mr. Vice-President. I was not aware that she had mentioned the amendment, but it is an amendment which was proposed.

Contrary to Sen. Mark, I do not have any objection to new regulations which propose investee companies being engaged in petroleum extraction, because I think that is a fruitful field for local entrepreneurs. There are many wells, for example, where secondary recovery could be done, and this has been tried out. The bigger companies shy away from it. Even our national company, Petrotrin, shied away from it, but it is an area where smaller entrepreneurs could participate. Of course, that is once again a high-risk area which can be well-suited for a venture petroleum company and the investee.

So, Mr. Vice-President, as I said, I support the proposed amendments to this Bill proposed and I look forward to seeing what the altered regulations would be when the time comes. Thank you.

Sen. Mary King: Mr. Vice-President, I want to thank the hon. Minister for bringing this Bill at this time, given our dire need to develop a second platform for the development of Trinidad and Tobago's economy. It also gives me an opportunity to record some of the views that I have been strongly advocating about economic development and, in particular, the development of the on-shore sector.

I have been speaking repeatedly about the need to develop the economic diamond and venture capital is one of the points of the diamond. I do admit that it would be of no use if we do not put in place the other three points. If they are not also established we may not get what we want from the Venture Capital (Amdt.) Bill. If we look at our recent past history with venture capital, though the original Act was passed in 1994 and was amended in 1997, it has come back before us today for amendments, but on reading the proposed amendments, there is nothing,

really, that I see in the Bill that defines the context in which we are supposed to operate. Nothing in the Bill defines what we expect out of these amendments; no projections; no new areas; no new development platforms.

I am also forced to refer to the advertisement which has been appearing in the press and that ad does attempt to explain. If we are to take this ad by the Venture Capital Investment Programme's public relations group seriously, then the Act and the amendments are supposed to do certain things, and from this I glean that they are supposed to allow the venture capital companies greater flexibility in structuring their investment portfolios. Because of the increase in equity capital the scope of the investment activity is also going to be expanded to include exploration extraction of oil and gas. This, we know, is not in the amendment before us and we have heard that they are going to come in regulations yet to be tabled in this House. But I ask myself and I ask you: What new platform will that bring to the economy of Trinidad and Tobago? We are already very dependent on oil and gas.

Also, we notice that the investee companies would now have an increased share capital and they can actually accrue up to \$50 million, according to amendment five before us. This is expected to result, I think, in more companies qualifying for venture capital funding. Let us also look at the mission of the Government's Venture Capital Investment Programme, and this is also taken from their website. They state:

“They are to facilitate business activity through venture capital financing by fostering an environment of innovation, of risk-taking and entrepreneurship and through the provision of quality service to stakeholders and to be the leading Caribbean source in the field of venture capital.”

The major incentive to entice investors to put up this risk capital is a tax rebate at the highest marginal tax rate, according to section 29 of the original Act. So if the investee company makes money or if the VCIP company makes money on an IPO, then dividends would also be paid to the investor.

So let me emphasize that the major contribution of this amendment is to allow the venture capital companies to offer more equity to the public and also to invest more in any one investee company. So if this is the case, what has been the performance of the programme since 1994, and would these new amendments improve the performance, according to the VCIP's mission statement? From my own work and reading much material which has emanated from the venture capital company, and actually involved in many of their seminars, the information

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that I have been able to access shows that for the past seven years since the Act has come into force, there were three venture capital companies (VCCs) and among them they have been able to raise a grand total of \$7 million, of which only \$2.6 million or 37 per cent, roughly, had been invested in qualifying investee companies (QICs).

Many other VICs had applied but had not qualified under the programme's criteria. So some of the companies which did qualify, from the information I have, are start-up radio stations, a start-up holiday resort, a steel pan manufacturer and some rubber products, some vinyl extrusions. So even if they qualified, there is nothing really startling and innovative or nothing that would add to the development or reconstruction of the economy of Trinidad and Tobago. Further, if we look under the present conditions of the Act, these three VCIP companies were allowed to raise up to \$60 million. So they have been allowed to raise up to \$60 million and in the last seven years they have only managed to raise the grand sum of \$7 million.

I ask: Is it reasonable to expect that by simply increasing the amounts allowable via amendment five, to \$100 million each; yes, there would be substantially more money but will there actually be investments taking place in VIC companies? Seven-year history does not seem to give us any new hope. So the first question I would ask is: Why have our investors, even with the high liquidity in the system at the moment, failed to respond to the VCIP, even with a tax credit at the maximum rate? The Administrator of the programme, Ms. Mark, herself has commented and thinks that this malaise is due to the risk-averse nature of our culture and the culture of our current businessmen.

If we look at our economy at the moment, there is a lot of money available for consumer goods, for the construction of gated communities, for the construction of malls, and the like, but we, as a people, we, as the inheritors and now the operators of our on-shore plantation economy, do not take investment risks. We leave all of that to foreign direct investors and we live off the proceeds; we live off the taxes and the low-level service earnings from the off-shore sector. Nothing has changed since the days of the sugar plantation when sugar was king.

Recently the Central Bank had its own task force looking at the stock market in Trinidad and Tobago and one of its observations was that companies in Trinidad and Tobago, in seeking to fund, for whatever reasons they need funding, prefer to do so via loans and bonds. This was already mentioned this afternoon by Sen. Mark. This is so because the owners of these companies are loathe to share

either ownership with others, or share information about their businesses, hence the present stock market is illiquid; it is sticky and it is inefficient. The kinds of funding are not available to the high tech start ups on whom the reconstruction of our economy depend. If we look at even the second tier in the Trinidad stock market, it has even failed to develop or help start ups. To get a loan you have to put up your house, your car or cars, your husband, your wife, as security. Perhaps now children and dogs would be added.

Mr. Vice-President, I spoke, myself, to a venture capital company with respect to funding a start up in a high tech area and the response from that company was that they do not fund companies that depend on the ideas of one person, and I thought to myself: "Thank God that Bill Gates did not meet such an investor or a funder." We really have very limited vision when it comes to investment for development.

If we look back at the VCIP Administrator's discussion, she stated recently that in the budget the Minister spoke of credits for investments in sport, in the arts and in culture. She thought that he should have also included technology and investing in the venture capital fund: "I think we have a responsibility to create the appropriate environment", she said, and I totally agreed with her. Other issues that she raised were the lack of entrepreneurs; some method, tried and proven to handle intellectual property rights. For instance, it is very expensive. Do we educate people on how to do it? Have we set up enough assistance in order to help young, new innovators find their feet in the field of intellectual property rights, patenting and the rest? I do not think we do.

It would appear to me today that the amendments before us do not even begin to tackle the shortcomings of the present Bill. But more importantly for me, they do not address the whole problem of encouraging new ideas and investment in new ideas in a holistic way. What we are attempting to address—and I may be so bold as to say, what we are attempting to tinker with—is the establishment of some kind of innovation system of which venture capital is but one point of the development diamond.

What we have before us is the failure that was predicted over and over again, of putting in place one of the points and ignoring all the other integrated aspects of an innovation system and I think VCIP, without the other institutional linkages, is doomed to fail.

Perhaps I could briefly sketch the structure of an innovation system. We need to generate the skills; we need to generate the know-why besides generating the

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know-how skills that relate to our training institutions. We need to establish the centres of excellence, the business incubators that would generate the ideas for new businesses. Many of these, we know, would be based on science and technology. We need to generate the venture capital and we have to create a local and regional test market, so that the strategic marketing of these new products and services would be dealt with. We have to have a test market in order to brand the new products and services so that they then become products that are exportable.

If any of these parts of the innovation system is missing, then all falls down, and we have seen with the current system and the current VCIP incentives, that we have not moved very far. I do not think we can depend on the luck of the draw to get entrepreneurs and innovators to walk off the streets to come and say, "Look what I have got. Can you help me?" We cannot depend on that. We cannot depend on the gifted innovation or innovators. I think innovation has got to be institutionalized. I think it was mentioned briefly here today as well, we have to get innovation entrepreneurship into our learning institutions. I see the VCIP advertisement in the newspapers is in desperation, looking towards facilitating local content.

Mr. Vice-President: Hon. Senators, I shall have to ask Sen. King to continue afterwards. It is 4.30 p.m. and we are going to take the tea break now. We return at 5.10 p.m. So this House is therefore suspended for 40 minutes.

4.30 p.m.: *Sitting suspended.*

5.10 p.m.: *Sitting resumed.*

Sen. M. King: Mr. Vice-President, I agree that the present energy sector in Trinidad and Tobago is a world-class industry cluster and it demands world-class services. We must be very careful about how we spend our little financial resources which would be invested in these venture capital companies. It should not be spent in mimicking what is happening as far as foreign direct investment in the local energy sector, but we should try to use the local energy sector and the energy cluster to develop new products and services that are sustainable; would be exportable and transferable to other industrial sectors within Trinidad and the region as well. For 30 or 40 years, we have been talking about setting up the petroleum institute to do such research to create such linkages, but to today, it is still "ol talk".

The amendments before us and the Act are not a closed entity unto themselves, but whose success depend on what investment policy decisions we take as a country. Single-minded attention to the energy sector delays the

reconstruction of the onshore sector. We have to remind ourselves of the risk averseness of the current financial sector. At the last two petroleum conferences which were held in Trinidad and Tobago, it was lamented that the local financial sector has absolutely no interest in funding projects in the energy sector. The local financial sector has no intention of funding projects that have any aspect of risks attached to them. We know that we cannot depend on the local private sector to fund the reconstruction of our onshore economy, unaided. At this moment, they are not going to fund the reconstruction of our onshore economy unaided. Even the tax rebate incentive in the current Act has failed to do this.

It is a well known fact that the government under a PNM regime bit the bullet and took the risk, that is, it provided the risk capital for the development of Point Lisas. Today, I think it falls on the Government to provide risk capital that we are in the process of crafting. This Act is part of the purpose and the solution. The Minister of Finance has been requesting interested persons to send him proposals. I am in the process of crafting such a proposal for the Minister for the next budget. If we are serious about development, I trust that he would take them seriously.

I believe that the Government has to become an investor in the venture capital companies. As an investor, the Government has to take the direct risk on the ideas of its individuals and small companies. It must also take the necessary steps to develop the centres of excellence. We are moving to set up the University of Trinidad and Tobago which should become one such centre, but we may need others. The Government has to provide the technology training like John S. Donaldson Technical Institute and San Fernando Technical Institute. It must provide incentives to the market to purchase our indigenous products and services, especially to the foreign direct investment in our energy sector. It must support the local indigenous new products and services. Some are now on the market and, obviously, more have to come. We have to use our procurement preferences to these start-up companies, so that we could provide incentives to the start-ups and venture capital companies.

If we are talking about start-ups, all these companies have to meet operating and salary costs so that they could develop their new products and services. The major costs such as salaries should be reimbursed in part by income tax incentives so that we get them off the ground. Seed money is not sufficient. It is a necessary condition, but not a sufficient condition to be innovative and develop any new platforms for economic development in Trinidad and Tobago.

The Venture Capital (Amdt.) Bill cannot and would not do everything, but it does nothing without bringing along the other supporting Acts that would create the other points of the diamond, which I spent much time trying to explain.

Section 9 of the existing Act states that a venture capital company shall not carry on any activity other than making eligible investments, providing business and managerial expertise; and making permitted type investments. I think that something was left out of the loop and it is more important that we bring into the loop, the idea of corporate venturing. That is where an already established company like our current energy sector and manufacturing sector contracts with or funds a start-up company, to produce a new product or service that would improve the competitiveness of the existing operating company. The contracted arrangement between the two parties is more loose than what would be envisaged by the Venture Capital Investment Programme (VCIP) Act. It amounts to the same thing when you look at it. It is providing venture capital and support for start-ups, for their benefit. The agreement may be a straight payment or a share of royalties or equity transfers on the success of the new product or service. Many of these operating companies in Trinidad would need this kind of support, given that we are in the era of globalization and for which overseas, it is less risky. It has been tried overseas and we know that it works. We have to encourage them to use our skills; our bright people and innovators in Trinidad and Tobago. We have to give them incentives to do that.

I recommend that any such funding where an operating company invests in an investee, a new start-up, be subject to the same tax credits as are defined in the Act. I have proffered an amendment to this effect. We should include the definition for “corporate venturing”. We should amend section 5(a)(6) of the Act to read, “in the field of management in an accredited programme for a university or other educational institution”.

I believe that we did not link this Act with the Accreditation Council of Trinidad and Tobago Bill which we passed some weeks ago. When we discussed the Bill on accreditation we did not accredit universities; we accredited programmes within registered institutions. I would like to keep it in line with the terminology in the Bill on accreditation, that was approved by the Senate and the Lower House.

I think that in clause 5(a) we are defining fund managers and giving them powers. That is a person who is the holder of an accounting degree or chartered secretary; we have law, business, economics and management. I would also like to add that besides having two years experience in finance, management or their field, we should include a clause (c) to state, that “the person is also registered with the Securities Exchange Commission (SEC)”. This would ensure controls and standards in accordance with standard practice in the financial industry worldwide. I think we should bring it here.

I would also like to include a new clause 29(1)(a) which is linked to the definition of “corporate venturing”. It states, “where an operating company incorporated or continued under the Companies Act engages in a corporate venture with an approved investee company under the Regulations as defined. The operating company can be issued by the administrator, the tax certificate which may be used by that person or company to claim tax credit.” Include corporate venturing so it could be developed through local content, local skill, local brains and as an incentive, give them the tax credit.

It is important to establish the many organizations and institutions of the onshore economy. I feel very strongly that the integration of them into an innovation system and the relation among them is very crucial to their success and this VCIP Act.

Thank you.

Sen. Prof. Kenneth Ramchand: Mr. Vice-President, I have a very brief contribution from the point of view of a layman trying to understand how the economy works and whom it should serve. I was not in the Senate in 1994, when the Venture Capital Bill was debated, but I remember wondering what it was about and whether there was not a more urgent need for an agriculture development bill, than a venture capital bill. It seemed to me then, and it seems to me now, that the most underdeveloped part of the economy and yet, the most important part of the economy is the agriculture sector.

While reading through the original Act and the amendments, I was trying to make sense of who would benefit from this Bill. Who are we trying to encourage to act or perform and what areas of the economy are we trying to stimulate, if any? Is this just a blanket saying that we want to encourage investment, capitalists or middle-men capitalists to service people who have the skills to do things? It seems to me to be like that. Although the Minister spoke about targeting certain areas—although we have not seen the regulations, it may well be that in the regulations certain areas are being targeted and incentives are being given to those particular areas. Since I have not seen the regulations I cannot make the kind of comment that I would like. I do not like the custom of the previous government and this Government of bringing legislation to the Senate without bringing the regulations and telling us that they would come later. The regulations are an important part of the Bill. We need to see the regulations in order to comment properly on the Bill. I wish that governments would tidy their business in such a way that the regulations could be presented at the same time.

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A layman can see that tax credits are being given at maximum level; innovation; risk-taking and entrepreneurship are being encouraged. I take this to mean that the country is willing to spend money hopefully, on native capitalists, small and medium, especially if they have ideas and special skills to bring and they are proposing ways of diversifying the economy. That is my hope. I think that the Act might be vague enough to permit that. There is no evidence, as Sen. King pointed out, over the last seven years, that the Act has had the effect of diversifying the economy. Certainly, it has not been used by anybody to develop agriculture. I thought that would be the area we want to direct the taxpayers' money to. I prefer an agriculture incentive bill. If we have to live with this one, I would like to see items in the regulations directing people to certain kinds of incentives for agricultural projects and agricultural-based industries.

I have talked about agriculture before and the connection between culture and agriculture; the ethos and mindset of a people who live on the land. I would not do that now. I am sure that I would have a chance in the budget debate. I want to present some hard facts.

Agriculture is risky. If you are a private person with a plantain tree in your yard, somebody is watching it grow and before the plantains are full, "it gone". If you have an estate or a farm you would suffer the same fate. When you have your stuff, if there are no roads and ready market, it would rot. The men in short pants and sandals buy it from the farmers at a very cheap rate because the thieves are there and it would be off their hands. The man in the short pants and sandals would make money off agriculture. The Government needs to do many things to encourage people to go into agriculture. I do not want any argument that agriculture is too much to do.

Agriculture provides employment and contributes greatly to the food supply. I know that people do not like this, but agriculture helps our dietary habits. All that rubbish! When you buy New Zealand lamb and whoever beef, you do not know what rubbish went into that. You do not know how many dead chicken, the chicken you are eating, ate. Agriculture would contribute to the health of the nation; increase the food supply and help us to cut the import bill. I have been saying year after year in the Senate that if I were the government, I would pay experts to find out how to grow channa in Trinidad and Tobago. You know how much channa we are importing? You know how much peanuts we eat? Year after year, I talk about the work of scientists at UWI who have made yam flour and experimented to show that 50 per cent yam flour and 50 per cent wheat flour is indistinguishable from 100 per cent wheat flour. You could cut the wheat import

bill by 50 per cent. You would provide employment for the people. You would be using your land so that Germans and tourists cannot buy it and put guesthouses on it. Governments would not use it for housing for their constituencies. That is what I would like to see being encouraged. It would have to be venture capital. It is a great adventure. This is a country where nobody likes to take risks.

If you get 2,000 copies of a book printed and go to the bookshop and tell the people to buy 50 copies, do you know what they would tell you? They say that they would take it on consignment. The booksellers' jobs are to buy and sell books and they are not buying the books. I know that people who like money do not like to take risks. Agriculture looks very risky. This is a good reason for the Government to pay special attention to this industry.

If I talk about the coconut industry, people would say that he is just pushing a Cedros head. The coconut tree is one of the most versatile trees in this country and we reduced the coconut industry to a water coconut industry. When you go to the supermarket you get coconut cream and coconut milk powder from other countries. It is not being done here. The dry coconuts are getting "skwingier" and "skwingier". When you open the coconuts they are not as thick as they used to be five years ago. I do not know what has happened. Nobody is fertilizing the trees because they are growing the coconuts only for water. They pour that water in a jar, add some water and sugar and they are selling that in bottles. That is what the coconut industry has come to. Many of them add sugar.

I do not have to tell you about the fishing industry. Our Government which is whoring after foreign investors does not seem to realize that foreign investors, like most investors, are not interested in taking risks. They are coming to over exploit our gas and oil. We do not even realize that the more tranches we give them, they would make their profits faster. They are here to make their profits fast and are developing our oil and natural gas faster than it is good for our development as a country. It is good for them to rake their profits and move. When they move we would be here with the dead wells. We are not husbanding our resources. We are going for the quick profit of the royalty on the foreign direct investment and not seeing that we have to direct investment to agriculture, where we make use of our people, the land and the crops and we change the whole lifestyle of the country.

That is how a layman reacts to the Venture Capital (Amdt.) Bill. I am begging that when the regulations are written some account be taken of the need to direct investors and investments into agriculture and agriculture-based industries.

Thank you.

Sen. Sadiq Baksh: Mr. Vice-President, I join the debate on the Venture Capital (Amdt.) Bill. In doing so, like Sen. King, I attended a number of the meetings of the venture capital company of Trinidad and Tobago. I was extremely pleased with the fine effort they made in trying to encourage a population that did not seem interested in such a programme, for the development of business in Trinidad and Tobago. Ten years later since the Act came into being, I expected the hon. Minister of Finance in piloting the amendment, to bring to the attention of this Senate the strategic direction in terms of the new focus of the Venture Capital Incentive Programme, to see what studies were done over the years about the lack of interest by nationals and to develop a strategic approach. I have no doubt those advertisements would have formed part of such an approach. The Minister did not share the information as to how the programme reached the point of saying that we need to go in this particular direction; what studies were done and whether it was based on the number of people applying and not qualifying for the programme.

I expected the Minister to share new philosophy of the programme. We had a stated philosophy of moving into non-traditional areas and looking to develop areas in the economy that needed to grow and provide new jobs and a platform, so the new economy of Trinidad and Tobago would take shape, in a way that we would like to see the new growth in the economy.

I expected the Minister to tell us about the kind of relationship the new direction of the Venture Capital Incentive Programme would be geared towards the stock exchange and its relationship in such a movement forward. I further expected the Minister to share the target markets and focus of this programme. If we had that information we would have looked at what possible regulations we would need to ensure that fund administrators and the security of investors to facilitate such a development. We could cry about the lack of entrepreneurial spirit and the education system in terms of getting people geared towards becoming employers instead of employees.

In Trinidad and Tobago our students are not encouraged to become employers. They are bent on becoming employees. People study business management and agriculture at the University of the West Indies in droves, but hardly any of those graduates come out seeking a platform to create employment opportunities. We are further expanding the dependency syndrome, not only in terms of 10 days, URP and CEPEP, but also carrying it at all levels in the society. I find it passing strange that we are now seeking to encourage new entrepreneurs to participate in the new economy of Trinidad and Tobago, but we are looking at the

old ways. I submit that if you do the same things the same way over the years with the same people, do not expect different results.

We recognize the importance of the development of the capital market; presenting a widened platform and expanding it to capture what would be new entrants into the economy. We recommend that any new focus in the Venture Capital Incentive Programme must be geared towards real projects and development. I share the view of Sen. Prof. Ramchand. New venture capital companies through the incentive programme should be linked directly to the School Feeding Programme and thus, indirectly to the agricultural sector.

I go further to recommend that the Venture Capital Incentive Programme be geared towards the introduction of the Fair Trading Bill so that every aspect of development in the country, especially where Government is funding the development, would be tied to the Venture Capital Incentive Programme. Small entrepreneurs would be able to utilize entries into the new areas of development, infrastructural and otherwise, and use the programme to raise capital for such guaranteed programmes, so that people would not become dependent, but independent. We would start to direct people into the new type of infrastructures that we need.

I also recommend that we look at a direct link with the Venture Capital Incentive Programme to informatics and digital technology. We must address the digital divide in Trinidad and Tobago. This is an ideal opportunity to do such a thing. We see the Venture Capital Incentive Programme and the amendments to the Act as an important step. We see it more importantly, to put in the safeguards necessary.

I am certain that the fund administrator as the only mechanism to regulate this programme is insufficient. We need to look at additional mechanisms to regulate and standardize future companies. I recommend to the Venture Capital Company to look at the pitfalls in other areas. We do not need to reinvent venture capital expansion in the country without learning from the experiences of the past. We must put safeguards in place to safeguard people's money because it is an opportunity for would-be smart men in the future, to jib people out of their hard earned money. When there is an initial public offering it is made on a projection. I find it strange that the Minister did not present a projection for the future of such a company in Trinidad and Tobago.

I hope that the Government would take these suggestions into consideration and improve all those areas.

Thank you.

Sen. Brother Noble Khan: Mr. Vice-President, thanks for the opportunity to share a few words on the Venture Capital (Amdt.) Bill. As so many other pieces of legislation that come before us, just a few pages can open wide vistas to us. I think that it touches fundamental aspects of our country. That is the way of sustained development.

We have heard some of our colleagues mention that we have hardly moved from where we were a few centuries ago. This is well known. By keeping this in our mind, it might act as a stimulus to bring it on the front burner. I get the feeling that what is before us is a palliative. There is a fear of touching fundamentals or a lack of understanding of the way we should go.

I remember in the '60s a Caribbean person who is still around, had passed through Trinidad. He was invited to go to Mount St. Benedict where he met with the then prime minister at the time. He said that he was the symbol of the revolution in the west. Later on we heard no more of these types of accolades. It seems to me that the path of economic development that he was pursuing was not one that powerful forces would have supported. Today, we see that is still taking place. It was a means of putting pressure on a nation. It acted in a way for things in people to emerge and make them better. One wonders if we should pursue this sort of approach.

When we think about venture capital we are thinking about mobilizing or directing a people into an area where we can definitely make a breakthrough. I would share a thought with you about this. Many years ago I had known a gentleman who said if you were to put certain types of persons on a rock which had just been washed in a storm—at that time in my small mind I had seen rocks being washed at the seaside and there was nothing on the rock—that person ought to see the business venture that you could get out of that.

For quite some time, we have been pursuing a pattern that has permeated and has been reinforced. One wonders if that sort of mentality is the way to go. On Friday, while I was travelling I saw a young man with his daughter. He flagged me and I stopped. He was happy and showed me the results of the Secondary Examinations Assessment (SEA). It was 100, 98 and 92. I felt very happy for them. It is someone whom I know well. The little girl's uncle is very innovative and is one of the foremost pan tuners in our land. One wonders what this child's opportunity would mature into. I hope by the grace of God that it would go to higher heights. That person belongs to an area that you may call depressed. These are examples that I think would help us. Pure innocence is being exposed to a

system and excelling in it. I congratulate the Minister of Education who has been making many good attempts to lead us in a way that would help our country.

I would talk about another experience I had at the savannah a few years ago. I used to run and this coach was training some young people. I was satisfied that he was seeing excellence. You see them here this season and next season they may not be there because of the system that is catering for them. If we are thinking about creating an environment where our people could change, I do not think that we are sufficiently on that path.

Many years ago a fire took place at the corner of Frederick and Queen Streets. If you go there you would see shacks in the heart of the city, but it is a business enterprise with people at the lower end. If you go up the Eastern Main Road, you would see a building being constructed and much money is being spent. Some of our young people would be trained. We are pursuing a path by the way.

This is a gentleman who has gone to the great beyond. I did not know him personally. He told me that he had received letters from young men whom he had trained and they had worked on the pipelines that brought the gas from Alaska into America. They thanked the gentleman for what he had extended to them with regard to training. They saw why he insisted on excellence. These are people from the lower end of the economic ladder. The human spirit excelled and came out. We have venture capital and we have heard it said that few people have been making use of this. Perhaps, the structure is directed away from excellence where we should be cultivating and building. The emphasis is not there.

We like to think that we have a business society. With due respect to them, I do not think that they have moved very far, as the Senator said, from buyers and sellers. Buy cheap and sell dear. That is a system of creaming off or shifting the mechanics or parameters of what is available in the society. Regretfully, we see a big pool being denied more and more and that number is growing. I am speaking in very glib terms, statistically. We seem to address this question by palliatives.

I supported the last two budgets. There would always be that void to take care of those who are dropping out of the system and need assistance at the social level. I do not get the feeling that we are working in an area where we can build and structure this. The two examples I gave of Frederick Street and the Eastern Main Road happen to fall by the way. How could this help us? It could bring a change in how we see things. On the other hand, this is a more fundamental point. As we have heard from Adam Smith, capital is what you put in and build on for an increase in your standard of living. I join my fellow Senators on this side, for

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whom? We have heard the people from the north are coming and getting into the oil and gas. Previously, it was sugar. This is the diversity that we hope for and pay so much lip service to. One wonders how this venture capital would help us.

There must be some need not only at our level because I think a former prime minister said that we are small specks of black dust in these parts. How can we meet this challenge? We have heard our Minister very eloquently when she presented the Bill. She made a case for it and I guess we would support it. We get that feeling that we would get somewhere for it. I am skeptical about how far this would go. If we look from 1994 to now, it might not go very far. We have to try. Entrepreneurial skills and God given qualities may rest in any part of our country.

How do we evoke this and put it on a path that would allow the development of our people in a way that would help? At the moment, I feel that we are still very far from it. If you look at some of the big creators as far as world development is concerned, you would find that they belong to different disciplines. I would not like to go into some areas of discipline where people are trained in one way and they are in a next area. I would keep out of those who aspire to the political level. We are still in the area of the blind leading the blind. Who benefits? That is a very important question. To be biblical, where the carcass is, you would find the vultures. Men that come to my mind who have gone to the great beyond are Quintin O'Connor, John Felix, Ferdinand Rojas, George Weekes; Captain Cipriani; the chief servant, Tubal Uriah "Buzz" Butler. These men had vision at the time. Perhaps, they were frontrunners. If we could follow in the tradition of the foundation they left with regard to concepts for the development of our nation, wherever they may lie, they may feel an element of satisfaction. I think that we are still a way from getting on the right path.

Thank you.

The Minister in the Ministry of Finance (Sen. The Hon. Christine Sahadeo): Mr. Vice-President, let me say a profound thanks to all the Senators who contributed generously and gave much meaning and added value.

With regard to not having the Regulations accompanying this Bill, from the onset I have been advised that the Regulations were not laid with the Bill because "the minister" has been redefined to mean "the Minister to whom responsibility for the venture capital programme is assigned" namely the Minister of Trade and Industry. We cannot lay Regulations signed by the Minister of Finance who is the existing minister with responsibility for legislation because of change in that portfolio. I fully respect and appreciate the comments that most of the items presented here are in the Regulations. I understand the concerns of my colleagues.

I would respond to some items identified by Sen. Wade Mark. Regarding the advertisements, I should apologize, but being the humble servant that I am, and albeit venture capital incentive programme, the entity reports to a line minister. I saw it as one of great enthusiasm. I respect the fact that my colleagues would take some umbrage in terms of that advertisement being put in the newspapers. Being big as we are, we are optimistic that some excitement has been created. Let us be optimistic that with that excitement we would see new life being generated. I can understand how the feelings and emotions run high. We cannot be taken for granted. It is unfortunate that the advertisement came a bit early. Let us hope that the excitement continues and bears fruit.

A comment was made about the economy and investments taking place. Two weeks ago, my Cabinet colleague, Sen. Enill, laid the Standard and Poor's Report in this Senate which was totally positive. That report stated clearly about the improved investment climate in Trinidad and Tobago. I do not believe it is right to say that. I agree that we need to see more activity in the non gas and oil sector. There is much room for improvement in that area.

It is unfortunate that these reports were not laid. We have up to 2003 and these are supposed to be laid in Parliament shortly. These should have preceded the presentation of this Bill. Much comment was made about the failings. In my submission I admitted that there has not been any significant progress or success stories. I also added that historically, in most countries during the first few years we have not seen significant success. It does not make it right to say that we should expect failure. The new approach submitted is part of the Venture Capital Incentive Programme. They outlined five measures which they hope to implement. Everybody has smelled the coffee. Everyone is awake and fully agree that we need to do more if we are to stimulate venture capital investments.

I mentioned five items which include the initiatives of an advisory mentoring unit. It took into consideration our underlying attitude to risk and not having adequate mentorship programmes. More and more universities throughout the world have recognized that the real success of their students and people come from quality mentoring programmes, particularly using business executives. I am hopeful that these would be implemented.

The comment was raised regarding the education system. It was disturbing for us to use such tactics to comment about the failure of the education system. We should encourage and nurture higher levels of entrepreneurship and ensure that our children become more exposed to this. We did not see it as a failure but as a shortcoming. We felt that this should be addressed. In that regard, the VCIP

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indicated that they would start having collaboration with the University of the West Indies. Not too long ago, I heard the principal of the University of the West Indies indicate that they are looking at this measure. We should be looking forward to that level of collaboration.

One item that was discussed was the unemployment level. We recognized that albeit we have increase in revenues, it is an area that must be addressed. We need to reduce unemployment, but it has not been increased. It has stagnated. We agree that it is unacceptable. More and more effort must be made to create more jobs.

Recently, we met with the National Entrepreneurship Development Company (NEDCO). In their presentation they indicated that approximately 2,500 companies have been formed. They have employment of the order of close to 6,000 people. I believe that we are on the road to building entrepreneurial spirit. I am optimistic that we would see that.

Sen. Mark: Mr. Vice-President, these figures are not published anywhere. Could you tell us if these young entrepreneurs are honouring their loans to NEDCO?

Sen. The Hon. C. Sahadeo: Mr. Vice-President, whereas I do not have to take the question, I take pleasure in responding. In a recent report they have indicated that the servicing of their loans is a very high order in excess of 75 per cent. A recent meeting held in the Far East which the CEO attended, one of the parameters or measurements of success of these types of companies was not in terms of loan repayment or debt servicing, but employment creation and in terms of the same items that were raised, the sectors in the industry in which they were targetted. We have seen big improvement. NEDCO now has a system of mentoring and training programmes. It goes towards developing a culture of entrepreneurship and this would occur as we do more training programmes. We hold the hands of the small man and encourage and nurture him along the road.

Sen. Mark: May I seek clarification on another point? Are you giving way? There is a protocol here. Could the Minister make available the report she has mentioned on the success story of NEDCO?

6.10 p.m.

Sen. The Hon. C. Sahadeo: As we would appreciate, based on the Freedom of Information Act, there is certain information that is not readily available. However, Sen. Wade Mark, I am sure you are accustomed to asking questions in

the Senate, and I am sure you would be afforded some response within the confines of the law. [*Crosstalk*]

Sen. Mark: I find the Senator is a bit arrogant.

Sen. The Hon. C. Sahadeo: Mr. Vice-President, let me also thank Sen. Ali for his contribution. One of his comments—and I think he supported the fact that the proposed regulations would include those companies in the oil and gas sector. It means, therefore, that although there were some concerns raised—which areas we are targeting—we fully respect the fact that even in that area there are a lot of opportunities available of which we have not taken full advantage.

I also add, Mr. Vice-President, I know many comments have been made with respect to, are we targeting specific sectors of the economy, but the regulations of 1996 say which areas are exempted and, therefore, by extension, it means it encourages investment in other areas. So whereas they did not go the positive way and say we therefore encourage investments in one, two, three and four, they have those areas which are exempted. We have taken note and I agree that it is important that we target certain areas.

Sen. Ali, your other comment was regarding the three companies you saw and not five. There are five venture capital companies but because of the limit on the share capital, only three qualified in terms of venture capital under the Venture Capital Investment Programme (VCIP). What that told us, Mr. Vice-President, is that more companies would qualify regarding the increase in that ceiling. There are also just over 10 qualifying investee companies but what I should now add, because of the new regulations to have a fund manager, who must have certain credentials, I believe this would auger well, as I indicated in my presentation.

I did not really hear much comment on that, if I am not mistaken. I think this is a very important item which has now been included, because as we could appreciate it is very important that we protect people's money and this aspect of the fund manager, ensuring that they have the appropriate experience and skill, would go well to ensure that venture capital investments would be a success story, and certainly our success rate should be a lot higher as these professionals would ensure that moneys are properly invested.

The question asked in terms of the number of persons employed, unfortunately, I do not have that data at this time but I am sure I would be able to get some information back to you in this regard. Regarding the documents not being laid, as I indicated, we have up to the year 2003 and therefore it should be laid. Sometimes all of us get caught up with bureaucracies and it is really unfortunate that up to the year 2003 it has not been laid.

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Sen. Mary King, thank you for that sterling contribution that you made. You made several suggestions regarding what you would also like to see included in it, before the concept of your venturing—just one second—[*Interruption*] Yes, I am afraid that at the time that was not looked at. We have not seen any amendments from you. [*Documents passed to the Minister*] When we go into committee stage I am sure we could look at those.

One of the issues of concern that you raised was really to allow flexibility in the system. I was not quite sure because you did not elaborate very much when you said to allow flexibility in the system. As it is right now we have looked at flexibility from expanding or reducing the restrictions and we are hopeful that this would really expand the scope of investments. We did not delimit, because one of the concerns is that if you start giving exceptions in terms of saying this is the agriculture sector or the various types of industries, how do you differentiate. In fact, we treat all venture capital companies the same, and really the investor gets the tax credit. So I am not quite sure of the elaboration in terms of allowing flexibility.

Sen. King: Mr. Vice-President, if I could just clarify the point I was making with respect to flexibility. We had not received in the amendments the actual strategy as to where you were going. I said that the advertisement that appeared actually gave us an indication that the increase in capital would allow venture capital companies greater flexibility in the structuring of an investment portfolio. It is in the advertisement, so that is what I was referring to.

Sen. The Hon. C. Sahadeo: Thank you. Actually it would come in the regulations. The reason we increase from the \$3 million to \$50 million—one of the issues of concern was that many companies, when they applied, unfortunately, did not keep the database of the number of companies that applied and did not qualify for various reasons. Some of the companies which did not qualify, were because of the limitation of the share capital of \$3 million. The \$3 million is really much too low for certain industries as we have recognized and have now tried to correct.

The concern was raised that before we had a ceiling that is not utilized, whether we were going to lose if we increase it. The point to be made here is that many companies would now qualify because before that, depending on the nature of the investment, a lot of those companies did not; it was in excess of the \$3 million. As I indicated two venture capital companies did not qualify under the VCIP because of limitation of that \$3 million. So regarding the performance, again, I agree that it is still unacceptable and hopefully those various programmes that would be initiated would allow us to see some improvements there.

We also talked about seed capital. I agree that seed capital, as we all know is the capital for the initiation of these programmes. During those early stages profits are not forthcoming. Now with the limitation being raised in that regard that would also allow more funds to be introduced. What I think was significant though, was the introduction of some risk capital because that would really encourage a higher level of risk taking and that was very much food for thought. A lot of companies, as a matter of fact, have in their budgets an allocation for risk capital. Again, as a nation and as a people, I am optimistic that this would create a culture that we could take more risk and not be as conservative. As a people I think we are fairly conservative. So the introduction and the issue of risk capital is certainly something being undertaken by many of the larger companies at this point in time. I am hopeful that we would also see some element of that, which you may want to look at.

PRODECURAL MOTION

The Minister of Public Administration and Information (Sen. The Hon. Dr. Lenny Saith): Mr. Vice-President, I beg to move that the Senate continue in session until the conclusion of the debate on the Venture Capital (Amdt.) Bill.

Question put and agreed to.

VENTURE CAPITAL (AMDT.) BILL

Sen. The Hon. C. Sahadeo: Thank you, Mr. Vice-President. Also being registered with the Securities Exchange Commission (SEC) I think is a very noteworthy comment and it would also be very useful to consider. I just got a note in answer to Sen. Mark's request for information as to how many people had benefited from this programme. I understand that Tobago remains grateful for the Venture Capital Act. We have seen Radio Tambrin, which was the island's first radio station, indigenous to that island, which was established. For our information it really was started by a very young couple, so out of everything emerges good and we need to celebrate success. I hope in a year from now we would be celebrating more successes, Mr. Vice-President, taking into consideration many of the comments and observations made here.

Sen. Prof. Ramchand, you also mentioned a very important point with respect to agriculture when you asked: Are we really directing venture capital in this area? Again it comes back to us having strategic focus and liaising with our universities and tertiary education and so on. In this area too many—and I think now the engineering programme at the university has a fourth year precisely to ensure that when our professionals leave, they are equipped not just with a

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qualification in a given programme, but that they acquire certain management skills that would allow them to not just be an employee—as was so eloquently said by so many of you—but to become managers and become their own entrepreneurs. So regarding the agriculture element, yes, it is an area on which we must continue to focus. We talked about food security and all of it and as a country it is an area, which as a matter of fact, could take a lot of advantage of the Venture Capital Act.

Sen. Baksh, one of your concerns was really what studies were done before piloting this Bill? As you would appreciate and I did congratulate the task force, a lot of effort went into their work because I went through their programme and found that it was a huge document, very well prepared which was done in your time, Sen. Baksh. I thought you might have been privy to it. That task force went through and did a lot of work and prepared the report which I referred to quite extensively. That report indicated and came up with the shortcomings of the existing Act. I would like to suggest actually that a fair amount, and one of the comments regarding the VCIP was that I believe, just like banks, where loans are not approved, they should file all the applications which were not successful. This would then provide a database to deal with a number of the prospective investors who were denied the opportunity, for whatever reason, and hopefully we would probably have been able to address the other salient issues. As I indicated that report was quite detailed and quite a lot of dedicated work went into it and I believe therefore, the by-product, this Bill has emanated from that work.

Sen. Baksh: Mr. Vice-President, I understand what the hon. Minister is saying and I was privy to that report, but I am thinking, currently, we have changing circumstances on the financial market and on the economy on a continuous basis, and we have changes taking place almost daily. It is no longer possible to plan for three years in advance and because of that, I thought that in piloting the Bill now the Minister would have had something current or an update or a review of it. That is the point I was making.

Sen. The Hon. C. Sahadeo: Mr. Vice-President, actually, on our legislative agenda, we have quite a lot of items to be piloted and the capital market is one that must be addressed. If we talk about being a financial centre it has to be addressed and the legislative agenda, which would be brought to this Chamber and to the other place, would definitely address the gamut of the various proposed legislative changes. So those items are being—and as the goodly Senator has just shown me, he has there also the White Paper which outlines many of the proposed changes. Again capital market has to be improved and, therefore, we should see

emerging out of these venture capital companies, hopefully, they would also take to the stock exchange in the near future.

With that, Mr. Vice-President, I beg to move.

Question put and agreed to.

Bill accordingly read a second time.

Bill committed to a committee of the whole Senate.

Senate in committee.

Clauses 1 and 2 ordered to stand part of the Bill.

Clause 3.

Question proposed, That clause 3 stand part of the Bill.

Sen. King: Mr. Chairman, I had proposed in clause 3(e) a new definition.

Sen. Sahadeo: Mr. Chairman, the only concern we have with the introduction of corporate venturing is the concern that existing companies would form subsidiaries just to take advantage of this tax incentive. I am not quite sure if it is going to be encouraging the new injection of equity capital. The concern here really is: Is this going to augment increased investment or would this just provide an opportunity for some element of tax saving from the parent company that would ultimately benefit? Because there is nothing to stop a company being formed and to qualify under the Venture Capital Company (VCC) to enjoy the benefits, but the way it is proposed here the concern really is about getting tax breaks.

Sen. King: What is to stop us from putting in another item, which states: "The existing company cannot create a subsidiary for that purpose."

Sen. Sahadeo: What I understand is that the existing law does not prohibit any company from forming or registering as a qualifying investee company or registering as a venture capital company. That means, automatically, that would incorporate a corporate venturing, as you are proposing, and therefore there is no need to list it separately.

Sen. King: But we cannot, because of that argument, not include this clause because you are putting in constraints, which we could do without. We need to have this kind of development.

Sen. Seetahal: Mr. Chairman, if we are just putting it in the definition clause, does it mean anything? The definition is really just a definition of something else

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that you have in the Act. But, Sen. King, if there is nowhere in the Act any reference to corporate venturing—that is the original Act—then putting a definition clause does not create it. The definition clause does not create anything; it just defines a term that is used elsewhere in the Act. If we put this here, “include among the definitions”, what you are just saying is what corporate venturing is, but you have nowhere in the Act referring to corporate venturing. It does not really have an effect, if you see what I mean? You are just defining something but you are not saying anywhere else in another section, “A company that indulges in corporate venturing benefits, so, so, and so.”

Sen. King: I think that is why I included a new clause 29(1), which gives effect to the definition.

Sen. Sahadeo: The 1994 Act, which really should be trapping this definition under the registration of venture capital companies in section—*[Interruption]* Registration of the original Venture Capital Company Act of 1994.

Sen. King: Which part of section 4 is it covered, if I may ask?

Sen. Sahadeo: Registration of the Venture Capital Company. If we were to just go to 29(1)(a) we have here:

“Where an operating company is incorporated or continued under the Companies Act engages in a corporate venture with an approved investee company;”

What we are saying is that we would not like this included here. I am being advised that this 29(1)(a) is already included in section 4 of the parent Act.

Sen. King: Clause 4 what subclause?

Sen. Sahadeo: Clause 4(1).

Sen. King: No, no, that is a different thing. That is in order for a company to be a VCC to register...

Sen. Sahadeo: Yes.

Sen. King: We are not asking to register as a VCC. We are asking the action that we take to be also included within the Act so that they could benefit from the tax incentives.

Sen. Jeremie: I am sorry. Are you asking that the incentives be provided as well to the subsidiary companies?

Sen. King: I did not mention the words “subsidiary company”. I am talking about a company which engages in corporate venturing, which I have defined, and then I said “Those companies who engage in corporate venturing with a new innovative company should also benefit from the tax credit.”

Sen. Jeremie: The technocrats have advised that section 4 covers parent companies that engage in the permitted activity.

Sen. King: No, it does not.

Sen. Seepersad-Bachan: Mr. Chairman, if you look at the Act of 1994, under section 9, it establishes that there must be no relationship between the venture capital company and the qualifying investor company. As a result of that what I think Sen. King is saying is that she recognizes that limitation. Because based on this definition here you are talking about there must be some relationship, not necessarily that it has to be a subsidiary but the relationship between the venture capital company and the qualifying investing company would now have a relationship in terms of business because one may be enhancing the competitiveness of the other, or it may be an ancillary-type operation. That is one of the concerns I know was expressed about Trinidad and Tobago. Yes, there is a lot of venture capital but when you think of the idea, they are coming from companies that already exist and there is a need for expansion, not necessarily just for seed money but for innovation for new products. I think that is what Sen. King is trying to capture and it is a relevant point. It is very relevant right now.

[Pause]

Sen. Sahadeo: Mr. Chairman, we are guided by the technocrats and the understanding here is that this is really a shift in fundamental policy. I am asking, therefore, that we be allowed to bring back, after having discussions with your input, at a later date to take this into consideration, because this is now a shift in a policy which was not really part of the original Venture Capital Act. We would like to give the technocrats some time to consider the ramifications, if any.

As I indicated very early, it is an important point and I think we should consider it but because it is a change in policy, we would like to have an opportunity to look at this as a separate item. As I said, it is now a whole change in policy regarding a relationship between the investing company and the qualifying investee company. It is a real fundamental shift here. Of course. we would engage in some more discussion with you in that regard.

Sen. D. Montano: Mr. Chairman, if I may? It is, in fact, a very useful idea—a very good suggestion—but there is danger in simply approaching this matter on

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an ad hoc basis. As Sen. Seepersad-Bachan said, we need to put in some limits as to how it could be done and we need to think that through. The policy issue is also one that we need to get confirmation of, that this is where the Government wants to go. At this point it seems that it likely is, so with your leave we would like to leave this alone and come back and work on it on another occasion, so that we could get it right.

Sen. King: I agree with the sentiment but I am asking: Is that a promise that this would be considered in the short term?

Sen. Sahadeo: We wish to indicate that we would consult with you and work towards this. I think the point was well made and needs consideration.

Sen. King: Thank you very much.

Sen. Prof. Ramchand: Mr. Chairman, I want to be sure that what we are saying is that the Bill would be passed but the Government would consider this idea and would at a later stage come with an amendment, if they agree to it.

Sen. Sahadeo: Yes. We would have dialogue because the whole concept, as we indicated, is a new one; it is one that we have not looked at before in the Bill.

Sen. Prof. Ramchand: And this will be pretty soon; it would not be two years or so?

Sen. Sahadeo: No. It appears that I would be held to this so therefore I would have to ensure that we come back.

Sen. Seetahal: May I say that I think it could be brought easily under the income tax amendment legislation, which is brought fairly regularly, and then you just refer it back to this Bill.

Sen. King: No, I would like it in this Bill too.

Sen. Seetahal: You could refer it back to this Bill but it would be in the usual tax breaks for companies that you increase every year.

Sen. Dr. Saith: There is a concern—and let me tell you why I think we need to spend some time thinking about it—that you do nothing in this Bill to really divert investments, that would take place in any case, into a situation it is being used for tax purposes. We have to be extremely careful about that. What we are trying to do here is to encourage investment that would not normally take place. It is not that we give a loophole to investments that would normally take place. I think we need to think about it. What the Minister is saying is, that is a policy shift and we need to think about the ramifications of what is there. If it makes

sense then, of course, it would come back. If it does not make sense then we would say why it does not make sense. But when you are trying to encourage investment and giving certain benefits, you want to make it absolutely sure that you are sticking to getting investments that you would not normally have got, or risks that would not normally have been taken. You do not want a company to take advantage of that, as they would, if it is left that way.

I am supporting that position that we should look at it. It is a policy issue now and we should look at it and see whether it makes sense and whether it could be done by amending this Act or, as Sen. Seetahal said, by putting it in the Income Tax Act but, basically, leading to tax relief.

Sen. King: Mr. Chairman, I would just like to state that these things are not happening. You are saying they may happen anyway and why should you give them tax breaks. All of the things that are needed to be purchased and developed for foreign directed investment at the moment are being imported when we know that we have certain skills and that we could have done it here. It is for that kind of thing that we want this here.

Sen. Dr. Saith: I am not going to argue that point. I am saying that we need to think a little more about whether that is the way to achieve it. It is not generating companies: why is it not generating companies? The suggestion here is that we dealt with increasing the level of capital; do not restrict it to the number of people; do a few other things; widen the range and see if it works. If it still does not work then we would have to look at—Perhaps venture capital at the end is something that—it is a culture that we have to develop rather than legislation; I do not know.

I think what we are suggesting is that this is a step recommended to widen it, let us try it. You have raised a point that I think has some merit; let us see what are the ramifications. If the ramifications are such that it adds to it, rather than creates a loophole then we want venture capital company—we would come back here. And it is either we come back here to do it through this Bill or through the Income Tax (Amdt.) Bill.

Sen. King: Mr. Chairman, given that I have been promised that it would be back in the short term rather than the long term, I would abide by that.

Sen. R. Montano: Mr. Chairman, is the promise being withdrawn as a result of what Minister Saith said?

Sen. Sahadeo: No, we undertook that we would have some dialogue with the Senator and we would go through the process.

Sen. R. Montano: I understood your promise was more than—

Sen. Sahadeo: Of course, we indicated that after we meet and discuss it we would—

Sen. R. Montano: A short point, is your promise, in its entirety, still there or not?

Sen. Sahadeo: You know, I think the relationship and the promise is really to Sen. King and we have undertaken that we would meet—

Sen. R. Montano: No, the promise was to the Senate. I have a simple question, Mr. Chairman. There was a promise to the Senate; is the promise still on, yes or no?

Sen. Sahadeo: Yes, I always keep my promises.

Question put and agreed to.

Clause 3 ordered to stand part of the Bill.

Clauses 4 and 5 ordered stand part of the Bill.

Clause 6.

Question proposed, That clause 6 stand part of the Bill.

Sen. Jeremie: Mr. Chairman, there has been an amendment circulated by Sen. Mary King which is in relation to section 5A(a)(vi). We think that is already captured in clause 6 of the Bill. It reads:

“A person who is the holder of a degree or professional qualification”

The material part reads:

“In the field of Management

from an accredited university or other accredited educational institution;”

We think that the proposed amendment, which introduces the words: “In the field of management in an accredited programme from a university or other educational institution” is caught by the general words in clause 6.

Sen. King: The point was, Mr. Chairman, that when we did the Accreditation Bill we accredited the programme in a registered university. We are saying that the wording is different from what we approved in the Accreditation Bill.

Sen. Jeremie: We could accept it but we felt that with the Accreditation Bill there would be no need to tidy up the—

Sen. King: We do not accredit universities in the Accreditation Bill, that is the point.

Sen. D. Montano: Mr. Chairman, there is one danger if we go that route at this point. It is going to take the Ministry about five years, at least, to get through all the accreditation of our different schools.

Sen. King: That does not matter.

Sen. D. Montano: Yes, but then we cannot do this because there would be persons who are not coming from an accredited programme. You really do not want to do this until this full impact of the Accreditation Act—This would anticipate the result of what the Accreditation Council would, in fact, do in five years from now, but you cannot do that now.

Sen. King: It does not make sense.

Sen. Seetahal: But I thought we were going to delete the word “accredited”. I understand Sen. King and Sen. Seepersad-Bachan to say that in (a), delete the word “accredited” from “university” because there is no such thing as an accredited university, and there would be no such thing when we have the Act.

The second point is that I understand the Government side to be saying that the question of an accredited programme is caught by the fact that the person has to hold a degree or professional qualification, and they also have to have two years experience. So I think the Government side is saying that you do not really need to say “accredited programme” because if you have a degree and they have the other things that are approved by the Minister, by order, it will more than likely, well 99.9 per cent, be an accredited programme.

Sen. King: But we do not have accredited universities?

Sen. Seetahal: Yes, that point I agree with.

Sen. King: So we want it to be “accredited programmes”.

Sen. Sahadeo: Mr. Chairman, we have a proposed an amendment.

[Pause]

6.55 p.m.

Mr. Chairman, in the proposed clause 6, new section 5A(a), insert after the word “accredited” in the first place where it occurs, the words

“programme from (a)” and delete the word “accredited” in the second place where it occurs.

Sen. Seetahal: What would it read now?

Sen. Sahadeo: It would read, 5A(a)(vi)—

Sen. Seetahal: It would not be (vi). That would be the general words of (a). It should be “in an accredited programme from a university”.

Sen. Sahadeo: “or other educational institution”.

Sen. Seetahal: In clause 6, new section 5A(b), the fourth line, do you really mean qualification? You are talking about experience. You are saying “has at least two years working experience in finance, management, accounting or such other”, qualification or experience? Which is correct?

Sen. Sahadeo: I think what is being proposed here is both experience and qualification. It does not negate the qualification.

Sen. Seepersad-Bachan: I think it is “qualification”. Sometimes you say “experience” in this or the equivalent of a qualification for that experience. For example, somebody could be a chartered financial analyst, which is equivalent to three years working experience in financial management.

Sen. Prof. Ramchand: I think that the problem is that the word “qualification” can refer to a specific degree, to a piece of paper or things that make you qualified. To avoid the ambiguity, let us say “qualification and experience”.

Sen. Seetahal: In (a), you are already talking about qualification and in (b) you are talking about it again. I am looking at this from a purist point of view.

Sen. Sahadeo: I think we are all learning here. I am being advised that it means other qualification beyond what is listed here. It may mean other professional qualifications. That is why they said “other qualification”. So it stays.

Sen. Seetahal: So why do you not say “equivalent”. I have no strong feelings I just want to know if that is what you want.

Sen. Sahadeo: We leave it as it is.

Sen. Seetahal: My second question is, nowhere in the Bill do I see a requirement that a company should have a fund manager. You have defined fund manager and said what the qualification and experience should be, but who is to have a fund manager? If I have one person managing, do I have to call him a

fund manager and does he have to have this? You do not see in the original Act, a fund manager.

Sen. Sahadeo: Under clause (3)(c), “the following definition: ‘Fund Manager’”.

Sen. Seetahal: That is my point. We just spoke about that with Sen. King. A definition does not create a requirement. It is just telling you that when you use a term in the Act that is what it means, but it does not say in the Act that there is a necessity that a company should have a fund manager. There is nothing requiring anybody to have a fund manager.

Sen. Sahadeo: It says here that it means a person who manages the assets of—

Sen. Seetahal: It means that. That is a definition. A definition does not create a power or requires anybody to do anything, or it ought not to do that. Maybe it will be in the regulations?

Sen. King: Is it in the regulations?

Sen. Seetahal: She does not have the regulations.

Sen. King: Therefore, we have to insert it in here. We assumed it was in the regulations.

Sen. Sahadeo: What we can ensure is that it gets included in the regulations.

Sen. Seetahal: If I form a company, you cannot tell me under this that I have to have a fund manager. There is nothing that says that you have to have one.

Sen. Sahadeo: Probably what is emerging is that when finalizing the regulations, we can take consideration of this comment.

Sen. King: And it would be put into the regulations.

Sen. Prof. Ramchand: The definition would be unnecessary if “fund manager” is not in the Act or in the regulations.

Sen. Sahadeo: I am saying it has to be in the regulations.

Sen. Seetahal: If there is no requirement that a fund manager should be there, then this is just defining a person for decoration.

Sen. Jeremie: It is in the regulations.

Sen. Mark: Could the Minister indicate when the regulations would be tabled in the Parliament?

Sen. Sahadeo: They have already been drafted. We have to finalize them and include this, so I am sure we will be able to have them—

Mr. Chairman: Please let us get back to the order of the—Sen. King, do you have a point?

Sen. King: Mr. Chairman, I have another amendment proposed that we add a subsection (c) and that the fund manager be registered with the Securities Exchange Commission (SEC).

Sen. Sahadeo: We will have to take that in the regulations. We have to liaise with the SEC to get the full understanding of what is required.

Sen. King: But all fund managers have to register with the SEC; all financial analysts have to register with the SEC, so we cannot have them established and not registered. He cannot be an asset manager if he is not registered.

Sen. Sahadeo: We hear you and given that we have undertaken that it will be included in the regulations, we will verify that requirement to include it.

Sen. King: It will go into the regulations when you verify?

Sen. Sahadeo: Yes.

Sen. King: Nothing to verify. Every fund asset manager must be registered with the SEC.

Sen. Sahadeo: I am not aware. We will check and once it is—

Mr. Chairman: Are you withdrawing this one, Sen. King?

Sen. King: The fact that we have just been told that it would be included in the regulations after they do their investigations, then I do not have to have it in the Bill.

Amendment withdrawn.

Question put and agreed to.

Clause 6, as amended, ordered to stand part of the Bill.

Clauses 7 to 11 ordered to stand part of the Bill.

Question put and agreed to, That the Bill, as amended, be reported to the Senate.

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Senate resumed.

Bill reported, with amendment, read the third time and passed.

Motion made and question proposed, That the Senate do now adjourn to a date to be fixed. [Sen. The Hon. Dr. L. Saith]

Question put and agreed to.

Senate adjourned accordingly.

Adjourned 7.11 p.m.