

*Leave of Absence**Tuesday, September 28, 2004***SENATE***Tuesday, September 28, 2004*

The Senate met at 1.30 p.m.

PRAYERS[MADAM PRESIDENT *in the Chair*]**LEAVE OF ABSENCE**

Madam President: Hon. Senators, I have granted leave of absence to Sen. The Hon. Joan Yuille-Williams, Sen. The Hon. Danny Montano, Sen. The Hon. Hazel Manning and Sen. The Hon. Conrad Enill from today's sitting of the Senate.

SENATORS' APPOINTMENT

Madam President: Hon. Senators, I have received the following correspondence from His Excellency the President, Prof. George Maxwell Richards:

“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: MR. JOEL PRIMUS

WHEREAS Senator Joan Yuille-Williams 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, JOEL PRIMUS, to be temporarily a member of the Senate, with effect from 28th September, 2004 and continuing during the absence from Trinidad and Tobago of the said Senator Joan Yuille-Williams.

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 27th day of September, 2004.”

Senators' Appointment
[MADAM PRESIDENT]

Tuesday, September 28, 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: MS. VASHTI SALICRAM

WHEREAS Senator Hazel Manning 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, VASHTI SALICRAM, to be temporarily a member of the Senate, with effect from 28th September, 2004 and continuing during the absence from Trinidad and Tobago of the said Senator Hazel Manning.

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 27th day of September, 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: MR. FRANCIS PAU

WHEREAS Senator Danny Montano is incapable of performing his duties as a Senator by reason of his absence from Trinidad and Tobago:

NOW, THEREFORE, I, 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, FRANCIS PAU, to be temporarily a member of the Senate, with effect from 28th September, 2004 and continuing during the absence from Trinidad and Tobago of the said Senator Danny Montano.

Given under my Hand and the Seal of the President of the Republic of Trinidad and Tobago at the Office of the President, St. Ann's, this 27th day of September, 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: MR. PAUL LEACOCK

WHEREAS Senator Conrad Enill 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, PAUL LEACOCK, to be temporarily a member of the Senate, with effect from 28th September, 2004 and continuing during the absence from Trinidad and Tobago of the said Senator Conrad Enill.

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 27th day of September, 2004."

OATH OF ALLEGIANCE

The following Senators took and subscribed the Oath of Allegiance as required by law:

Francis Pau, Paul Leacock, Joel Primus, Vashti Salicram.

PAPERS LAID

1. Loan agreement between the Caribbean Development Bank (CDB) and the Government of Trinidad and Tobago (GORTT)/Tobago House of Assembly (THA) which was signed on September 03, 2004. [*The Minister in the Ministry of Finance (Sen. The Hon. Christine Sahadeo)*]
2. Report of the Supervisor of Insurance for the year ended December 31, 1999. [*Sen. The Hon. C. Sahadeo*]
3. Report of the Supervisor of Insurance for the year ended December 31, 2000. [*Sen. The Hon. C. Sahadeo*]
4. Report of the Supervisor of Insurance for the year ended December 31, 2001. [*Sen. The Hon. C. Sahadeo*]
5. Report of the Supervisor of Insurance for the year ended December 31, 2002. [*Sen. The Hon. C. Sahadeo*]
6. Draft National Policy on Ageing. [*The Minister of Social Development (Sen. The Hon. Mustapha Abdul-Hamid)*]
7. Government Legislative Agenda (2004/2005). [*The Attorney General (Sen. The Hon. John Jeremie)*]

To be printed as a Senate Paper.

**JOINT SELECT COMMITTEE
(FIRST REPORT)**

Presentation

Sen. Parvatee Anmolsingh-Mahabir: Madam President, I have the honour to lay on the Table the First Report of the Joint Select Committee of Parliament appointed to enquire into and report on government ministries with responsibility for areas listed in Part 1 and on the statutory authorities and state enterprises falling under those ministries.

WRITTEN ANSWERS TO QUESTIONS

Madam President: Hon. Senators, there are three questions for written responses on the Order Paper by Sen. Wade Mark which are due for answers by October 21, 2004, but if you have any replies ready now we would take them and have them distributed.

DRAFT NATIONAL POLICY ON AGEING

The Minister of Social Development (Sen. The Hon. Mustapha Abdul-Hamid): Madam President, I have had the honour to lay on the Table the Draft

National Policy on Ageing as a Green Paper and to advise of its publication for public comment.

Madam President, this Government is very mindful of the truism that one can accurately gauge the extent of a society's essential humanity by the way it treats its children and senior citizens. This Government is therefore sincerely committed to ameliorating the situation of older persons in Trinidad and Tobago by transforming our society into one that engenders healthy and active ageing. It is a commitment that explains the development and implementation of this draft national policy on ageing.

Madam President, a comprehensive policy on ageing for Trinidad and Tobago is necessary given that the population currently includes a significant proportion of older persons; that is persons 60 years and over. The population of older persons has been rising consistently over the last four decades, a trend projected to continue well into the future.

A number of factors including control of prenatal and infant mortality, the decline in birth rates due largely to global population growth reduction policies, improvements in nutrition and basic health care, and the control of many infectious diseases have contributed to the demographic transition witnessed at the close of the 20th Century. The picture now shows not high, but low birth and death rates.

The Ministry of Social Development has undertaken an analysis of the population statistics published by the Central Statistical Office in its *Annual Statistical Digest* for the period 1960—2000. This analysis has revealed the following increases in population of persons 60 years and over. In the year 1960, there were 49,988 persons 60 years and over; in 1970, that number was 62,668; in 1980, it had gone to 83,159; by 1990, the number was at 108,014 and in the year 2000, there were 120,434 persons who were 60 years and over.

The overall increase over this period 1960—2000 was approximately 141 per cent. This means that in 2000 this population sub-group accounted for approximately 9 per cent of the total population. By the year 2010 this figure is expected to increase 10.9 per cent and in another decade by 2020, the projection is that the number of persons in the 60 years and over sub-group will be in the region of some 230,000 or some 15 per cent of the total population. In just 20 years, the percentage increase in population size within this sub-group will exceed 90 per cent. To fit that little piece into the whole picture, estimated growth in the overall population for the same period is in the order of 27 per cent.

Madam President, in the past, initiatives relating to older persons have tended to be rudimentary and fragmented, comprising ad hoc programmes and projects which did not significantly enhance the welfare of the target group. It is partly for that reason that there is now a pressing need to rationalize the Government's programmes and other programmes offered to this growing sub population and develop a policy that caters to the real needs of older persons on a sustainable basis.

In 2002, a draft policy was circulated and a process of public consultations was initiated to facilitate the input of stakeholders. These consultations were held on October 01, 2002 at Westmoorings in Port of Spain; on November 28, 2002 at Naparima Bowl in San Fernando; on February 20, 2003 at Macoya in Tunapuna and finally in Tobago on September 18, 2003. After review of the comments and suggestions that emerged from the consultations, the draft policy document was revised in April 2004.

The policy is based on the fundamental principles contained in the Madrid International Plan of Action on Ageing 2002. These principles are:

- Independence—the keystone of all policy is to help older persons maintain the maximum degree of independent living. There should be opportunities for older persons to make an income, to remain functional, to do as much as possible for themselves;
- Participation—older persons should always be encouraged to participate in decisions affecting their lives and all aspects of national development and in the formation of associations of older persons;
- Accessibility to health, social, spiritual and recreational services;
- Dignity of older persons—older persons are entitled to be treated with respect and fairness and to receive services and benefits to promote this;
- Healthy and active ageing—older persons should be able to benefit from recreation, appropriate physical and sporting activities that would enhance general health and well-being;
- Home and community care.

These principles point to the importance of policy design in promoting life-long development and coordinating the effects of demographic changes in a constantly changing regional and international environment.

The major tenets of the policy seek to treat with these environmental changes and will therefore:

- i. create an environment which will facilitate the meaningful participation and involvement of older persons in society;
- ii. ensure the provision of adequate community-based services for older persons;
- iii. promote and preserve the dignity and independence of older persons;
- iv. encourage and promote education and public awareness on issues related to older persons;
- v. encourage and promote greater collaboration among the public sector and private sector and civil society to foster technical assistance, and psychosocial support for the benefit of older persons;
- vi. facilitate, encourage and support research on ageing issues;
- vii. promote greater access to more affordable health for older persons;
- viii. facilitate greater access to recreational facilities by older persons in communities throughout the country.

The policy addresses a range of priority areas for action that would ensure that citizens experience the ageing process in a way that allows them to enjoy the best quality of life that is possible. It has the potential to contribute significantly to sustainable improvement in the quality of life of this important group of citizens in society. The key priority areas addressed in the policy were as follows:

Social Security—The aim of the policy is to ensure that the dignity of older persons is maintained while they access benefits of the social security system. To this end, the policy proposes strengthening the national social security system to promote accessibility and effectiveness in delivery through legislative and administrative reforms and to ensure maintenance of the dignity of older persons.

Income security and employment—The main goal of income security and employment is to facilitate as far as possible income-earning opportunities which would enable older persons to continue to meet their needs in the post-retirement years.

We seek to achieve this through mentorship and similar programmes, by facilitating partnerships between Government and financial organizations, by

encouraging older persons to continue to offer their specialized skills and expertise in the development process and by applying internationally adopted standards concerning older workers with specific reference to standards promulgated by the International Labour Organization (ILO).

Participation, involvement and social inclusion—Measures will be implemented to promote public education and sensitization on ageing issues and to encourage all members of the society to utilize the expertise of older persons.

Furthermore, to encourage greater participation and involvement in public life by older persons, we shall take positive steps to ensure that physical access to public and commercial buildings and facilities will be facilitated.

Dignity and respect for older persons—“Appreciation”—to quote the calypsonian—“plays on the human mind. Everyone needs some for happiness all the time.” If we are to promote a feeling of self-worth among our senior citizens, as well as to raise the level of their self-esteem, we have no choice but to create for them a dignified and respectful environment. They have to feel appreciated and enjoy a position of respect in their homes, families and communities and by extension the society.

We propose to implement several measures towards this end, many of them necessarily involving collaboration with the private sector and NGOs. Here, for instance, is a sampling of the steps we have in mind:

1. Facilitating the provision of support systems to enhance self-reliance to allow older persons to live as independently as possible.
2. Facilitating the provision of support services to families to enable them to cater to the physical, psychosocial and emotional needs of senior citizens, whether hale and hearty or ailing.
3. Empowering of communities with a view to ensuring that the needs of older persons who are without family support can be met.
4. Encouraging the establishment of support groups and social programmes that might assist and strengthen families in situations where older persons have issues that make care challenging, for example, patients with Alzheimer’s disease.
5. Facilitating the provision of assistance to NGOs and community organizations to develop and implement community-based programmes for older persons.

With regard to health care and standards for hospitals and health care facilities our older persons must be assured of enjoying a quality of life that balances the social, psychological and physical well-being of the individual well into his/her very senior years. To meet this need, we have identified several imperatives, among which are:

1. Delivery of health care to older persons as an important aspect of an integrated health care system.
2. Development of appropriate standards of care and relevant legislation.
3. Implementation of an effective system of community care.
4. Conduct of public awareness programmes on the importance of preventative health care in maintaining healthy and active ageing.
5. Ongoing training for active and would-be care givers.
6. Promotion of the importance of healthy ageing among all age groups.
7. Implementation of rehabilitation programmes for older persons with debilitating illnesses.
8. Development of an adequate cadre of personnel trained in geriatric care and gerontology.
9. Establishment of mechanisms that will facilitate the generation and maintenance of national indices of health and disability among older persons.

With regard to housing, the old adage tells us a home is a man's castle. This statement must be understood to be equally true for our senior citizens. That translates into an unswerving commitment to facilitate access by older persons to suitable housing, and to support initiatives to assist them to continue living in their own homes for as long as possible. We are no less committed to ensuring that home environments for older persons are not merely comfortable but congenial, reassuring and safe.

Education and training—The knowledge-based society about which much has been said requires that policies be developed to ensure lifelong learning. The policy therefore proposes that older persons should continue to benefit from the education system. Some of the adult education programmes we develop must be designed specifically with older persons in mind. It must form part of our commitment as a nation that we seek to train older persons to learn new skills that would promote their independence.

Some of the ways by which this can be achieved are by encouraging greater involvement by the media in the promotion of learning as a lifelong process, by encouraging collaboration among state agencies, NGOs and CBOs in facilitating the provision of appropriate training programmes for older persons and by fostering an age-friendly environment at education and training institutions.

With regard to recreation, just as we believe that the minds of older persons are resources to be treasured and nurtured, so too are their bodies. A range of measures is proposed to encourage the introduction of recreational opportunities specifically designed for older persons.

Legislation—The legislation as it relates to ageing and ageing issues will be effected within a framework that gives high priority to protecting the rights of older persons. In this regard, the following initiatives will be taken in collaboration with the relevant ministries and agencies:

- Review and, where necessary, amendment of existing legislation. In the short term, a review will be undertaken of the Homes for Older Persons Act 2000 and the Private Hospital Act.
- Enactment of appropriate new legislation. For example, there is need for legislation related to community care for older persons and the abuse of older persons.

2.00 p.m.

With regard to research, in a developing country such as Trinidad and Tobago, there are many competing demands on the public purse and optimal use of scarce resources requires that informed policy decisions be consistently made. Critical to the whole process of effective management of all these issues is the ongoing research, which is an essential part of the way we proceed.

It is worthy of note that the Division of Ageing has been established in the Ministry of Social Development and this was done in the year 2003 to serve as the coordinating agency for the implementation, in collaboration with relevant agencies of the policy on ageing. This division will therefore serve as the lead agency responsible for coordinating the implementation of the policy and would accordingly seek to:

- (a) collaborate on an ongoing basis with relevant agencies, individuals and organizations;
- (b) integrate the issues associated with ageing into national development plans;

- (c) promote public awareness on issues pertaining to older persons and ageing;
- (d) ensure that national data include information which is age-specific;
- (e) facilitate the establishment of mechanisms to promote inter-generational integration;
- (f) establish a comprehensive and reliable database for monitoring and evaluating a national policy;
- (g) ensure that all aspects of the policy foster gender-equality, taking into account the fact that women represent the larger proportion of the older persons population.

In concluding, let me assure this honourable Senate that the Government of Trinidad and Tobago is committed to providing our older population with the opportunity to live in an enabling environment that fosters independent living. As a result, Government will continue to explore every option to ensure the dignity and respect of the older persons in our population and its continuous participation in the processes of the development of the society.

I have had the honour to lay on the Table the Draft National Policy on Ageing as a Green Paper and hereby advise of its publication for public comment.

Thank you.

VENTURE CAPITAL (AMDT.) BILL

Order for second reading read.

The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam President, I beg to move,

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

I am sure you are aware that this amending legislation was, in fact, passed in this Senate, with amendments, on the last day that this Senate sat before we went on the recess, and subsequently the House was prorogued and thus the Bill lapsed and that is why we are back here today. But we are here today also for a most important reason, because at the committee stage of that Bill in this place, an undertaking was given by my colleague, Sen. Sahadeo, that, in fact, we would look very closely at the proposal on the concept of corporate venturing advanced by Sen. King.

Venture Capital (Amdt.) Bill
[HON. K. VALLEY]

Tuesday, September 28, 2004

During the recess, Sen. King had an opportunity to meet with the Venture Capital Investment Programme (VCIP) office with my Permanent Secretary and we agree, in principle, with the amendment. My understanding, however, is that it is not the sort of amendment that one would want to do in the House and that it is preferred that a small team, a select committee of the House, consider the proposals that were already drafted by the VCIP office with respect to that amendment. Given that, Madam President, it can be passed. There was one other amendment made at the last sitting and then, of course, it would go to the other place where it would be subject to a full debate.

Having said that, let me say that I have read the contributions of Members on the last occasion and I agree, basically, with the comments made that when we legislated the venture capital regime in 1994 there were expectations that, look, it is going to assist in the diversification of the economy; that we would be providing a platform for funding of startups of small- and medium-sized companies and so on; that by doing this we would broaden and deepen the financial options available to investors and to persons seeking capital.

Of course, I think what Members in the debate really came to grips with was the fact that we have not been able to achieve the momentum that we thought could have been achieved by the legislation. I think a number of Senators also pointed to the fact that given our history, our background and so on, and the fear of the family-owned firm to bring in outsiders; the fear of suppliers of capital to take risks, I think some people would know that the first venture capital company formed in Trinidad and Tobago was formed by me, so I can give first-hand experience that even the suppliers of capital, VCC, were afraid to invest the money.

This is why, in going forward, I agree with Sen. King, that we have to deal with the other edges of the diamond because the training is extremely important and this is why the Venture Capital Incentive Programme is now bringing that training element. I would say that over the last 10 years or so, all is not lost. I think that the country today is more tuned to the concept of venture capital and the fact that we are increasing the limits to an investee company to \$50 million, meaning that we are no longer dealing simply with the startups of small companies, but, really, we are looking at those companies which may now be looking at second stage, moving into the export market and looking at the alternative of equity financing rather than debt financing.

We are increasing the limit or the equity capital of a venture capital company to \$200 million, meaning we want those large insurance companies,

the banks and so on, to set aside some funding for those projects. And, really, Government, in its facilitative role, is providing that environment. We will provide the training; we will bring every new idea that is feasible on board. That is why we would readily accept the concept of corporate venturing, especially at this time when innovation in our country is so all important. We are talking about the University of Trinidad and Tobago; we are talking about the Science and Technology Park at Wallerfield, and if this is going to help, we say, yes, we are going to do it, because it is no different in concept to accelerated depreciation, really, with a firm. So my submission is, this thing has been debated in the other place; it has been debated here. I think it is a critical part of the infrastructure as we move with respect to financial sector reform. As we look to integrate our economy into Latin America, providing finance is critical.

I had better use this opportunity also to lobby once more: finance is important; transport is important. As we look to Latin America we need to ensure that we have all the pieces in place in the jigsaw. We must learn the language; we must be able to get there quickly and we must have the money to oil the engine.

With those few words, I recommend that this Bill be sent to a select committee to consider the concept proposed by Sen. King, as drafted by the VCIP office.

I beg to move.

Question proposed.

Sen. Wade Mark: Madam President, let me welcome my colleague and friend to this place once again. Our colleague, as you know, has described himself as a new world man and therefore we want to welcome him to this honourable place. You know, it reminds me of an article I read sometime ago in the *Newsweek* magazine where they were talking about growing labour pains in Europe and they mentioned where workers were working harder but they were receiving less pay, and the sub-headline was: “Welcome to the New World Economy”. So I thought when I read that, I recalled my colleague’s statement that he is a new world man. There are many dangers in the new world, I must tell this new world man.

When I looked across at the front benches of this Government, as well as the back benches, I thought at one time there was a Cabinet reshuffle of major proportions. I see the Government either on a joyride—and I see new faces.

Let me take this opportunity to welcome all the new Senators who are holding on temporarily for their senior colleagues who might be abroad at this time. I also want to take this opportunity to bring to the attention of the hon. Minister, some developments that I consider to be extremely grave and important as they relate to venture capitalism in Trinidad and Tobago. As he has indicated, we spent a considerable amount of time debating this issue sometime ago, but with the effluxions of time, I would say that a lot of developments have taken place. I do not know if he is fully aware of them, but I think it is my duty and responsibility to at least alert you and this honourable Senate to some developments that have taken place in that particular industry. I believe that as we go to a select committee of the Parliament, these matters must be taken on board.

I do not know if you read sometime ago—I want to also indicate to you before I go to this particular point that I agree with the hon. Minister that the environment, the framework to encourage venture capitalism in this country is not properly in place, and to demonstrate this particular perspective all we have to do is to refer to a White Paper entitled “Reform of the Financial System of Trinidad and Tobago”. If I can refer you to pages 37 to 39 of this document, it really solidifies the point expressed by the hon. Minister, Kenneth Valley, where, for instance, in this document it is stated quite explicitly that the supporting infrastructure to give this particular venture capitalist concept some life and some dynamism is not in place in the country. Even the Government has had to admit that the structure of the country's educational system does not engender a culture of entrepreneurship, innovation and risk-taking.

So in other words, we are getting into another amendment to the Venture Capital Act of 1994. This document, as you know, was tabled just a couple weeks ago in this honourable Parliament and it followed on a Green Paper that was developed and tabled sometime ago by the Government.

In this document, the Government is admitting that there is need for a revolution in the educational apparatus in the country so that young men and women starting at the tender age of two and three, when they go to the early childhood education centres, right through primary, secondary and tertiary levels, they must be imbued with a spirit of entrepreneurship, and the education system as it currently exists is totally irrelevant to this challenge and we see nothing on the horizon that tells us that there is any kind of commitment to the revolutionization of the education apparatus in this country.

So I want to agree that this Adventure—it is almost like an adventure into venture capitalism—has turned out to be a nightmare for the hon. Minister because he has admitted—and I want to congratulate him because he was the first one to get in and the first one to get out. I think that is a very good legacy he has left for us to follow.

Hon. Valley: Madam President, I got out because I became a Government Minister—

Sen. W. Mark: But you would not allow me to finish—

Hon. Valley: So that if I had my way, I would still be in the company.

Sen. W. Mark: Ken, you would not give me a chance, boy. I was going to say the reason you got out was because you became a Minister, but you would not allow me, man. You are too fast to the draw! [*Laughter*] So that is the reason he got out, I understand. But the reality is—and he would admit to all of us—that since this particular Adventure was undertaken by this Government—and he was the person who piloted that particular matter; I was here at that time and I did warn him that this was going to be an adventure, basically, and no results would really be coming, materially speaking. If you look at the reality—and the document says it here, that since this particular Act was proclaimed in 1994/1995 and since venture capitalism became a reality in 1996, I think about three or four companies have been operating.

I want to draw these things, not necessarily to debate them, Minister Valley, but I want to let you know that this is a tomfoolery exercise in which we are engaging; it makes no sense; is a total failure. So why do you want to perpetuate a tomfoolery exercise? This has gone nowhere. What is more dangerous about this adventure into venture capitalism is a recent article I came across—and I was shocked; the fraudulence, the corruption, the abuse of power by these people, and I will detail the evidence for this honourable Senate. I want the Minister, in particular, to take action on this matter because this is a matter that ought to be referred to the Director of Public Prosecutions for criminal action against those persons involved in swindling poor people. That is why venture capitalism will fail in this country.

I refer to the *Business Today* section of the *Guardian* of Saturday, September 04, 2004. There is an article entitled: “VCIP needs to protect investor confidence.” I read:

“The Venture Capital Incentive Programme (VCIP) has said that it took action against FNCU Venture Capital to protect investor confidence and maintain market efficiency in the sector.

Venture Capital (Amdt.) Bill
[SEN. MARK]

Tuesday, September 28, 2004

On Wednesday—”

That would have been Wednesday, September 01—

“...the VCIP suspended FNCU Venture Capital’s registration in accordance with section 7 of the Venture Capital Act.”

Minister Valley is well aware of section 7 of this particular piece of legislation. Let me tell you why a venture capital company would be suspended under the law of this country. Up to now the VCIP has not, in fact, communicated properly to this nation as to the real reason for the de-registration or suspension, I should say, of this company called the FNCU.

I want to refer to section 7(1) of the Act of 1994 which says:”

“The Administrator may suspend or cancel the registration of a venture capital company where he is satisfied that the company—

- (a) obtained its registration fraudulently by furnishing false or misleading information or documents;
- (b) failed to supply prescribed information or records;
- (c) supplied information pursuant to the Act which contained false or misleading information;
- (d) failed to comply with any condition of approval given by the Administrator under the Act;
- (e) contravened the provisions of the Act.”

The article goes on, and I am quoting from the statement issued:

“ ‘The action to suspend the operations of FNCUVCCCL—’”

I think that is the First National Credit Union Venture Capital Company. Mr. Valley, am I right?

Hon. Valley: Something like that.

Sen. W. Mark: Okay:

“ ‘...arose from operating deficiencies within the company’, the VCIP stated yesterday in a release.”

I quote again:

“ ‘Once these deficiencies are addressed, the suspension will be lifted and the company will resume operations.’”

The suspension came a week after a stormy AGM at which shareholders—” Minister Valley is asking me to invest my hard-earned money into venture capital companies and these companies—this one in particular is involved in a lot of activities that forced the VCIP to suspend it and forced the Securities Exchange Commission to also suspend its trading in shares on the Stock Exchange, I imagine. It came after this stormy meeting “at which shareholders raised concerns about the venture capital company’s operations and the issue of new shares.”

Imagine, this company issued new shares by the fund manager, some chap called Daniel Lambert, without the knowledge of board members which is illegal. [*Interruption*] I know that, because that is a very educated person, I understand—highly educated. It goes on to say:

“Following VCIP’s action, the T&T Stock Exchange suspended trading in FNCU Venture Capital’s shares.”

It went on with a statement made by Hackett, about this matter.

Do you know what was even more interesting? A statement that is quite alarming: Credit union members, poor people who put their money in credit unions—the evidence is going to come out shortly. They invested some \$2.2 million or \$1.9 million of poor people’s shares in the credit union movement into this so-called operation. Do you know what? Listen to what we have coming from the President of the Cooperative Credit Union League, a fellow called Gary Cross. They lost money. They were suspended! My money is jumping up as a credit union member, but listen to what this gentleman says: I am quoting from the *Guardian* of Thursday, September 23, 2004.

“The President...Gary Cross, recently disclosed that the League’s Credit Union Monitoring Unit (CUMU), which is responsible for support and inspection activity, has been closely evaluating the development surrounding the temporary delisting of FNCU Venture Capital Co. by the Securities Exchange Commission (SEC) and the Venture Capital Incentive Programme (VCIP).

‘The total investment by constituent units of the league and fraternal co-operative bodies represent less than one-hundredth of one per cent of total assets.’ ”

So what is the problem if they lose \$2 million? That is no problem. This fellow says it is no big thing. He says:

Venture Capital (Amdt.) Bill
[SEN. MARK]

Tuesday, September 28, 2004

“ ‘In view of the relatively slow trading of these shares over the past year, we do not anticipate any significant effect on the safety, stability and soundness of credit unions;...

We are confident that the board of directors of the company has the infrastructure and capacity to swiftly redress the matter and return the company to a state of normalcy,’ ...”

This is coming from the President of the Credit Union League. This thing is becoming like Alice in Wonderland, “curiouser and curiouser”.

I go to the heart of the matter, and this is what I believe requires an intervention by the Director of Public Prosecutions. I have in my possession an article in the *Sunday Express* dated September 05, 2004 and the headline states: “Jitters at venture capital company”, and the sub-headline is: “Shareholders query investment”. I think it is important for us who are being asked to amend this legislation at the select committee level to deal with this thing in a very clinical manner.

I want to share with you that this article was an investigation by one Joel Nanton. Listen to what it says:

“A \$2 million investment in a project linked to the brother of a Government Minister, off-the-floor share sales and breaches of legislation are some of the alleged incidents at FNCU Venture Capital Company which are now under the microscope of the Venture Capital Incentive Programme (VCIP) and the Securities Exchange Commission (SEC).”

Do you see what is going on? Listen to what is going on here.

2.30 p.m.

I continue to quote.

“Some are even calling for the head of fund manager Daniel Lambert, whose company, Financial Concepts Ltd (FCL), piloted FNCU Venture Capital’s Initial Public Offer (IPO) back in 2001, raising some \$4.4 million in one-dollar ordinary shares mainly in the credit union movement.”

Madam President, they raised \$4.4 million from ordinary poor people shares in the credit union movement. And we have the President of the Credit Union League, Mr. Gary Cross, saying: “No problem, what is \$4.4 million?” No big thing! That is a small thing man, insignificant! That is the kind of nonsense taking place with poor people’s money by these people who should know better.

These people should be sent to jail for that kind of irresponsible and criminal conduct when it involves ordinary people's moneys! I continue to quote:

“Lambert's company almost entirely manages...”

Madam President, look at the conflict of interest. This man floated the company—he manages the Venture Capital Company whose operating office—*[Interruption]* Do not worry, Ken, you are out of it! You are smart! You got out! You did not stay to get involved in this; otherwise your head would have been on the chopping block!

Hon. Valley: I was prudent.

Sen. W. Mark: Yes, you were very prudent; under-prudent, I must say.

This gentleman managed the Venture Capital Company whose operating office—remember he has a company called Financial Concepts Limited (FCL) and then he floated a company called FNCU. He hoodwinked poor people. He got some \$4.4 million from some “dotish” and stupid credit union leaders. Do you understand what is happening, Madam President? If one were to go to No. 42 Dundonald Street, one would see FCL and in the same building, FNCU. If that is not a conflict of interest I do not know what is. This is how the stormy meeting had gone.

“The meeting, to report on operations for the year 2003, came almost a full year after...”

Minister Valley, how could that be? How could these people be openly violating the laws of this Venture Capital Act, when they know six months after the close of the financial year they are supposed to submit their financial accounts? One year later, Madam President, this is taking place in the case of FNCU.

“after the close of that financial year on October 31 last year—and just two months before the start of the 2005 financial year.”

This venture capital company is in breach of the law. It goes on:

“The questioning zeroed in on what shareholders felt was the lack of transparency in the fund manager’s report,...”

He gave them a two by four report.

“and on two investments in particular that together accounted for about 98 per cent of all the investments undertaken in the financial year ended October 31, 2003.

Venture Capital (Amdt.) Bill
[SEN. MARK]

Tuesday, September 28, 2004

One was an investment in Salybia Resort and Spa Project...”

I want to repeat this. Of the two investments tallying 98 per cent of all investments for the financial year ending October 31:

“One was an investment in Salybia Resort and Spa Project—a luxury beach resort in Toco and the brainchild of Sport and Youth Affairs Minister Roger Boynes and his brother Ronald.”

Now, you see the thing gets “curiouser” and “curiouser”. [*Interruption*] This is a serious matter, Minister Valley! I am quoting from the newspapers. I can give you a copy of it. I am not calling anybody’s name. I am repeating what the papers said. This is what the papers said. I did not say so, Madam President. I continue to quote:

“The other was a \$1.9 million investment in the First National Credit Union.”

So it went two places, Madam President, the First National Credit Union and the next one to Salybia Resort and Spa Project. Madam President, what is happening here is simple and I will tell you as I go on. It goes on:

“Boynes and Co Ltd are the attorneys for the venture capital company. Ronald Boynes was also at the AGM.”

Madam President, look at the conflict of interest! Look at the “ratchiffee”! Look at the fraud that is taking place here! You take \$2.1 million for your hotel—I have no problem with a man having a hotel—that is business—just as how my colleague, Minister Valley, got into Prudent. That is good; I would like to get into business too. I have a problem when they take poor people’s money! You know what? This man is an attorney for the company called FNCU! Who is this man? Ronald Boynes, Chairman of the Sangre Grande Regional Corporation and brother of the Minister of Sport and Youth Affairs, Roger Boynes. He is an attorney-at-law so he knows this Act. Do you know what is happening, Madam President? He sits there, encourages the company to lend him \$2.1 million to expand his hotel facilities, conscious of the fact that it was not proper! That is why they suspended the company. It was not proper! They are slapping the public in its face! That is what they are doing here! Madam President, and the more I read this thing it becomes “curiouser” and “curiouser”. I continue to quote:

“A total of \$2.17 million was invested in the resort...”

Madam President, \$2.17 or \$2.2 million was invested by FNCU through a loan to Mr. Roger Boynes and his brother Ronald into a hotel called Salybia Resort and Spa. *[Interruption]* We would have to call on her because I see she likes to spar. So we would call on you to spar and put on your boxing gloves. *[Laughter]*

Madam President: Hon. Senator.

Sen. W. Mark: Sorry, Madam President, I cannot help it. I mean to say, you know the lady likes to box, right. I want her to deal with some other people whom I think she should give some knockout blows to. You see how you knocked out Ken Gordon; I want you to knock out some other people too. I would tell you who I want you to knock out just now. *[Laughter]*

Madam President, that figure represented more than half of the total funds invested by the company in the year as I said. Shareholders, like you and me, complained that no details were forthcoming on the investment. They gave no details. You take my money, you invest in Roger Boynes company or hotel; you invest in the FNCU and I come to a meeting and no details, Madam President! Mr. Lambert is boss! He is the boss and whatever he says goes! I want the Minister in the Ministry of Finance to launch an investigation and I also want the Minister of Trade and Industry to take action as well. Hon. Minister, just in case she does not want to launch it, I put it in your hands because I know what is taking place at Plipdeco and I will talk to you about that shortly.

“Shareholders complained that no details were forthcoming on the investment. They also wanted to know what was the expected rate of return...”

Madam President, if you invest your money, you should know the rate of return on your investment but nothing was forthcoming.

“what was the financial instrument used in the deal and what was used as security.”

This was a meeting and nothing was forthcoming. The quote continues:

“The *Sunday Express* understands the investment was actually a loan...”

Ken, do you believe that? I will tell you why it is true.

“The *Sunday Express* understands the investment was actually a loan to Boynes’s company to complete the construction of the resort.

Lambert said he could not recall...”

Venture Capital (Amdt.) Bill
[SEN. MARK]

Tuesday, September 28, 2004

He is suffering from amnesia conveniently.

“he could not recall the exact rate of return, suggesting that the shareholders peruse more detailed documents at the company’s offices.”

At No. 42 Dundonald Street.

“He sought to assure, though that the investment had already been recouped.”

Madam President, recouped; an investment you know; he just lend and he recouped it.

“and said the full transaction would be reflected in the accounts for 2004...”

Madam President, listen to what is even nicer:

“Contacted yesterday,...”

That is the story on September 5th—Ronald Boynes, the Chairman of the Sangre Grande Regional Corporation and brother of Roger Boynes and a director of this company, Salybia Resort and Spa in Toco. I continue to quote:

“Ronald Boynes confirmed that the money was a loan to his business. He said it was a straightforward business deal ‘that concluded well’ and has been fully repaid.”

Madam President, let me tell you something and Minister Valley would be aware of this brochure *Venture Capitalism Incentive Programme*, it tells you how to open a business, about the tax credits and the investment work. This is what it says:

“Venture capital funds under the incentive programme can be used for both capital expenditure and working capital. However, such funds cannot be used for lending.”

This is in the venture capital brochure! Ronald Boynes told the whole country in this article that it was a loan transaction. He said: “We borrowed \$2.2 million from a company called FNCU and we paid it back”. Madam President, this man is an attorney-at-law! He is the brother of the Minister of Sport and Youth Affairs! He is the Chairman of the Sangre Grande Regional Corporation! He is not any fly-by-night attorney-at-law! He knows about all the documents and the regulations! The regulations are clear that you cannot borrow money! The venture capital funds cannot be used for lending! You could invest, Madam President!

Minister Valley told us earlier in his presentation that the venture capital companies—they are afraid to invest! He never told us that they are afraid to

lend! That is not his business. They do not lend money! How were Roger Boynes and Ronald Boynes able to hoodwink this company in order—

Madam President: Hon. Senator, I am a little concerned about you calling the Minister's name. Does his name appear in the article?

Sen. W. Mark: Yes! Yes! I am calling it because it is here!

Madam President: But we have to be careful under Standing Order No. 35(5) that we do not impute any improper motives to any Member of the other House.

Sen. W. Mark: Right.

Madam President: Also, as a Minister, I do not know that he would be the owner of a business, so we need to look at that. Let us just be careful in calling the Minister's name. I do not have a problem with anybody else.

Sen. W. Mark: Madam President, as I have indicated to you, I cast no aspersions, all I am doing is quoting from an article written in the *Sunday Express*. I can ask one of the officers here to make a copy for all the Senators of this honourable Chamber. The article refers to the name; I cannot avoid calling the name that appears in the newspapers, and I am not in any way casting aspersions on individuals. As I said, I am glad the person got into business. Government training programmes are held there; I like that; they are giving support to their colleague! I have no problem with that!

This is a national scandal and I call on the hon. Christine Sahadeo, Minister in the Ministry of Finance and also the hon. Kenneth Valley who is responsible for this piece of legislation, to launch an enquiry but not on the same lines as the Plipdeco, please!

Madam President, there is a chairman at Plipdeco who is playing games with these two Ministers, hon. Kenneth Valley as well as hon. Sahadeo. They promised us a forensic audit but they have a compliance audit taking place down there right now. Ernst & Young who are the company's auditors are the ones appointed to conduct the compliance audit. How could himself investigate himself? The hon. Minister of Finance is aware of it! I am sure the hon. Minister of Trade and Industry is also aware of it. I would have much more to say on that shortly, but not today. I have just given him a little taste. I would come back and give him the full meal later.

This matter is extremely important and I ask hon. Kenneth Valley: How can we have a situation like this occurring? How can we have a company in the

Venture Capital (Amdt.) Bill
[SEN. MARK]

Tuesday, September 28, 2004

venture capital business lending money when that company is aware that they are not supposed to lend; they are supposed to invest? They have something called the Qualifying Investee Company and, Madam President, if they had invested in that company they would have been able to get healthy returns on the investment because I understand that hotel is doing well at Government's expense. I understand many Government programmes and training take place under the roof of this particular hotel. So that is a very good venture capital project in which to invest and shareholders would get healthy returns!

Madam President, do you know what happened instead? They lent the money and they know they were not supposed to lend the money! So shareholders are asking: "Where is my money?" "I have invested in this venture capital company; what are the terms and conditions of this loan?" What instruments were used? What security backing do I have? Madam President, no answer came from a "fella" called Daniel Lambert, the kingpin, the gatekeeper, the architect of this whole adventure, or misadventure, I should call it. We need answers.

You cannot hoodwink people! You cannot expect any serious capitalist, with his hard-earned capital to invest equity in a company where there is such fraud and abuse of power! Mr. Ronald Boynes still remains the Chairman of the Sangre Grande Regional Corporation.

Dr. Lenny Saith, you are the acting Prime Minister, I suggest you take action. This is a criminal matter. This is a serious matter and we must call Minister Roger Boynes to account for this transaction as well. I have learned that in Salybia there is supposed to be a space of 15 feet for pavement. In other words, if you are walking in Salybia you must walk on the pavement. That hotel called Salybia Nature Resort and Spa has appropriated the 15 feet and established a rock garden. How could a Minister who is supposed to be upholding the law violate the law? Do you know why, Madam President? The Chairman of the Sangre Grande Regional Corporation is the brother of the Minister, so himself talking to himself and himself approving himself! This is a national scandal!

Madam 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, Madam President. Whilst Minister Valley is investigating this rock garden—the rock garden I understand is like a picnic. Madam President, you could go there and just relax yourself. They call it the rock garden. Whilst the Minister is investigating the rock city in Toco, I would like him to take the time off to investigate the expenditure of \$3 million to run pipelines in the Salybia area. I want him to investigate if there is any connection between the running of \$3 million in pipeline infrastructure and the hotel called, Salybia Nature Resort and Spa. I made no aspersions. I am investigating this matter and I would say more about it very soon. But I would like the hon. Minister to investigate whether these directors used taxpayers' moneys in order to lay the infrastructure from their grand luxury hotel costing this country \$3 million.

There is something called horizontal equity: you cannot give here and deny there. A wrong is a wrong. I am not accusing him of any wrong. I have asked the Minister, who I know is an honourable person and a man of high integrity, he would not stomach any Member of that Cabinet engaging in that kind of activity, using taxpayers' money, “possibly” to promote his personal interest. I would like him to investigate that for us.

I would like the Minister to let us know also the exit clauses in venture capitalism. Many people have approached me because they have invested in these so-called venture capital companies—some of them have invested for eight, nine and 10 years—and they want to get out but they cannot sell. If they sell all the tax credits they are entitled to they would not get back. You were entitled to 35 per cent then, now it is 30 per cent tax credit, so if I invest in a venture capital company and I find this company is boo; a total waste—Madam President, they fool you, you know; they mamaguy you and say: “Come boy, invest your hard-earned income into this company, you would get healthy returns on your investment”, but after 10 years, no returns. Do you know why? “Dem fellas” meeting once every three months. How could you run a venture capital company with no human resources? They have recognized that in the reform document.

Madam President, these “fellas” are working full-time otherwise so they meet once every three months. How can you run a company meeting once every three months? You take my money that I have invested; you promised me healthy returns but after 10 years I have not gotten a cent on my returns and when I approach the company, VCIP—[*Interruption*] I want to get out of Prudent, Madam President, do you know what they told me? They said: “Yuh

Venture Capital (Amdt.) Bill
[SEN. MARK]

Tuesday, September 28, 2004

can't get out boy, see if you could get someone to buy it nah." You cannot sell it back to the company! If you sell it back to the company the tax credit that you enjoyed when you purchased it, you would have to pay it back. But that is wrong! If I invest in a company for 10 years, I lose my \$100,000 in terms of not getting any dividends on the \$100,000—The company is dead. This is stillborn! I do not know if Prudent is a stillborn organization as well. As I said, the company is dead; nothing is generating and I want to get my money back. Do you know what I would be told: "Sell it to the President if she wants to buy it." But, Madam President, you do not want to buy it! Even if you wanted to buy it, you would want the tax credit but they are not giving you the tax credit either.

I believe that Minister Valley is a person who means well; he wants to go to San Fernando but he is taking a taxi to Maraval. This is a waste of time! You would lose because you are going in the wrong direction! This is not prudent! This is a waste of time! You are fooling people! You are conning people! You are misleading people! You are allowing people to invest their hard-earned money and after ten years there is no dividend to get! None! Maybe in the select committee Minister Valley would tell us more about it, or maybe later on. What is the state of affairs as it relates to the human capital base? Are these managers in place? Are they professionals? How long would people take to get returns on their investments? I understand that after eight, nine or 10 years you have nothing to collect, so who is going to invest in that? That is a waste of time! You should close it down!

In fact, when people see that you are giving free money through NEDCO, why would they invest their hard-earned money in venture capitalism? You could go to NEDCO and say: "I am a PNM," and they would give you \$100,000 and you would not have to pay back a cent. That is how they are operating in this country—NEDCO, \$100,000, money giving away free. That is why they removed NEDCO from the scrutiny of Parliament so we cannot scrutinize the operations of NEDCO.

Madam President, I give Minister Valley one promise here, when the UNC is returned to office we would investigate thoroughly that company called NEDCO, because it is a corrupt institution which is only funding PNM activists at the expense of other people in this country. "So yuh could run but yuh cyar hide; Yuh could run; yuh cyar hide; ah go catch yuh."

I think I have said enough because this has really caught me by surprise. I could not believe, for instance, that a government that came on a platform of

incorruptibility, transparency, decency and honesty could be so riddled in this ocean; this sea, virtually, of incompetence, to allow mismanagement and the abuse of power; to allow individuals to use their offices and influence to rape ordinary people of their hard-earned income. I cannot believe Valley would be part of that.

Hon. Valley: Madam President, I would just like to put the record straight, knowing our media in Trinidad and Tobago. This is the information I have obtained from the Venture Capital Incentive Programme. Since the agreement for the loan is between Financial Concepts Limited and Salybia Resort, there is no mention of FNCU Venture Capital Company. In other words, the loan was not from the venture capital company. Salybia did no wrong—an innocent party.

This is the information that I have. This is not my handwriting. It says that the FNCU Venture Capital Company was suspended for a number of reasons, including the non-establishment of the IPA, which is the Investment Protection Account. The suspension has not been lifted. I just wanted to put that on the record.

Sen. W. Mark: Madam President, I am happy that my colleague has gotten that piece of note. Could he authenticate it? Or is he just reading a note written to him by a public officer?

Hon. Valley: Madam President, as I said, this is from the Venture Capital Incentive Programme, I have no reason to doubt my officers.

3.00 p.m.:

Sen. W. Mark: It is rather strange but stranger things have happened. This article appeared in the *Sunday Express* of September 05, 2004. Today is September 28. About 23 days later I have raised this matter in the Parliament and we are getting some—I was about to say something, but I cannot say it because it is unparliamentary. How can you give us that kind of half-baked response? How come the Venture Capital Incentive Programme did not respond in kind and give the public a clear appreciation that that information is wrong? That has gone all over the world. It is on the Internet and they cannot come and fool you now and tell you it is not so. This is in black and white and you have Mr. Roger Boynes's brother—and they quoted him saying he borrowed the money. It was a loan given? and he said he paid it back.

Hon. Valley: Madam President, when I read the article it did not say that loan was from the venture capital company. It is from Financial Concepts, Mr. Lambert's company.

Sen. W. Mark: All right. Make it worse. Because, I was trying to extricate Lambert but he is the real culprit. Financial Concepts venture capital company is the real culprit behind this thing, and they know that they cannot—and Mr. Valley will tell us—it is in a brochure here—they cannot use venture capital funds for lending. That is the point I am making. So, if FCL loaned the money to Boynes and Boynes in terms of Salybia Resort and Spa, it is wrong, Mr. Valley. They are not supposed to do that.

Madam President, I am sorry, the hon. Minister Kenneth Valley. Madam President, I thought it was very prudent at this time to bring these matters to the attention of the hon. Minister and also the Minister in the Ministry of Finance because I see, in the case of the Minister in the Ministry of Finance, she is in a fighting mood and this is a matter that requires action and I call on the Ministers to take action. I want to say, if they do not take action within a short period of time, we in the United National Congress will take action. This matter cannot lie as it is at the moment. We are giving the Government a short period of time to take action to bring measures to ensure that this matter is not only resolved in the interest of the poor, but that action is taken against the perpetrators and the wrongdoers in this matter, otherwise we would have no choice but to take this matter to another level for further investigation and action.

I thank you very much, Madam President.

Sen. Brother Noble Khan: Madam President, I know that the matter before us would be referred, I expect, to a special committee but I would like to add my two bits on what is before us.

Against the background, I have made mention of this before, of what basic philosophy do we have from the political side, that is, the political parties that seek to present themselves before us so that could be an element of guidance to which direction the economy could be directed. I take it that what is before us falls within a free enterprise capitalistic system but one could say, too, that in small open economies like ours, no matter what we do—and there is so much to be done—no matter what the basic philosophy is, there would be a space to which we can approach development, notwithstanding the non-identification of a basic political philosophy. But using that as a yardstick sort of pragmatic approach, I assume, to my mind, this matter which is before us could be an initiative from which the country could benefit and to that end therefore, I express my appreciation or hope that some good benefit would be derived from it.

Madam President, even if we were to look at some of the instruments we have used and some of the structures that have been put in place there is much to be desired.

My mind takes me back to an agency which, as a little boy, I was aware of and had invested in, capital and venturism and what have you, and I refer to what was known as the penny bank, a cooperative bank at the corner of Charlotte and Duke Streets. I think at one time my handsome capital was \$3.35. In those days I was a young boy. Later on, we heard that in order to bring us into activities—and I am referring to the “us” here as the poorer end of the society and I must say that was by far substantially high as far as our country is concerned. There were initiatives such as the Workers Bank and later on when Bolam, I think was folded up, the Government took the initiative to form the National Commercial Bank. These are all financial institutions for which I think our people had great hope, but regretfully, after a period of time we saw these institutions as agencies for venturing and investing folding up. At a later stage, we saw all being pulled together, a new bank being formed and that is the ongoing one. But my memory takes me back to some of the reasons why some of these folded up, and I guess we could speak about management and a host of other things but I would like to think that the question of the elements of control, the question of what has been referred to as white collar activities of which I speak of the negative aspects of white collar activities, and in areas such as this, there must be very often a high element of collusion at a level which we do not expect that to occur, but they do happen.

Much has been said about honourable gentlemen and all of that and I concur and agree with that but I do remember a quote. It is not verbatim but I think it might be wise to think in terms of that. I think it was George Bernard Shaw who said it—and I am sure my professor emeritus could correct me if I am wrong—when he mentioned, speaking about a gentleman as a person, or a scamp who has not yet been discovered. So the need for control and putting systems into place is very important. Of course, we would remember too, the Shakespearean, there are more things in heaven and earth than that are dreamt of in our philosophy, so all the more why we should have instituted these elements of control.

How are we to do it? The capitalist system says there is no return unless there is risk, but risk I would take it in the pure form as far as that is concerned. I would hate to think the capitalists would bring the risks as far as the police is concerned too into this matrix but also to the whole question of these

Venture Capital (Amdt.) Bill
[SEN. BRO. KHAN]

Tuesday, September 28, 2004

investments where, very often as myself I had worked all my life in the public service and at the end of it there was what had been referred to as a gratuity and what have you, and I must say I am using this personally because I know substantially among very many more of our people, and one of the agencies I had invested in and quite a number of persons have invested, is the Unit Trust and there is some form of respect and some form of confidence in this institution.

Our memories could take us back to the 1980s when it was first instituted by, I would say, the “true father” of the nation and again, it was directed towards lower-end earners in our society. We have seen, to some extent, it has grown and there was a great apprehension when not too long ago some statements were made and there was fear and scare about certain agencies coming in, particularly at the governmental level, but I have observed that within recent time that has subsided and the organization has remained, to some extent, free from this form of attraction so to speak. It has not been, I would say, exempt from concern even within the management but here you have one of the institutions still having some respect.

I, too, remember that we started what had been referred to as a stock exchange and true capitalist countries if there are others who could claim that, are some of the most sophisticated countries of the world that perhaps, one of the greatest stock exchanges, to one of the countries to the north and in the American Continent I am speaking of, where I think it was the chief officer that came under suspicion, so to speak, for want of a better word and he himself had to resign with respect to that. I definitely kept away from using or trying to identify names of persons but I am sure people who are in this area would know to which I am alluding.

I am making mention of this because these are the areas of finance and so forth that, notwithstanding the most sophisticated one, there are areas where there may be misdirection, and there may be deviancy. I do not think we here, as our history has shown, are exempted from that. On the other hand, one might say we are a place where you can expect this, so this again caused some apprehension with respect to when we are going about these institutions.

So in my little bit I remember us and particularly too, when I made reference to myself, we heard a great intervention made by our Minister of Social Development when he made mention of the proposed policy for ageing and quite a number of people who formed that part of the ageing population who

have worked and have made some contribution, whatever little they may have, fine. As I myself have said in this area, there is need therefore to be more practical and to be more protective. There have been rumblings in other parts of the financial elements of the community, with respect to propriety, with respect to how people see themselves in organizations and particularly when they are in a relationship where it does not belong to you but you are acting, and I always like to think in terms of the question of trust that when persons figure they are in those positions, the question of trust seems to slip out. So again, I am directing our thoughts to this area.

Of course, we cannot legislate for everything, and the best way of addressing these areas of our activities ourselves is with respect to a sort of self-direction. Of course, that would depend on the nature or the extent to which we allow ourselves to be imbued with those values, ethical, moral and spiritual values, so that they find expression in whatever we do. I strongly urge, therefore, that in whatever may come out of these documents, though we may not be able to legislate for them, it is of major input in any activity that we may do.

I myself have known the hon. Minister for quite some time and have all confidence and feel to some extent an element of satisfaction in his management and also to our Minister of Finance, and the other one who is not here, so there is that feeling that we have, that I myself have, that there would be an element of management, an element of being there for us, so to speak. But notwithstanding all of this, the questions of how far we can build into this document, those elements of checks and balances, very often we hear of networking of things outside that takes place and affect, and the bottom line is that those who can least afford the loss, are the ones who end up at the end of that. I am speaking of the poor and dispossessed, even some of us who have crept in some movement forward where we might be able to make a little nest and we find that this is vitiated. Of course we could use the examples within recent times and the bigger countries, Enron and the New York Stock Exchange as the case might be. These are some areas I think we could address ourselves, if not our minds and let us hope by the grace of God that some benefit would be derived from what is before us. Thank you, Madam President.

Sen. Prof. Kenneth Ramchand: Madam President, my colleague Sen. Dr. McKenzie tells me that I spoke in the last debate in July on Venture Capital. I do not know what I could have said. So in thinking about this debate, I realize I know very little about venture capital and in order to try and work out what

venture capital is about I went back to the Minister's statement in the House of Representatives in 1994, and to the Senate debate of 1994.

I have to say, if I did not have commonsense I would have thought that venture capital was invented for the benefit of the common man and for development of areas of the economy regarded as high risk and not being able to access capital from commercial banks, areas like agriculture, inventions, ideas, the arts and so on. Because there was a lot of talk in the debate about how the common man would benefit and there were lots of questions in the debate about whether agriculture, tourism and other aspects of the economy which were not attractive to foreign investors or to the sharks but how those areas would be benefiting by venture capital. The rhetoric was very interesting and in some cases, inspiring. I want to begin then by saying I hope the Minister, if we were having a real debate and he had to wind up—I really hope that at some point somebody in position can tell us who exactly benefits from venture capital.

Madam President, in a very useful contribution Sen. Ainsley Mark made things very clear about the nature of venture capital. He quoted from an article which says:

“Venture capital generally refers to risk investments in new companies or start-up projects with high-growth potential. In return for financing, venture capitalists receive a stake in the company and divest their holdings, usually within seven years.”

It sounds to me very clear and very informative. Sen. Ainsley Mark at the time made a declaration of government policy which disturbs me and which I hope the hon. Minister would be able to refer to and speak about and let us know what the Government's position is at this time.

Sen. Mark set up a scenario—there were two ways of mobilizing savings for investments and channelling these savings into the productive sectors of the economy. He said one of these ways has proved to be a no-no and that way which was advocated by some speakers in the debate was that Government should be more proactive, that Government should form the first venture capital company, and that it should make its expertise and it should make financial resources available to investee companies.

I am merely repeating what people said, that the Government should form the first venture capital company. Sen. Mark did not think that this was a good thing and he said that something similar to it had been tried. He said:

“We went down that road with providing the risk capital itself—the IDC, DFC and the ADB, and the evidence is there that that approach is certainly not the way to go.

We went down that road of the Government itself providing the risk capital, and establishing all of those bureaucratic structures and institutions, and the end result is that way has not worked.

What we are doing now is drawing on the experiences of other countries in terms of instituting another approach to mobilizing private capital for risk investment.”

And he warned that “...the venture capital programme is not a panacea for the financing woes of small and medium-sized businesses. The experience of venture capital is that sometimes they might accept ten per cent of the projects that are submitted to them.”

One of questions for information I have for the Minister is: Would he be able to tell this honourable Senate how many venture capital companies were formed since 1994; what financial benefits these VCCs access from the Government; what investee companies they supported; what has been the fate of these investee companies and in what areas of the economy did those investee companies operate? I want to know about the operation process and the decision by the venture capital company, yes we would support this and so on. So I want to know how the thing has worked and those questions are quite specific.

During the debate, as I have already hinted, Senators called for the State to be more proactive. One of the strongest voices in making this point was Sen. Wade Mark who called for the State to have an overall plan for the economy and to declare that they wanted to see the venture capital companies assisting investee companies that were interested in operating in those selected areas of the economy that the Government decided needed the expertise and needed the capital. And that is why I am asking what investee companies were encouraged since 1994 and what areas of the economy they operated in.

Another point that came up in the debate, and again I ask the Minister if this has been followed up. Sen. Mansoor called for a lot of literature to educate the investor. I think what he said needs to be said again. He said:

“...that, essentially the Government would need to put out a lot of literature to educate the investor to make this an attractive vehicle for the accumulation and the formation of capital.

Venture Capital (Amdt.) Bill
[SEN. PROF. RAMCHAND]

Tuesday, September 28, 2004

As the legislation stands, it would seem to me that what the investor can expect is dividends from eligible investments, and, because of the fact that these shares are not redeemable shares, and because the legislation does not seem to make any specific provisions for sale or transfer of these shares, the investor is going to ask the question: how am I going to get out of this over time?"

The job starts at this point. The job starts after the legislation he argued.

We have to market what we are doing "...so that people can feel reasonably assured that when they put their money into a venture capital company under this Act, they are not throwing it away; there is a lot of risk yes, but the investor must know that there is some prospect of some kind of return commensurate with that risk and also with the tax benefit that one gets." Finally, he said:

"...my real comment to the Government is, yes, this is a good measure, but Government has not done the job until it has made this investment attractive to the common man."

I want to know from the Minister what steps the Government has taken or intends to take to educate the population about venture capital and to allow the ordinary citizen to feel that this is for me. What steps is it taking to make sure that venture capital companies encourage the kinds of investee companies in which the small man or the ordinary citizen, the small and medium investor is willing to put his energy, time and money? I really want to know about that educational programme.

The last point I want to bring up from the debate is a very moving and cogent account by Sen. Daly of how the availability of venture capital would have benefited the development of pan technically; how it might have made pan economically self-sustaining and how it might have protected pan from piracy. And he is saying that there are pan makers, pan tuners, people with ideas for the instrument, people who with things in their heads, with ideas and inspiration, they sound like mad men when they come and say give me \$10,000 to do this, nobody is going to invest in them. Sen. Daly was saying that if venture capital works properly and if venture capital is properly administered, and if venture capital is properly focused then it would, indeed, assist not only obvious areas like agriculture and tourism, but it would be of benefit to persons with inventions and ideas, people in the arts and humanities.

And so I would like the Minister to specify, if the Venture Capital Act is going to be looked at again, whether it would be possible to shape it in such a way that it could target these kinds of areas in the economy and if it could make

it clear that ordinary citizens and the brilliant mad, poor citizen can also benefit from it.

So that the hon. Minister would not forget the questions I have for him: What are the venture capital companies that are being formed, what investor companies they have encouraged and in what areas of the economy? What education programme they embarked upon and intend to embark upon and what the policy is? Is it still that Government is not going to provide the high risk capital, that it has given up that as a bad job and that it intends to work through things like venture capital companies instead? I thank you.

Sen. Dana Seetahal: Madam President, the amendment Bill before us deals with many bits and pieces proposing to amend No. 22 of 1994, the Venture Capital Act. There are two matters in these amendments which have caused me to rise to make one point. The two matters are: Firstly, under the proposed amendment to clause 5(d) of the original Act, the company that is applying for registration would be enabled to have equity capital up to \$100 million and secondly, there is a proposal to have a person as a fund manager for these venture capital companies.

In essence, therefore, if these companies can hold funds up to \$100 million it seems to me that it is indeed very important to ensure that the business of the company is regulated because that is what the Venture Capital Act is about, to regulate the venture capital industry. That is why I think we ought not to lightly dismiss the issues raised by Sen. Mark when he quoted from a *Sunday Express* report of September 05, 2004.

I know the Minister has indicated and he said that, in fact, that investment was made by Financial Concepts Limited to Salybia, the company which Sen. Mark spoke about and it was not by FCNU Venture Capital Company.

Madam President, from my reading of the article and questions asked of others, I have deduced the following. Firstly, that Financial Concepts Limited, which is a company owned by Daniel Lambert piloted the FNCU venture public offer, raising as the article says over \$4 million dollars. The company, the same Financial Concepts almost exclusively manages FNCU Venture Capital Company, so you are talking about—they are almost in the place of the fund manager. There is no fund manager as it were under the current legislation but when we make this amendment there will be. It is in fact called the fund manager. The company FNCU Venture Capital was sponsored by the credit union. The credit union is, in fact, the largest shareholder. It is interesting to

note that Financial Concepts which manages FNCU Venture Capital is supposed to owe that venture capital company something in the tune of \$57,000, a small sum by all accounts but nevertheless should that at all happen when one takes into account section 9 of the Act?

Thirdly, the fund manager's report, it appears, to reflect that there were two investments made through FNCU Venture Capital Company and this accounted for almost all of its capital: one to the Salybia Spa and the other one to the credit union. It is accepted and known that Boynes and Company are the attorneys-at-law on record for the venture capital company, so one progresses. A loan of \$2.1 million it is said went to Salybia Spa of which Ronald Boynes is the primary attorney on record for that venture company and he is a director of Salybia. There is a loan of \$2.1 million involved. Where did that money come from?

It is all well and good to say Financial Concepts sponsored or invested that money, however, you want to put it. But from my reading and from my understanding of what I have heard elsewhere, that money was taken by Financial Concepts from FNCU Venture Capital Company and therein lies the cause for concern. And it seems to me if that is so, under the Legal Profession Act, of which I am concerned more than the Venture Capital Act for now, there is cause for concern and there may be a conflict of interest. Further to that and I think Sen. Mark referred to section 9 of the Venture Capital Act, under section 9(1), it states:

“A venture capital company shall not carry on any activity other than—

(a) making eligible investments;”

And it seems to me that a loan of the magnitude of which we speak does not fall within what is considered venture capital investment.

“(a) providing business and managerial expertise to a qualifying investee
...

(b) making permitted investments.”

There is at section 16 a list of prohibitions which bans the venture capital company from investing in an investee company that lends money. So the whole tenor of the legislation is that venture capital companies ought not to engage in loans.

Madam President, my colleague Sen. King, when this Bill came before us previously, had sought to include in an amendment that any fund manager

should be registered with the FCC, and in the light of the revelations we have had from the *Express* of September 05, 2004 and the concerns expressed by hon. Senators here, it would seem to me that if, in fact, the current fund manager of FCNU Venture Capital is performing as he said he is, and we still do not know where that money came from that his company is supposed to have lent Salybia Spa, then it seems to me necessary for any fund manager who is going to be managing people's money up to \$100 million—with the incentives given by the Government, a lot of people might want to get into this—then that person has to be registered with the FCC.

Finally, I feel that I share Sen. Mark and I am sure, other Senators' concern, that there must be some proper investigation and the lifting of the veil as it were of what went on in Financial Concepts as regards the capital of FNCU Venture Capital Company as it purported to invest in, according to the newspaper report, the spa company of the Boynes. Thank you.

Sen. Robin Montano: Madam President, I want to sort of expand a bit on a point that my colleague Sen. Mark was raising. I think that he probably did not have the time, the idea may have gone unnoticed in something that was very important that he said.

As you know, I believe if you ever want to understand a problem you go back to the basics. Let us understand first of all what a venture capital company does. In essence, a venture capital company provides much needed capital to a business that is under-capitalized; an entrepreneur has a good idea but he requires a sum of money, \$100, \$100,000, \$1 million whatever it is. He needs a certain amount of money in order to get up, over and out. There is a danger in business that if you are going into a business and you are under-capitalized you can get destroyed. Your debt to equity ratio is too high, and the debt interest payments could destroy you even though it is a very good idea. We have seen many, many businesses go through the tubes because the operators, the persons with the idea, the entrepreneurs had a very good idea but they just could not raise the money. Banks cannot, by the very nature of being a bank—banks have to protect depositors' money. Banks are not set up for high risk ventures because let us understand something, high risk, high profit, but it is also just that. There is a danger of loss.

So where does the idea of venture capital come from? And my colleague Minister Valley deserves a lot of credit for this idea of the venture capital legislation and for being the first person on the block to start off with the venture capital company. It was a good idea. It is a good idea and basically the

legislation and everything—the theory is excellent. I do not think anybody can really dispute the theory but, here is where the “but” comes in. That is the problem. Unfortunately, there is always a big gap between variant practices. Banks cannot go into high risk ventures because banks are basically dealing with depositors’ funds so that the very nature of a bank is such, that although businessmen, myself included, had complained that banks offer you an umbrella when the sun is shining, and take it away as soon as the first drops of rain fall, then I think that is a very valid criticism. The fact of the matter is, looking at it from the other side of the coin, of necessity, banks have to be conservative in their lending because if they are not conservative, and they go out on a limb one would see the kind of spectacular bank failures that you see in other countries such as, for example, the United States and in neighbouring Venezuela. So the same concept must apply and ought to apply to credit unions.

Credit unions basically take people’s money, depositors’ money. A credit union cannot and ought not to operate in a high-risk situation for the same reasons that a bank cannot. If a credit union starts operating even with \$10.00 and it does not matter if it has \$2 million or \$200 million of depositors’ money, the credit union really is not set up to take risks. It is basically set up to save people’s money, to make sure that the money that is invested goes into what you might call blue chip investments or safe investments. Nobody can borrow that. Which is why this matter that Sen. Mark raised about FNCU Venture Capital Company and FCL and Salybia Resort and Spa is so disturbing. Because at the end of the day it seems quite clear that FNCU Venture Capital is basically an offshoot of First National Credit Union.

I have a serious question: What is a credit union doing going into a venture capital company? Because by its very nature—now there is nothing wrong with people who have say, an interest in a credit union starting up a completely separate business and going into venture capital. The venture capital operator exacts a high price from the entrepreneur for his investment. When he goes in he will say, put in \$100 million whatever the investment is, but he has a take-out clause and when you do the take-out, it is going to be expensive. He is going to get at a fantastic rate of return. That is basically how venture capital operates. No quarrel with that. It is a good idea and it does allow high risk investments that would not otherwise get the equity that is needed to come in but, and this is my “but”: What is a credit union doing in a high-risk business? And while we are debating here the Venture Capital Act, I would suggest that what I am about to say is relevant because we have evidence here of a credit union being

involved in a high-risk business where, quite frankly, it ought not to be involved and I ask what is the supervisor of credit unions doing? What is the Government doing? And I ask the question and please, I am not pointing at any credit union but I am asking, is there any other credit union that is misbehaving in this fashion? A serious question and trust me when I say I am not pointing a finger at anybody but it is a serious question that must be addressed because at the end of the day it is people's money, and little people.

The credit unions generally get their money from, not the big investors, not the businessmen on Frederick Street and High Street, but the credit union money generally comes from the little person, the domestic servant, the secretary in an office, the clerk; the lower income classes are generally what make up the credit union. The concept of a credit union is a good idea but the moneys must not be put at risk. Without looking to cast stones at anybody this afternoon, I would like to say to the Minister, you have this report, my colleague is correct. This is scandalous especially when you look and see that a credit union's funds are basically used one way or the other to support a venture capital operation and venture capital is by its very nature high risk.

Obviously, one would be churlish if one wished any investor—I wish that you lose your money. That would be terrible. One wishes only success because at the end of the day the more successful people we have in Trinidad and Tobago, the better we are. But I am worried because it only has to take one sort of hit like this or two hits or three as the case may be, God forbid, because I do not wish Salybia Resort and Spa, I do not wish them ill. In fact, I wish them well but what happens if this company fails in the morning and \$2 million or whatever the figure is—it is paid back, great, but let us turn it on its head. What would have happened if it had not been paid back? I am delighted to hear that it is paid back. Congratulations to them paying it back, great, but high risk, that is the nature of venture capital and people who go to venture capital companies are usually persons who cannot get the money from the banks and the regular mainstream lending agencies. What would have happened? Two million dollars of depositors' money would have gone through the tubes, little people's money from this particular credit union.

And it is not good enough for the person in the credit union to say, Ah, that is only a small percentage of our shareholding. It simply is not good enough. An alarm bell ought to be going off in the corridors of power, where, instead of worrying about micromanaging the business of First Citizens Bank, the Government should be looking seriously at what is going on in the credit unions. Are the credit unions being monitored properly, is the question because

Venture Capital (Amdt.) Bill
[SEN. MONTANO]

Tuesday, September 28, 2004

I do not know the answer. Are there proper controls in place? Can the Minister responsible put his hands on his heart to this Senate this afternoon and say I can tell you for a fact that all of the credit unions in this country are being managed properly?

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

That there is nothing wrong anywhere and that people's money is safe? Should we not be seriously considering what I know they have in the big countries, which is basically known as deposit insurance?

I believe and I stand subject to correction, for example, in organizations such as credit unions, and banks and so forth in the United States, a deposit of up to US \$50,000, which is approximately TT \$300,000 is protected. So should we be having a situation whereby depositors' moneys are protected? Should we not also be making certain—because to me the scandal here is that a credit union went and invested in a venture capital company? I think this is very, very dangerous. I am surprised, quite frankly. I am very, very surprised not to have seen a bigger fuss raised in the press because I do not think that a service is being done to the citizenry of this company by sweeping issues like this under the carpet. I think issues like this need to be confronted head-on and to be dealt with in a proper way. How many other FCNUs or whatever it is called, how many other situations are existing and if so, how many people, little depositors in the credit unions are at risk? Or, is anybody at risk? Most certainly, if this is the sort of thing going on then some investors are at risk somewhere.

The evidence is compelling. It is a serious issue that needs to be addressed and it would be a disaster if any credit union, all of a sudden, tomorrow morning, had to fold its doors and you have a hundred, ten thousand persons clamouring and saying “hey, hey where is my money. I want my money.” That would be an absolute disaster. It cannot be allowed to happen. It ought not to happen and the only way we can be certain that it will not happen is if we know for a fact that the Commissioner of Credit Unions is doing his job and the Minister responsible, the line Minister, can stand up and say, yes he is doing his job, everything is right in the kingdom, do not worry. And then on the back foot we turn around and we put in a form of deposit insurance at whatever figure one can consider reasonable. I would consider that if we are aspiring to be a First World country then we should go with a First World amount which should be \$300,000 which is US \$50,000 more or less. But regardless of whether you accept my \$300,000 or you want to put any other figure, the principle is what ought to be addressed.

[MADAM PRESIDENT *in the Chair*]

Madam President, there will be those who may try and read into what I have said as being an oblique attack on one organization or the other. I assure the Senate and the national community as a whole that my comments are not directed at any organization or person. But I see a serious potential problem coming down and you only need, as I said, a couple of these for disaster to strike. And the terrible thing about a disaster, if a disaster comes it is going to hurt the very people who cannot afford to take it. It is like Hurricane Ivan coming along. The people who got licked up in Tobago were not the rich, it was the little people. The woman who got killed was not a rich woman. She was a poor girl. It is always the poor that get licked up and we in this Senate, the highest court of this little proud Republic, we need to be looking out for those people. We need always to remember that while we sit and debate and we talk amongst ourselves and we look to score our political points, while we are fiddling in here Rome is burning outside. The issue is a serious one and I ask the Government of this proud Republic of Trinidad and Tobago, instead of concentrating on trying to micromanage the First Citizens Bank, concentrate a bit more on things like potential disasters where little people can get really very badly hurt.

Thank you very much.

The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley): Madam President, I thought we would have been able to complete the matter before us in the maximum one hour this afternoon. But I have noticed that the Senate enjoys debating the venture capital legislation.

I did not in my opening think it necessary to go through the whole rationale, as it were for the regime. I thought that was sufficiently ventilated in 1994 and again when we debated the amendment some time ago. But I think in winding up, I need to put some icing on the cake if only to satisfy my very good friend, Sen. Prof. Kenneth Ramchand. Let me do that first.

The Senator wanted to get some results since 1994. Let me first of all deal with the agricultural issue. The point has been made quite clearly that when we talk about venture capital, we are talking about high risk but with an expectation of high return. The second concept would eliminate agriculture and that is why you would find that we have a separate regime for agriculture, the Agricultural Development Bank. And I can tell you that I defend the Agricultural Development Bank against those who want to change it because I submit that the same way the developed countries subsidize agriculture, we too, for our food security need the Agricultural Development Bank.

Venture Capital (Amdt.) Bill
[HON. K. VALLEY]

Tuesday, September 28, 2004

I want to tell you also that I am talking to my colleague, the Minister with responsibility for Tourism, with respect to a venture capital type fund sponsored by the Government for the tourism industry. But no, other than that, I, unlike Sen. Mark, do not see a Government sponsored venture capital fund for the rest of the economy. The Government's role is that of a facilitator. The Government must be concerned about ensuring that the environment is there and then allow the players to do their thing. That is why also we intend to stay away in picking winners.

I do not go to the races in Trinidad often but I went on Republic Day, and in the last race when I picked a winner, at 18 to 1, they disqualified it. I cannot pick winners, so allow the market to do that. Let me put the infrastructure in place and let the people who know, let them pick the winners.

4.00 p.m.

The administration of the Venture Capital Incentive Programme is under an obligation to put out an annual report. This is the report for 2003. We got it in the Lower House. I do not know why Members of the Upper House have not received this report as yet.

You were asking about the number of venture capital companies. As at 2003, there were three venture capital companies listed. I will name them in order of registration: Prudent, Adventure and First National Credit Union (FNCU) Venture Capital Company. I should tell you that of the three, only Prudent is a private venture capital company; Adventure is a public company. I know that FNCU did a public offering and that explains something else. FNCU is a credit union, but using the name FNCU, Financial Concepts Limited took it to the market to raise funds for the venture capital company. Sen. Montano, I am really guessing that there are two separate entities. The fund for the venture capital company was raised on the market. There was an information memorandum, so that one would assume that the persons who invested knew exactly what they were getting into.

Sen. R. Montano: I hear you, but going on the report, it seems that a major shareholder in FNCU Venture Capital Company is the credit union. That is the first point. The second point is, assuming but not accepting what you have just said is correct, it still does not lessen the point I have made about credit unions. I would be delighted if what you have said is true. If it is not correct, I would ask you to look at it. The issue is too serious for either of us to speculate. Am I making sense?

Hon. K. Valley: I agree with you. I am merely saying that we need to look at both sides. Yes, the credit union is the major shareholder. Who made the decision to invest in this venture capital company and for what percentage of the portfolio? I do not know whether this is the point Mr. Cross was making, given the size of the credit unions. My good friend Ken Gordon, some time ago, described credit unions as “a sleeping giant” because they have all of these funds and they do not have any means of investing them. If FNCU—I do not know the size of the fund—says they are going to take a small percentage of our funds and put it at risk in a credit union, then one would have no difficulty with that. It all depends on the size of the fund.

Let me go on. You were asking about the regulatory matter. I agree with you that it is something we need to investigate. Some time ago I laid in the Parliament a White Paper on reform of the financial sector. I wanted Members to note that with respect to the credit union sector, there were two points I think we ought to note. One was that the recommendation speaks about supervision of the credit union sector to be brought under the umbrella of the Ministry of Finance and the Central Bank and also recommendation 4, that the standard of corporate governance in the credit union sector must be improved; the process for electing officials should be addressed and fit and proper standards should be set for credit union boards, committee members and managers. So we are looking at strengthening the whole arrangement with respect to credit unions.

Let me go back to Sen. Prof. Ramchand. As I mentioned, there were three funds at the end of 2003. The capital of these funds as at September 30, 2003 was:

Adventure	\$8,894,062
Prudent Venture Capital	\$1,859,812
FNCU	\$4,435,000

In terms of investment, the total fund of the venture capital companies is \$15,188,874 and the amount at risk is \$5,334,719; the industry’s manufacturing, \$1.3 million; tourism, \$1.5 million; entertainment, \$1 million; IT, \$200,000 and services, \$1.4 million. If we were to be a little more specific, on the next page is a list of the qualifying investee companies (QICs) in which they were invested. That is a 2003 document and it is available.

With respect to what became the main item this afternoon, I have in my possession a document purporting to be an agreement between Financial

Venture Capital (Amdt.) Bill
[HON. VALLEY]

Tuesday, September 28, 2004

Concepts Limited on the one part and Ronald Boynes and Roger Boynes on the other part for a loan of \$2 million, dated December 20, 2002 at the rate of interest of 20 per cent, to be repaid in two equal instalments of \$1,107,222 on March 31, 2003 and June 30, 2003. Here is a cheque dated 2002 for \$2.5 million. There is another document here for a loan of \$800,000 on August 06, 2003 and again there are cheques here representing the loan and the repayment made on October 27, 2003 of some \$3,164,266.63. There are cheques at the back indicating that the loan was repaid.

These documents do not tell me where Financial Concepts got the funds to make the loan. I have noted the point raised by Sen. Seetahal that it might have come from venture capital, but it was not made in the name of the venture capital company, it was made in the name of Financial Concepts. I was informed that the venture capital company is continuing its investigation into this matter. We will see where that goes.

Let us see what some of the other issues are. Sen. Mark has made the point that this is tomfoolery and that it will never work. I do not agree. When some people say cannot, I like to say must. I think we must create entrepreneurs. We must put in place the environment where one can get equity capital for high risk venture. That is why I remain committed to the venture capital regime. It did not work as well as we thought it would have over the last 10 years or so, that is why we are doing the amendment. It was their government, since 1998, when they saw what was happening, that established the committee to look at the venture capital regime. It has worked in other places. What we have learned from other countries is that it takes some time and especially given our colonial history and given the fact, as Sen. King said, that we are accustomed to living off our oil and gas, or, in the previous era, living off our sugar, we have to make that head change and it will take time. That is why I say that over the last ten years even though we did not get the investment we assumed we would have, I think the Venture Capital Incentive Programme has done its work. They have carried out seminars; they have been out there doing the training; they have been out there talking to entrepreneurs and that must continue. It is not going to happen overnight.

Last week, we were at the Prime Minister's Innovators Awards ceremony, so we are encouraging innovators—TIDCO, NIHERST and so on. When they come with their ideas, we must be able to point them to the financing that is necessary. We want to develop. We say that a growth area must be that old ICT area. We have the university. We have people with all kinds of ideas, but we

know they do not pay our professors. Ask Sen. Prof. Ramchand—*[Interruption]*
No, no. You made all your money in law. Lawyers do not make money, you know, they grab money. *[Laughter]*

The people at the university are capable of doing research and they want to see the thing go into production, not so much for the money it would make, but because of the pride they would get. Bill Gates, they tell me, if he really loved money, would be at the beach all now, he would not continue working. He works for the fun of it and for the ability to produce.

Among us in Trinidad and Tobago, who knows, maybe there is a Bill Gates waiting. So Sen. Mark, if at first we do not succeed, we have to try and try again. We have to remodel; we have to come back; we have to say what is wrong, what we need to fix, and go again.

Let us have the financing; let us have the training at schools. We said it in our manifesto—it is in our three-year plan, the socio-economic plan—that we will be providing training for entrepreneurs, but the best way to train them is to throw them in the sea and let them swim and that is what is happening.

When people criticize NEDCO, they do that only because they do not understand the concept. It is the same thing one is trying to do via NEDCO. If you tell me it is partial, I would say let us look at it. Do not tell me it is not a good idea because it is an excellent idea. We want to encourage our young people to be entrepreneurs.

Madam President, I do not know whether there are any other issues that I need to address. I think we have debated this; I do not know that this is the end of the world. There are issues for which we may have to come back to the Senate at some time, for example, there is the feeling that we should have a board for the venture capital programme. I have heard the suggestion, and that is one I would ask the committee to look at, that the Fund Manager should be licensed by the Securities Exchange Commission. I think that ought to be looked at by the committee, but other than that, I beg to move.

Madam President, as I said in my opening, I propose that this Senate appoint a select committee to consider the Bill clause by clause.

**Special Select Committee
(Appointment of)**

Madam President: In accordance with Standing Order 51(1), the committee will comprise:

Special Select Committee
[MADAM PRESIDENT]

Tuesday, September 28, 2004

Sen. John Jeremie	Chairman
Sen. Christine Sahadeo	Member
Sen. Rennie Dumas	Member
Sen. Mary King	Member
Sen. Carolyn Seepersad-Bachan	Member

ADJOURNMENT

The Minister of Public Administration and Information and Acting Prime Minister (Sen. The Hon. Dr. Lenny Saith): Madam President, I beg to move that the Senate be now adjourned to Tuesday, October 05, at 1.30 p.m. and in accordance with the agreement reached at the last sitting, we will take Private Members' Business.

Sen. R. Montano: Madam President, as it is Private Members' Day next week and as my Motion is the first one on the list, could I give notice that I intend to finish that motion next week.

The Government has been in the habit, on Private Members' Day, just taking one or two people and not speaking. I think it is most unfair to us to have Private Members' Day drag on and on. I intend to finish my Motion next week.

Madam President: Hon. Senators, I have just received some sad news. The Clerk of the Senate, Miss Dolly, who had surgery today, unfortunately passed away.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 4.17 p.m.