

*Leave of Absence*

*Tuesday, May 17, 2005*

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The Senate met at 1.30 p.m.

**PRAYERS**

[MADAM PRESIDENT *in the Chair*]

**LEAVE OF ABSENCE**

**Madam President:** Hon. Senators, I have granted leave of absence from today's sitting of the Senate to Sen. The Hon. Dr. Lenny Saith, Sen. The Hon. Martin Joseph and Sen. Angela Cropper who are out of the country and to Sen. Basharat Ali who is ill.

**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: MRS. JOAN HACKSHAW-MARSLIN

WHEREAS Senator Dr. Lenny Saith 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, JOAN HACKSHAW-MARSLIN, to be temporarily a member of the Senate, with effect from 17th May, 2005 and continuing during the absence from Trinidad and Tobago of the said Senator Dr. Lenny Saith.

*Senators' Appointment*  
[MADAM PRESIDENT]

*Tuesday, May 17, 2005*

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 10th day of May, 2005."

"THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

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

/s/ G. Richards  
President.

TO: MRS. MAGNA WILLIAMS-SMITH

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

NOW, THEREFORE, I, GEORGE MAXWELL RICHARDS, President as aforesaid, acting in accordance with the advice of the Prime Minister, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, MAGNA WILLIAMS-SMITH, to be temporarily a member of the Senate, with effect from 17th May, 2005 and continuing during the absence from Trinidad and Tobago of the said Senator Martin Joseph.

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 11th day of May, 2005."

"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. ALTHEA ROCKE

WHEREAS Senator Angela Cropper 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, in exercise of the power vested in me by section 40(2)(c) and section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, ALTHEA ROCKE, to be temporarily a member of the Senate, with effect from 17th May, 2005 and continuing during the absence from Trinidad and Tobago of the said Senator Angela Cropper.

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 10th day of May, 2005."

**OATH OF ALLEGIANCE**

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

Joan Hackshaw-Marslin, Magna Williams-Smith, Althea Rocke.

**PAPERS LAID**

1. Report of Sangre Grande Regional Corporation for the period October 1999 to September 2000. [*The Minister of Local Government (Sen. The Hon. Rennie Dumas)*]
2. Report of Sangre Grande Regional Corporation for the period October 2000 to September 2001. [*Sen. The Hon. R. Dumas*]
3. Report of Sangre Grande Regional Corporation for the period October 2001 to September 2002. [*Sen. The Hon. R. Dumas*]
4. Report of the Princes Town Regional Corporation for the period October, 2003 to September, 2004. [*Sen. The Hon. R. Dumas*]
5. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Eric Williams Medical Sciences Complex Authority for the year ended December 31, 1994. [*The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill)*]
6. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Venture Capital Incentive Programme for the year ended September 30, 2000. [*Sen. The Hon. C. Enill*]

7. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Venture Capital Incentive Programme for the year ended September 30, 2001. [*Sen. The Hon. C. Enill*]
8. Report of the Auditor General of the Republic of Trinidad and Tobago on the abridged financial statements of the Deposit Insurance Corporation for the year ended September 30, 2004. [*Sen. The Hon. C. Enill*]
9. The Immigration (Exemption from Work Permit Requirements) Order, 2005. [*The Minister of Community Development, Culture and Gender Affairs (Sen. The Hon. Joan Yuille-Williams)*]

**Immigration (Exemption from Work Permit Requirements) Order**

**The Minister of Community Development, Culture and Gender Affairs (Sen. The Hon. Joan Yuille-Williams):** Madam President, I wish to advise that the Statutory Instruments Committee considered the Order and found that there is nothing to which Senators' attention should be specifically drawn. The Minutes of the committee was circulated to Senators.

**ORAL ANSWERS TO QUESTIONS**

**National Housing Authority Housing Project  
(Green Street, Tunapuna)**

- 69. Sen. Sadiq Baksh** asked the hon. Minister of Planning and Development:
- (a) With respect to the National Housing Authority (NHA) Housing Project located at Green Street, Tunapuna, could the Minister provide this Senate with:
    - (i) a detailed status report on the project;
    - (ii) a list of the firms that tendered for the project and the details of their tender price;
    - (iii) the name of the contractor to whom the contract was awarded and the tender price; and
    - (iv) a detailed breakdown of expenditure incurred as at March 23, 2005?
  - (b) Could the Minister also inform the Senate of:
    - (i) the number of houses and/or apartments to be constructed; and

- (ii) the number of houses and/or apartments that have been completed as at March 23, 2005?

**The Minister of Community Development, Culture and Gender Affairs (Sen. The Hon. Joan Yuille-Williams):** Madam President, I regret to say that the answer to question No. 69 is not available at the moment. Could I ask, on behalf of the hon. Minister, the extension of one week, please? The Minister is out of the country. Senator, I am sorry about that.

*Question, by leave, deferred.*

**National Housing Authority Housing Project  
(Ramgoolie Trace, Curepe)**

**70. Sen. Sadiq Baksh** asked the hon. Minister of Housing:

With respect to the National Housing Authority (NHA) Housing Project located at Ramgoolie Trace, Curepe, could the Minister of Housing provide the Senate with:

- (i) the names of all the firms that submitted bids and their bid prices for the original project; and
- (ii) the projected completion date of the original project?

**The Minister of Community Development, Culture and Gender Affairs (Sen. The Hon. Joan Yuille-Williams):** Madam President, question No. 70 is not ready for this afternoon. Again, I ask for a postponement for one week, but I think the other questions are available this afternoon.

*Question, by leave, deferred.*

**NHA Construction/Completion  
(Family Units at Ramgoolie Trace, Curepe)**

**71. Sen. Wade Mark** asked the hon. Minister of Housing:

- (a) With respect to the construction/completion of the 16 single family units by the National Housing Authority (NHA) at Ramgoolie Trace, Curepe, could the Minister provide this Senate with the scope of works for this component of the project?
- (b) Could the Minister also inform the Senate:

- (i) What is the additional cost of the work to be done by the new contractor; and
- (ii) Whether the work has been completed?
- (c) If the answer to (ii) above is in the negative, could the Minister indicate what is the expected date of completion?
- (d) Could the Minister further inform the Senate whether applications have been received from members of the public for purchase or rental of any of these units? And, if so, how many?

**The Minister of Social Development and Minister in the Ministry of Housing (Hon. Anthony Roberts):** Madam President, thank you. The scope of works for the construction/completion of the 16 single family units was to make good all defective work; complete roof framing and roof sheeting to all units; complete plumbing and electrical installations to all units; supply and install doors and cupboards to all units; supply and install floor and wall tiling and suspended acoustic ceiling; and the painting of the 16 units.

The additional cost of the work to be done by the new contractor is \$1,086,658.00 Vat inclusive.

Yes, the majority of the work has been completed and the only outstanding item is the electrical main connection. This item is outstanding because the electrical infrastructure installations are being redesigned, and when this is completed the main connection can be made.

Madam President, part (c) of the question is not applicable.

Applications have been received for these units. The Ministry of Housing has received 19,884 applications from the Tunapuna/Piarco region.

Thank you.

**Madam President:** Okay, thank you very much. Can we move on, please?

**NHA Construction/Completion  
(Townhouses at Ramgoolie Trace, Curepe)**

**72. Sen. Wade Mark** asked the hon. Minister of Housing:

- (a) With respect to the construction/completion of the seven blocks of townhouses with each block containing five townhouse units at

Ramgoolie Trace, Curepe, could the Minister provide this Senate with:

- (i) the scope of works for this package;
  - (ii) the names and tender price of each contractor that applied;
  - (iii) the name and tender price of the contractor to whom the contract was awarded; and
  - (iv) the expected commencement and completion dates of the project?
- (b) Could the Minister indicate whether applications have been received for purchase or rental of any of these units?
- (c) If the answer to (c) is in the affirmative, could the Minister provide the Senate with a list of the applicants?

**The Minister of Social Development and Minister in the Ministry of Housing (Hon. Anthony Roberts):** Madam President, the scope of works for the construction/completion of the seven blocks of townhouses is the completion of all block-work and rendering; complete roof framing and roof sheeting to all units; complete plumbing and electrical installation to all units; supply and install doors, windows and cupboards to all units; supply and install floor and wall tiling and suspended acoustic ceiling; and the painting of the seven buildings.

The names and tender price of each contractor that applied are as follows:

Tenderer	Tender Sum	Construction Period
R2K Engineering Company Limited	\$5,170,270.45 Vat inclusive	Not stated
Nardel Company Limited	\$6,315,197.40 Vat inclusive	6 months
Hammer Construction Company	\$6,675,018.94 Vat inclusive	7 months
Cardil Construction Company	\$6,706,579.66 Vat inclusive	12 months

Tenderer	Tender Sum	Construction Period
Basco's Hardware and General Building Contractor	\$6,806,896.12 Vat inclusive	12 months
Tripple Bique Company Limited	\$7,191,331.23 Vat inclusive	16 months
Develsys Company	\$10,402,116.04 Vat inclusive	8 months
CG Construction Services	\$10,913,583.05 Vat inclusive	9 months
Quantity Surveyor's Estimate	\$6,313,927.80 Vat inclusive	4 months

The name and tender price of the contractor to whom the contract was awarded is Nardel Company Limited, and the tender price is \$6,315,197.40 Vat inclusive.

The expected commencement and completion dates of the project are April 01, 2005 and September 30, 2005.

Applications have been received for purchase and/or rental of these units.

Provision of a list of applicants would undermine the necessary privacy and confidentiality relationships between the Ministry of Housing and its clients. This is not in keeping with proper business practices which the organization upholds.

**Sen. Mark:** Madam President, could the hon. Minister indicate to this Senate whether he is aware that wherever public funds are involved, it is the right of the people's representatives to have full disclosure and whether he would be prepared to reconsider his position and provide this Senate with the appropriate answers?

**Madam President:** Hon. Senator, I think that is in respect to part (c) of the question. Hon. Minister, do you have an answer to that?

**Hon. A. Roberts:** Madam President, no, I do not have an answer.



**Sen. Mark:** Madam President, through you, could the Minister indicate to us whether we would now be able to access this information under the Freedom of Information Act?

**Hon. A. Roberts:** Madam President, it is difficult for me to respond to that question at this time, but I would be so advised in accordance with the Freedom of Information Act.

**Madam President:** So, are you going to look at it and let us know?

**Sen. Mark:** Is the Minister aware that the Government is committed to full transparency and accountability in public affairs? Would you not agree that this is a matter that the population, through its representatives, is entitled to?

**Hon. A. Roberts:** We would respond in due course.

**Sen. Baksh:** Madam President, I am looking at the information provided by the hon. Minister. I have noticed that the quantity surveyor's estimate of \$6,313,927.80 is only at variance with the contractor who was awarded the contract by \$2,000. That is strange, in that the quantity surveyor's estimate of the work to be done for the completion of these townhouses is \$6,313,927.90. That is the quantity surveyor's estimate. It is rather strange that the numbers are so close in terms of the nearest contractor who was awarded the contract. The numbers appear to be similar numbers. I just find it strange. I do not know if the Minister also found it strange.

**Hon. A. Roberts:** Madam President, I think that is a useful observation. *[Laughter]*

**Madam President:** Okay, one more question.

**Sen. Mark:** Madam President, may I ask my hon. colleague if he could share with the Senate, which government agency was responsible for the tendering process? Was it UdeCott or the Central Tenders Board? Could the Minister enlighten the Senate?

**Hon. A. Roberts:** That information is not available to me at this time, but as soon as it is available, I would provide it.

**Sen. Mark:** He is new to the job, so I have to excuse him.

**Madam President:** Yes, give him a chance. Could we move on please to question No. 73?

**NHA Construction/Completion  
(Duplex Units at Ramgoolie Trace, Curepe)**

**73. Sen. Wade Mark** asked the hon. Minister of Housing:

With respect to the construction/completion of the 26 buildings each containing two duplex units at Ramgoolie Trace, Curepe, could the Minister provide this Senate with:

- (i) the scope of works for this project;
- (ii) the names and tender price of each contractor that applied;
- (iii) the name and tender price of the contractor to whom the contract was awarded; and
- (iv) the expected commencement and completion dates of this phase of the project?

**The Minister of Social Development and Minister in the Ministry of Housing (Hon. Anthony Roberts):** Madam President, the scope of works for the completion of this project is as follows:

- eight buildings to be constructed;
- for the 18 semi completed buildings:
  - construction of 16 first floor slabs;
  - completion of all block-work and rendering;
  - completion of roof framing and roof sheeting;
  - completion of plumbing and electrical installations;
  - the supply and installation of doors, windows and covers; and
  - the supply and installation of floor and wall tiling and suspended acoustic ceilings;
- painting of all 26 buildings.

The names and tender price of each contractor that applied are as follows:

Tenderer	Tender Sum	Construction Period
R2K Engineering Company Limited	\$11,301,953.28 Vat inclusive	Not stated
Cardil Construction Company	\$12,463,023.34 Vat inclusive	Not stated
BASCO's Hardware and General Building Contractor Limited	\$12,993,085.48 Vat inclusive	Not stated
Nardel Company Limited	\$13,041,343.85 Vat inclusive	Not stated
Tripple Bique Company Limited	\$13,992,656.83 Vat inclusive	Not stated
Hammer Construction Limited	\$13,806,802.89 Vat inclusive	Not stated
CG Construction Services Limited	\$21,526,028.90 Vat inclusive	Not stated
Quantity Surveyor's Estimate	\$11,130,255.45 Vat inclusive	10 months

The name and tender price of the contractor to whom the contract was awarded is R2K Engineering Company Limited and the tender price is \$11,301,953.28 Vat inclusive.

The expected commencement and completion dates of the project are April 01, 2005 and December 31, 2005.

Madam President, thank you.

**Sen. Mark:** Madam President, through you, I would like to ask my hon. friend, the Minister rather, whether it is a normal practice when companies are vying for contracts to construct homes on behalf of the Government of Trinidad and Tobago to have an open-ended period in terms of construction? In other

words, the company that won the contract, ultimately, as you would have seen in the note before us, did not state a completion time. Hon. Minister, is this a normal and usual practice? If it is not, why was this allowed to take place in this particular instance? This is the first instance that we are seeing where companies are not advancing a specified period for completion of construction.

**Madam President:** Mr. Minister?

**Hon. A. Roberts:** Madam President, usually, there would be a start date and a completion date, but they were not stated here. I want to give the assurance that the matter was discussed and a start date and a completion date were arrived at, as I have indicated in my answer.

**Sen. Mark:** Madam President, through you, may I ask my hon. ministerial colleague whether it is not strange that for the second time we have an instance where the contractor who was actually awarded the contract—R2K Engineering Company Limited—if you look at the quantity surveyor's estimate of \$11.1 million and the contractor who eventually won the tender, the difference is just \$200,000. Is that not kind of strange and unusual for this thing to occur for the second consecutive occasion in such a short period of time? Would you not agree with me that something seems to be amiss and it requires some kind of investigation on your part? Would you agree?

**Hon. A. Roberts:** Madam President, again, I note the observation and I recognize that my colleague has some experience in that particular area.

**Sen. Mark:** I asked my colleague whether this is something unusual and whether he intends to investigate this kind of development. He said I have experience, but I am here and he is there. I would like to know whether the Minister is prepared to conduct some investigation into this development.

**Hon. A. Roberts:** We are always prepared to conduct investigation, and we have absolutely no problem in conducting an investigation to satisfy my hon. colleague.

**Sen. Baksh:** Madam President, I recognize that the Minister is new in this portfolio, so he would not be familiar with every aspect of the job. I want to know if the Minister is aware that this is a job that was discontinued, and we are now picking up the pieces. This job was awarded to another contractor. The contractor was Winchester Industries, and that contractor was paid \$22 million for this job, and we are now awarding contracts to partially complete sub-blocks within the contract at this particular site at Ramgoolie Trace.

I wonder if the Minister is aware that in addition to the period not stated for the construction, the quantity surveyor's estimate is 10 months, and the expected commencement date was April 01, 2005. We know what April 01 is all about. [Laughter] The completion date is December 31, 2005. The Minister is saying that the work should have started on April 01, 2005 and it would be completed in eight months, although the quantity surveyor's estimate is 10 months. Madam President, what is worse, I want to inform this Senate that as at yesterday, the construction work on the project had not commenced. I do not know if the Minister would agree that this is a recipe for construction chaos.

**Madam President:** Okay.

**Hon. A. Roberts:** Madam President, my information is—I think I should clear it up, but I am merely acting as the Minister of Housing—that the contractor is actually on site.

#### **JUDICIAL REVIEW (AMDT.) BILL**

Bill to amend the Judicial Review Act, No. 60 of 2000 [*The Attorney General*]; read the first time.

#### **HOME MORTGAGE BANK (AMDT.) BILL**

*Order for second reading read.*

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

That a Bill to amend the Home Mortgage Bank Act, Chap. 79:08, be now read a second time.

Madam President, the Home Mortgage Bank was created in 1985 through legislation enacted by the Parliament of Trinidad and Tobago in the Home Mortgage Bank Act, Chap. 79:08; a cooperative effort between the Central Bank of Trinidad and Tobago, the International Finance Corporation, the National Insurance Board and members of the banking and insurance sectors.

The bank was formed as a response to a significant gap in the provision of affordable funding in the middle income sector of the mortgage market, to promote affordable mortgage funding throughout the market and to develop the market as a whole.

The Home Mortgage Bank was created with the intention of buying and selling mortgages from approved primary mortgage lenders, and as its secondary

function, to grant standby commitments for developers who may be in the course, or who are contemplating property or residential development.

It was not proposed that the Home Mortgage Bank would go out and deal with individual clients who may wish to have a property mortgaged. Those functions could and continue to be done through Fincor, Royal Bank of Trinidad and Tobago and the First Citizens Bank Trust, as is now the case.

The Home Mortgage Bank would act by going out and buying mortgages from the existing institutions. It would not necessarily buy existing mortgages, but it would announce that it would buy mortgages if they conform to a particular interest rate and other criteria which would be listed by the Home Mortgage Bank. It is on the strength of that, new mortgage commitments could be entered into by the existing institutions with the knowledge that these new mortgages could be backed by the Home Mortgage Bank. The majority of the money that would be used by this institution to buy the mortgages of the primary lenders would be raised by selling bonds. It was contemplated that the interest on bonds issued by the Home Mortgage Bank would be free of tax, and this would present an attractive avenue of investment for a number of companies.

The Home Mortgage Bank is not a state enterprise. It is a majority owned and controlled private sector institution. It was contemplated, at the time that it was set up, that some 60 or 70 per cent of the shares would be owned and controlled by the private sector, which would be expected to bring to the institution its management, and through the bonds, a lot of resources that are required by the institution for its objective to be realized.

At the time that this institution was created, the Minister at the time believed that once confidence was established in the institution, and it became a smoothly functioning institution, the two initial sponsors would sell out their shares, and leave it to be an even more concentrated private sector institution. I say that because there has been some misunderstanding about the role of this institution and how it has evolved.

There is one other issue that I need to mention at this point in time and it is the role of the Central Bank. It was not contemplated that the Central Bank should control this institution. At the time it was set up, the Minister indicated that relying on a proper board of directors being appointed, and the fact that commercial banks, insurance companies and so forth had an interest, they would see to it that persons with experience and standing in the community were, in fact, appointed to deal with the governor's issues. Madam President, that is the genesis of this institution.

Section 4 of this Act sets out the bank's statutory mandate. It says:

- “(a) to develop and maintain a secondary mortgage market in Trinidad and Tobago;
- (b) to contribute to the mobilisation of long-term savings for investment in housing;
- (c) to support the development of a system of housing finance and provide leadership in the housing and home finance industry;
- (d) to promote the growth of the capital market.”

The Home Mortgage Bank has made a significant impact on the financial environment in Trinidad and Tobago by achieving the purposes for which it was created, and becoming an integral force in this country's development.

The bank's intervention has led to a number of things. On the mortgage side, a lower mortgage interest rate; bridging interest rate equal to the same rate as the mortgage rate; elimination of pre-payment penalties; lower upfront fees; higher loan to value ratios, for example, 95 per cent without mortgage indemnity insurance; recently introduced fixed rate finance for the first 10 years of a loan; and reversed mortgages so that the elderly can access equity in their homes for day-to-day living expenses.

Additionally, on the funding side, there was the issue of mortgage backed bonds of varying maturities; mortgage participating certificates which are securitization and sale of mortgage participation, that is monthly repayments of principal and interest passed on to the investor; collateral mortgage obligations; the first structured securitization of part of its mortgage portfolio, to offer a wide range of investment; options to investors with varying terms; and mortgage participation funding, the latest instrument to be secured fully by residential mortgages. That is the history of the bank.

The Government's accelerated housing delivery programme, coupled with the economic growth expectation for the country, would increase the demand for mortgage finance significantly. In order for the bank to continue to exert positive pressure on the mortgage finance market, the bank must maintain its position as a leader in the market and, to do so, it would require an increased capital base.

A listing of the bank's shares on the Trinidad and Tobago Stock Exchange would not only provide access to the additional funds required, but would also assist the bank in fulfilling its mandate to promote the growth of the capital

market in Trinidad and Tobago, an objective that we have set for ourselves in our paper on the Reform of the Financial Services Sector.

However, to achieve such a listing, changes need to be made to the bank's structure to comply with the listing requirements and to ensure that the shares listed are as attractive as possible to the market as a whole.

The bank also has a responsibility to provide leadership in the housing and housing finance markets. To fulfil that mandate, the bank's corporate structure must be updated to enable it to compete with the modern financial and commercial institutions. The bank must therefore have access to similar corporate and commercial ventures and powers, and it must be managed in accordance with modern techniques.

The shareholders have therefore voted unanimously in favour of adopting changes to widen the scope of the bank's powers so that they are commensurate with the corporate and commercial undertakings that would usually be accessible to a commercial entity in today's market.

This amendment of the Home Mortgage Bank Act is intended to achieve the following:

- (a) an updating of the corporate structure of the bank to bring it in line with the current legal corporate regime;
- (b) to ensure that the bank's corporate structure complies with the Stock Exchange requirement for listing its shares on the Stock Exchange; and
- (c) to reflect the realities of a modern and dynamic business environment.

**2.15 p.m.**

Currently the bank's corporate structure is based on a legal system that is no longer in effect. Prior to 1995, the Companies Ordinance governed the formation and governance of companies. Changes were introduced in the Companies Act, 1995 and the Companies Regulations, 1997 that amended substantially the legal framework in which companies are formed and governed. The bank's structure as set out in the Act is inconsistent with the new legislation. Although the new legislation makes provisions for companies formed by the Companies Ordinance, the bank, by virtue of section 34 of the Home Mortgage Bank Act is not covered by those provisions. Specific changes must be effected through amendment of that Act.



Secondly, the requirements for listing are set out in the Securities Industry Act, 1995 the Securities Industry By-laws, 1997 and in the rules and regulations that have been promulgated under them. Some of these changes overlap with some of the changes being made under the corporate structure issue, but perhaps the most significant of these changes is in relation to its share structure. The current share capital of the bank is divided into five classes of shares, with ownership in each class restricted to particular types of institutions and transfers restricted to particular types of institutions between classes. In accordance with the stock exchange rules and market preference, it is proposed to modify this structure to group all shares into one class with no restrictions on transfer. This will also increase the pool of potential buyers for the existing shareholders, and will of course, widen the ownership of the bank as a whole.

The third objective is to reflect the realities of a modern and dynamic business environment. The bank lacks a number of powers in relation to the type of investments it can make, which prevent it from carrying out a number of transactions which are normal in today's business environment or which require the bank to utilize methods that are unnecessarily complicated in order to achieve its purposes. It is proposed to add such powers as prudent, without however, so widening the bank's powers as to detract it from its central business purposes. Some of the changes made are not substantive and had been made to clarify or update the language used in the Act. But the substantive changes that are proposed are as follows:

In section 3, the definition regarding the holders of each of the five classes of shares that currently comprise the capital of the bank has been deleted. This deletion is consequential on the changes to section 11 removing the rights of certain classes of shareholders to appoint directors which is itself consequential upon changes to section 26 which merged the five classes of shares into one class of ordinary shares.

In section 5, prior to the Companies Act, 1995, every limited company had an authorized capital. This was a cap on the amount of further capital that could be raised without a special resolution of the shareholders of the company. That part of the authorized capital that remained unissued was referred to as the "unpaid capital". The Companies Act, 1995 removed the concept of authorized capital and as a consequence the concept of unpaid capital no longer exists. It is appropriate therefore that the bank be made consistent with the current companies laws, and accordingly the power value of the shares set out in section 26 of this Act is being

deleted. As a consequence of this deletion the words "unpaid capital" have been deleted from subsection (d).

Section 5(e) relates to the power to approve or decline to approve a transfer of the bank's shares on such terms and conditions as agreed. Fully paid shares listed on the stock exchange must be free from any restrictions on the right of transfer. This of course is stated in the Code of Company Practice, schedule 4 to the listing rules at section 8(2), so that this power is no longer appropriate.

Amendment to section 5(b) has been made to enable the bank to buy and sell other types of property other than mortgage loans and in relation to properties other than residential property. This broadens the investment capability of the bank in line with more modern operations and an increased capital base. A new subsection 5(i) has been added to give a general power to the bank to do such acts as are necessary to promote its purposes. In particular, the bank's management has determined that the power to purchase real properties is desirable, particularly in connection with the proposed acquisition or building of new headquarters for the bank. Further, this section would provide a slightly greater discretion to the bank's management in relation to the fulfilment of its stated purposes.

Section 11: The provisions relating to the appointment of directors by the holders of particular classes of shares has been deleted in line with the changes to section 26. In the other place we have changed the Central Bank to the Minister of Finance. It was felt that the Central Bank should no longer be a part of this institution and therefore it is proposed—at some point in the future—that the shares currently held by the Central Bank will in fact be transferred to the Ministry of Finance. In that regard, at section 11, it is proposed that the Minister of Finance be given the specific right to appoint two directors, regardless of its shareholding. This was the provision that was there for the Central Bank. The size of the board has been increased to a minimum of nine and a maximum of 11 directors and specific provisions have been made for at least two executive officers including a chief executive officer. Subsection (2) contains a power for the shareholders to appoint two directors reserved for appointment by the Minister of Finance, should the Minister of Finance fail to do so. References to the International Finance Corporation have been deleted, as it is no longer a shareholder of the bank.

The provisions in section 12 relating to first appointments have been deleted. The directors and officers of the bank have already been appointed, so this is no longer relevant. Provisions relating to reappointment of directors appointed by

specific classes of shareholders have been deleted consistent with the changes to section 26.

At section 19, the provisions relating to the quorum have been updated consistent with the changes to section 26—which I would deal with shortly—and subsections that were inserted provide details of requirements for the giving of proper notice of meetings. New directors appointed by shareholders or to fill a vacancy would not have been given notice to ensure that notice of a meeting not be invalidated due to lack of knowledge of the new directors' appointment.

At section 21, the provisions relating to meetings of the shareholders have been amended to ensure that they are consistent with the Companies Act, 1995, the stock exchange rules and current corporate practice. Section 26 converts all existing shares to one class of freely transferable ordinary shares, all of which rank equally as to voting rights and capital. The purpose of these changes is to enable the ordinary shares so created to be listed on the stock exchange. The stock exchange requires that all shares be free from restrictions on transfer.

In the current structure each class of shares can be issued to only a particular type of institution and thereafter may only be transferred to another institution of the same type, except that the class A and class B shareholders—which are the Central Bank and the National Insurance Board—may also transfer their shares to any institution in any of the other classes, that is, the commercial banks and the insurance companies. Again, this was consistent with its original intent. Accordingly, the classes of shares and the restrictions of them have now been deleted.

It was also decided to combine all five classes of shares into one class, rather than maintain the existing classes, whether as a separate listing or as unlisted capital. An entity whose share structure has only one class of shares all ranked equally, is more transparent as to rights and ownerships and is, as a result, a more attractive prospect to a potential buyer. This structure also widens the pool of potential buyers from the shares that are currently institutionally held. For example, the current buyers for the Central Bank and the National Insurance Board (NIB) shares are limited only to commercial banks or insurance companies, whereas following listings, the pool will include the whole market. The miscellaneous provisions relating to the pre-existing classes of shares have also been deleted.

At section 28, this section removes pre-emption rights. Pre-emption rights are rights given by section 38 of the Companies Act to existing shareholders of a

company, which require that before issuing new shares to new shareholders, those shares must be offered first to the existing shareholders. This right would be inconsistent with an offering of new shares to the public and therefore are generally removed before listing. The section also gives the directors discretion over any allotment of new shares.

Madam President, section 33 of the Act is amended for the institution to come under the Financial Institutions Act and the Money Lenders Act. However, at committee stage I would like to discuss this because there is a particular challenge at this point in time which is, that in its current state, the Financial Institutions Act does not recognize the Home Mortgage Bank. Therefore, while this was an amendment agreed in the other place, we would need to consider that and I would wait until the committee stage to deal with that.

Section 34 of the Act makes the bank subject to the provisions of the Companies Act as if it was a public company registered under that Act and section 34A(1) and (2) provide for the adoption of by-laws in accordance with the provisions of the Companies Act.

Madam President, this is quite frankly, changes that are required for the bank to continue to fulfil its role effectively in the environment in which we operate today. Before this could have reached this stage it was a requirement that all the original shareholders agreed and there is a unanimous approval of the shareholders for this Act, as amended, to be discussed. The unanimous approval of the shareholders which included both commercial entities, as well as state institutions, highlights the importance placed on these changes by all those who were involved. This Act and this institution model in some instances the Fannie Mae institutions in the United States and, quite frankly, it is very consistent with our objectives and what we propose to do insofar as bringing institutions into this environment. I would therefore submit that my colleagues support these amendments.

I beg to move.

**Sen. R. Montano:** Madam President, before the Minister sits—he may have explained it and I may not have understood it, but for the record, we are in support of the Bill—I do not quite understand clause 22:

“The Act is amended by inserting after section 34—“

Section 34 in the original Act says:

"The Companies Ordinance applies to the Bank, as if the Bank were a public company..."

You said that. Section 34A states:

"(1) The directors of the Bank shall make By-law No. 1 of the Bank for approval and adoption at the special meeting of the Bank approving the same and upon such adoption, By-law No. 1 shall immediately come into effect..."

What is "By-law No. 1"?

**Madam President:** Where are you reading?

**Sen. R. Montano:** I am reading from page 14 of the new Act, clause 22, section 34A(1). What I am having difficulty with—and I am sure there is a reasonable explanation but I cannot understand it. I am not saying this in a sarcastic way. What is "By-law No. 1"?

**Sen. Jeremie:** I do not have the information at my disposal but the by-laws would form the internal constitution of the bank, so that the Ministry of Finance ought to have the—

**Sen. R. Montano:** With respect, hon. Attorney General, they do have that and as I said, this questioning is not political. I am trying to understand. We are being asked to pass a law that says:

"The directors of the Bank shall make By-law No. 1 of the Bank for approval and adoption at the special meeting of the Bank approving the same and upon such adoption, By-law No. 1 shall immediately come into effect and not require any further confirmation thereafter by the shareholders of the Bank.

(2) All new By-laws and all amendments or any revocation or repeal, By-law No. 1 or of any subsequent By-laws, shall be made or adopted by the Directors..."

What is By-law No. 1? Is it meant to be a temporary salve? What is it exactly?

**Sen. The Hon. C. Enill:** Madam President, as I understand it and I would try to sort that out, by-law No. 1 will be the temporary situation of the first set of by-laws.

**Sen. R. Montano:** The intention therefore is that by-law No. 1 would be a temporary salve as it were, until such time as the full approved package comes through?

**Sen. The Hon. C. Enill:** Yes, because this is trying to do transitional arrangements.

**Sen. R. Montano:** I understand that.

*Question proposed.*

**Sen. Wade Mark:** Thank you very much, Madam President. Public accountability constitutes the bedrock of any genuine, people-centered democratic order. We cannot extract public accountability if there is secrecy. We cannot advance our democracy if there are consistent efforts on the part of the regime to deny the people access to information and to even justice. The breeze of democracy must be allowed to blow freely through our own homes, communities and villages and we must allow no one to pollute, poison or dilute the environment.

We have an Act which was established in 1985 known as the Home Mortgage Bank Act, Chap. 79:08. It was an experiment at the time, because of the abject failure of the ruling PNM party to provide adequate housing accommodation for the masses of people after being in a position of handling over \$60 billion during the period 1973 to 1983. This measure came as a result of the Government's attempt to provide a secondary market to assist home ownership in Trinidad and Tobago. It was a good experiment in private/public sector partnership. Has it worked? What to date have been the benefits? Have the citizens benefited from this arrangement? What we do know is that in the original Act of 1985, section 31 states:

"Subject to subsection (2) the Bank may issue bonds up to a maximum aggregate capital value of three hundred million dollars and the interest payable on the bonds is exempt from income tax and any other tax including unemployment levy."

It meant—if we are to take the Minister's statement at face value—that in a 70:30 relationship or partnership the private sector was able to have the Home Mortgage Bank subsidized by the taxpayers of this republic. A lot of amendments have been advanced by the hon. Minister; a lot of deletions have been suggested and recommended; but section 31, like the Rock of Gibraltar, stands. So, Madam President, it reminds me of the philosophy of the regime. The National Entrepreneurship Development Company Limited (NEDCO) is supposed to get you off your feet and running. People are still not off their feet, far less to start running.

The Community-based Environmental Protection and Enhancement Programme (CEPEP), in which over \$800 million—\$900 million of taxpayers moneys have been expended to date, without a shred of public accountability is supposed to have accomplished the same objective: Help these contractors, nurture them into entrepreneurial leaders of tomorrow. It is almost four years and the dependency syndrome continues. Here it is a Home Mortgage Bank was brought into being in 1985 with the support of the public sector. The Central Bank was involved, the National Insurance Board was involved and at that time the National Commercial Bank was also involved and of course the Government. Twenty years later we are being called upon once again to give support—this time through amendments—to the Home Mortgage Bank without any semblance of accountability to this Parliament.

I would have thought that the hon. Minister in the Ministry of Finance would have indicated to us in a very clinical and surgical manner, how this particular institution has been able to help middle income households. How? How many people through its secondary market experiment and mechanism have been able to benefit from this arrangement? Madam President, the Minister owes you and us an explanation as to how many hundreds of millions of dollars have been provided to the Home Mortgage Bank through exemption on interest of income tax. We do not know. All we know is that this has been going on for some 20 years and it seems to us that the Government is removing itself from this arrangement. I have no problem, if the Government says that this economy is privately led and privately driven and there is no need for State sector involvement and participation in the economic development process. Well, that is their policy.

Why propose a policy and still use taxpayers' money? Because there is no deletion of section 31. Section 31 continues, and in 1985 the Minister of Housing, Wendell Mottley, did indicate to the Parliament that the Government would have provided some initial assistance, initial confidence and credibility to this fledgling organization that was about to emerge unto the financial landscape of Trinidad and Tobago. That was 20 years ago.

**2.45 p.m.**

Twenty years later, we are now being called upon in this Parliament, by the hon. Minister of Finance, to give support to major and sweeping amendments that would put this Home Mortgage Bank into the complete control and ownership, ultimately, of the private sector. I have no problem with that! If they wish to give

complete ownership and control to the private sector, go right ahead! But, why are you continuing to subsidize and make concessions to an institution that is doing extremely well, financially speaking?

Madam President, I want to bring to your attention the latest report that I was able to put my hands on dealing with the Home Mortgage Bank. The report is for the financial year 2003, I think, and it paints a very glowing picture of this institution. In fact, the chairman of this particular institution is one Mr. Andre Monteil. He is now the PNM treasurer, as you are well aware.

**Madam President:** I read the papers like you.

**Sen. W. Mark:** Yes, Madam, and I read it very minutely. I read the lines very minutely. I see where Mr. Andre Monteil, in his capacity as Chairman of the Home Mortgage Bank, is saying that the bank is well positioned to deal with challenges that we are likely to face in the 2004 period. He talked of the increases that have been recorded in the profits of this institution. So here it is, according to the figures we have before us, this bank has total assets of \$1.6 billion; it also has a very high liability of \$1.5 billion, and that has to do with bonds that it was able to raise on the local market in order to fund its various programmes and policies.

Madam President, this report states that at the end of 2003, the bank recorded—I have not seen a report for 2004; I tried; I have not seen a copy—according to the report here on page 12, a net profit of \$23.1 million. Earnings per share were equivalent to \$144.51. So, this is an institution that seems, on the surface, unless we have creative accounting in this exercise, but I doubt very much, because Mr. Andre Monteil is a reputable accountant and he has now been elevated to the post of the PNM party treasurer. I know that he is a very reputable person, and working for CL Financial, he has to be very careful in trying to engage in creative accounting. We have to take it that this report which was audited by a very reputable firm—I want to let you know, I think it was Ernst & Young—indicates to us that this company is in a healthy financial state. Its net profit is about \$24 million. So we ask the question: If this company is doing well, and the Government intends to relieve itself of its responsibility—the reason I say the Government intends to relieve itself of its duties is because of the fact that the Minister of Finance has indicated that the Government in this Bill, has the responsibility of appointing two directors. If you go to page 8, in clause 8 of the Bill which we are dealing with you will see that:

“The board shall comprise eleven directors...

(a) two Directors who may...”

Not “shall” who “may”—



So, the Minister of Finance and the Central Bank are easing themselves out of the Home Mortgage Bank. To consolidate my position here even further, if you go to page 9 and look at subsection (2) of section 11 it states:

“In the event that the (Minister of Finance) does not appoint either or both of the two directors pursuant to subsection (1)(a), the shareholders...”

That is the private sector shareholders—

“...shall be entitled to appoint two...”

So this Government is not serious about the Home Mortgage Bank; this Government is liberating the Home Mortgage Bank; this Government is virtually privatizing the limited interest that the public has in the Home Mortgage Bank; this Government is sending the Home Mortgage Bank, is going to have it listed on the stock exchange, in accordance with the amendments, consistent with the presentation made by the hon. Minister in the Ministry of Finance.

Madam President, if you know anything about the stock exchange, you would know that the stock exchange has become a virtual—you know, like if you have an interlocking directorate? It is like a cabal. Poor people have no access there. That is a cabal! So once you list them on the stock exchange—when you tell us in this Bill and in your presentation, that it will broaden ownership of the shares of the Home Mortgage Bank, who are you fooling, Minister in the Ministry of Finance? You know that the public—the ordinary man and woman—would not be able to access these shares unless the Government decides to subsidize, or the Government makes amendments to this Act to say that a certain portion of the shares will or must go to the ordinary people—whether it is credit union; whether it is trade union; or whether it is small business, as the case may be. There is no provision for it. So, why are you using us in this process?

Madam President, this is about housing; this is about home ownership; and this is about a home ownership democracy where we are seeking to provide shelter for the ordinary people of this nation. If it is that the Government is of the view that it has enough financial wherewithal to target certain segments of the housing market, via its various institutions, there is something called the NHA. That is an institution of the Government. There is the Trinidad and Tobago Mortgage Finance Company Limited (TTFM), that is another institution of the Government, and then you have trust companies within these commercial banks. You must never forget there is something called—well it still exists—the National Insurance Board (NIB), and they, too, were involved in housing and the provision

of loans to ordinary people, who would have liked to access a home. There are various segments of the housing market and there are various institutions that link in some way or the other, in this instance, to the housing market.

Madam President, I ask the question: What is the real objective? How would these amendments serve the working people? How would these amendments serve the national interest? I have not gotten an explanation from the hon. Minister to convince me, or even to convince us on this side, what is, in fact, the real national interest behind this. We got some airy-fairy, vague, ambiguous announcements and declarations. I want to go a little further and explain to you the incestuous interlocking directorate. How are ordinary people—middle income earners—how are they going to benefit from these concessions and subsidies that seem to be never-ending?

The Minister must tell this Parliament, whether there is a time frame and whether the Government is going to define a time line for the discontinuance of subsidies and concessions to the Home Mortgage Bank. We need to know. Is he going to continue forever? I have a proposal that I want to suggest later on for the Minister's consideration. Madam President, to tell you how this institution called the Parliament, is being used in a disrespectful way; we are being told in this Bill, for instance, this is the first time they are introducing it. On page 6, in clause 3—not the original Act—you would see under clause 3—apart from deleting all those “Class A Shareholder” to “Class E Shareholder...” for instance—

“and substituting in alphabetical sequence, the following:

“‘Chief Executive Officer’ ...

‘Chief Financial Officer’...”

They did that already years ago. This is not a genuine amendment. This is really an endorsement of what has been going on for sometime. Madam President, if you doubt me, I want to go to the report that I have before me which is the 2003 report. You have a director and a Chief Executive Officer (CEO), who is Mr. Calder Hart. He is already the CEO, in accordance with a report issued in 2003. We are being told in these amendments—as if this man is now going to be changed from a general manager to a CEO. He is already a CEO! That is the post he holds, and the other man or individual is the Chief Financial Officer. That is nothing new! It exists in the company, because you have a chap called Mr. Peter Johnson who is in charge and who holds the office of Chief Financial Officer.

**Sen. Enill:** Madam President, I was being entertained with what was going on, until we got to this point. That is a misrepresentation of what was said. Nobody said that the positions were being created. What was said was that the organization was amended, and the board shall comprise these officers. That is what was said. So, to tell the Senate that these positions have always been there is not correct. The fact of the matter is that we are changing the governance structure, and that is what the legislation is seeking to do. The legislation is not seeking to redefine the positions that already exist.

**Sen. W. Mark:** We will come to that! We will come to that one. In terms of putting the “Chief Executive Officer” and the “Chief Financial Officer” as directors on the board, we will come to that.

**Sen. Enill:** I have a problem with what you are telling me.

**Sen. W. Mark:** Well, if you said that I am wrong—

**Madam President:** Sen. Mark, please talk to me; come back to the Bill.

**Sen. W. Mark:** Well, you know, I always look at you Ma'am, but sometimes I have to look at my friend. I have to look both ways—*[Interruption]*—but I understand your point, my colleague.

Madam President, I would like the hon. Minister to explain to this Parliament, whether there is an incestuous relationship; whether there is a cabal; whether there is an interlocking directorate within the state sector and this particular institution; and what is the objective. The Chairman of the Home Mortgage Bank is Mr. Andre Monteil, the CEO is Mr. Calder Hart and at the same time, there is a state company called the Trinidad and Tobago Mortgage Finance Company, and that company also provides loans to you and me and to others. But do you know what? Mr. Calder Hart, who is a CEO, an employee of this particular company called the Home Mortgage Bank, moved from an employee to the chairman. So, he is now chairman of the Trinidad and Tobago Mortgage Finance Company Limited. And do you know what? His employer, who is Mr. Andre Monteil, is also a director on the Trinidad and Tobago Mortgage Finance Company Board.

Madam President, it becomes even curiouser. We are talking about housing, and we are talking about how government policies would benefit the population and not benefit individuals. I have nothing against Mr. Calder Hart. I understand when we were there, he was a UNC. When the UNC was in power, Calder Hart was

a UNC, and now the UNC is out of power, Calder Hart is a PNM. So, he is a “PIP”—any party in power he jumps ship. I have no problem with that! He is a professional; he is a technocrat. I respect him. I hope he has citizenship. I understand he is a foreigner.

**Hon. Senator:** No, no, no, he has citizenship.

**Sen. W. Mark:** Okay. I know the PNM is granting everybody citizenship, especially with 2007 coming.

So, Madam President, here it is you have one man wielding a kind of power that will frighten you. The same Calder Hart is in charge of a company called UDeCOTT. As I talk about UDeCOTT, I saw some reports in a newspaper—because, you know, we do not get it in the Parliament—that this company called UDeCOTT is not accountable to the Parliament. The last time we got a report on the activities of UDeCOTT was in the year 2001, according to the Parliament Library. I sought information. Do you know where I had to read about UDeCOTT? I had to read about UDeCOTT in the *Express* where they put their financial consolidated statements.

Madam President, I had to go to the *Trinidad Guardian* Business Section to know about UDeCOTT in 2004, because we do not have financial statements, in the library of this Parliament, on the accounts of this company called UDeCOTT. And do you know what is even “more” sad? This company is spending close to \$2 billion to \$3 billion under its wings. It is spending hundreds of millions of taxpayers’ dollars and there is no accountability. They are doing their own thing!

I have a report called *A Corruption Report for 2005 on the Construction Industry Worldwide*. What is that report showing? The most amount of corruption you can find in any sector in any part of the world is in the construction sector. You have a report called the *Bernard Report*. You sanitized the report, “it gone mad too”! Up to now the public cannot see the report. [Interruption] You talking about airport? Bring out the report! Who you want to hold, hold! Lock up who you want to lock up! But why have you not issued the *Bernard Report* into the airport that cost the country over \$12 million? [Desk thumping] Why? Come out with the airport, we have no problem with the airport. But here you have another scandal—

**Hon. Senator:** [Inaudible] should come out with Landate, too.

**Sen. W. Mark:** Madam President, I raise this question in the context of housing and public accountability. In the 2004 UDeCOTT financial results, we are

seeing where UDeCOTT has borrowed almost \$700 million and it is involved in construction activities amounting to over \$1 billion. Madam President, you, I and we in this Parliament have no way of accessing and evaluating tenders, or the procedures that they adopt in awarding contracts. But we know UDeCOTT is all over the place building buildings; constructing buildings for hundreds of millions of dollars and yet there is no accountability to the population of this country. And to crown it off and to crown it all, Mr. Calder Hart, a stranger to this civilization called Trinidad and Tobago has been given the portfolio of chairman of a \$15 billion company called the National Insurance Board (NIB).

Madam President, do you know NIB owns 51 per cent of the Home Mortgage Bank? The National Insurance Board owns 51 per cent of the Trinidad and Tobago Mortgage Finance Company Limited. So here it is, Mr. Calder Hart is the Chairman of NIB; NIB owns the Trinidad and Tobago Mortgage Finance Company Limited; Mr. Calder Hart is also the Chairman of Nipdec. How come this man who is a stranger could become so powerful? How come this person has so much power? You are talking about over \$25 billion or more, this man has under his control and ownership. Where is the accountability? How are the people going to benefit? How are contracts issued? Are friends and families of the PNM being given contracts? I do not know. We do not know because we do not have a report. We do not have a performance audit on these companies, and in particular, this Home Mortgage Bank that we are dealing with.

Madam President, the National Housing Authority which I will talk about in a short while, in terms of home ownership; I am sure you would have seen a copy of the report which was circulated today. It is called the "Report on the Administration of the Ministry of Housing and its Agencies October 2000—September 2004" and on page 3 of this report under special projects, I quote:

"Cabinet Minute 2010 dated September 12, 2002 sanctioned policy formulation for the restructure and transformation of the National Housing Authority. In essence the National Housing Authority would undertake to manage and maintain its estates, while the Housing Development Company of Trinidad and Tobago (HODEVCOTT) would be established for the development and delivery of houses..."

I understand that Mr. Calder Hart is the designated chairman of this new company.

"Legislation has been drafted..."

It is yet to come to this Parliament. It further states:

“to establish the Housing Development Corporation of Trinidad and Tobago.

To facilitate this process a programme of voluntary separation is presently being formulated by management in conjunction with the relevant bargaining bodies of the employees.”

So, whilst we are talking about housing on the one hand, NHA is busy retrenching. They are building houses, but they are privatizing NHA at the same time. All NHA would be responsible for, according to this report, is to manage and to maintain, and you have a new company called Housing Development Company of Trinidad and Tobago that will be responsible for the development and delivery of houses in Trinidad and Tobago. This is what is going on here!

Madam President, we demand public accountability! The Minister owes this Parliament a duty, to let us know how much revenue is foregone. How much revenues poor people have given up because of this arrangement over the last 20 years. You must tell us, because if we are to make an objective analysis and assessment and evaluation of what is before us, we need to have the facts! Give us the figures! Let us know what is taking place. If we do not have public accountability in this democracy, then we are going to almost stifle to death. This is what this PNM regime is committed to. And I am surprised that another company in this country, that I know internationally, is really reputable in its governance practices as it relates to transparency, accountability and openness, I am surprised that today as we speak, the British Petroleum Company of Trinidad and Tobago (bpTT) is yet to reveal to this country the value of a Seismic Data Contract.

Madam President, we are getting all kinds of figures. The latest figure we got is that this contract between Maranatha Geophysical Services and bpTT is worth over TT \$200 million. I understand bpTT now means “putting people in the back pocket”. They have somebody in their back pocket; I cannot say who it is, only the courts and police would decide that very shortly. And I am sorry that the Attorney General is not here, because I read very carefully in the *Sunday Guardian* where he said a *prima facie* case was made out against two honourable gentlemen, but yet still he did not send it to the political anti-corruption bureau. He did not send it to the fraud squad. He chose to send it to a place which is now reputedly known as the “cold storage” and the “refrigerator”. Madam President, do you know that place? Well, you know you and I have to file our returns by the end of this month. That is the name of the place, it is called the “cold storage”, it is the “morgue”, the “PNM morgue.” Whenever they want to kill

things they send them to the “morgue” called the Integrity Commission of Trinidad and Tobago.

Madam President, through you, in light of this question of public accountability, we call on Mr. Riley who is the President and CEO of bpTT to make a public disclosure in this country as to the value of the contract between Maranatha Geophysical Services and bpTT. And we also call on him, through you, to tell us whether that contract was entered into prior to 2002 or whether it was entered into after 2002. He owes a duty to the country, to you and to all of us.

**Madam President:** Please come back.

**Sen. W. Mark:** I am coming back immediately, given your directive. So, Madam President, I, like you, have a passion for public accountability and this is why we insist that whether you are a multinational, whether you are a private company or whether you are the Government, you must be accountable to the people of Trinidad and Tobago. [*Desk thumping*] Madam President, I want to ask my honourable friend the Minister in the Ministry of Finance—

**3.15 p.m.**

Madam President, I refer you to page 10, clause 13 of this Bill. If you have a copy of the original Act, you would see that the initial board was made up of seven directors. In this instance, the Government is amending that particular section to increase the number of directors from seven. In section 11(1) it says that the board should be comprised of seven directors. We are going from seven, to nine, to 11 maximum; nine minimum, 11 maximum. In clause 13(a)(3) it reads:

“Three directors or such greater number determined by them...”

So these three directors, which I have a disagreement with—I believe a board of 11 should have a minimum of five directors or, at least, six. The Minister is now giving three directors the power, among other things, to have the power to exercise all the powers of the directors.

Do you know what, Madam President? These three gentlemen, ladies, or a combination of all, can determine whether we will go from three or four; they will determine that.

We are not rubber stamps. Do not bring these pieces of legislation to insult our intelligence. If the Government wishes to privatize the Home Mortgage Bank,

repeal the law. Why are you using us in this Parliament? It is almost incomprehensible. How do you want us to accept this? We cannot support this.

In our own joint select committees the quorums are a little bigger; although I must admit one thing to you: “de Government doh come.” You know, Madam President, I get the impression that they want to mash it up, but “I coming” every Tuesday, so they will never be able to mash it up. They want to destroy the joint select committees, but we will have more to say about that. [*Interruption*] Am I going too fast? Oh, my time is about—I will take my pause.

**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, Madam President.

I was looking at the White Paper called *The Reform of the Financial System of Trinidad and Tobago*. The Government has already accepted this as policy, but it brings a Bill in 2005. You can see inconsistencies in terms of what they said they would do and what they have not done. I refer you to page 14 of this report. It says under “General Recommendations”, under the heading “Regime of Taxation”:

“The taxation regime for the financial sector should be reviewed to ensure that the sector is competitive and that tax induced distortions within the sector are removed.”

This is what this so-called 2020 Government that is going fast nowhere; it is going nowhere fast—this whole 2020 is a big hoax. [*Laughter*] Madam President, 2020 means nothing to 124 parents who have lost their sons and daughters because they were murdered in this country in the first four and a half months of this year. Twenty-five citizens of this country kidnapped, almost six of them still with their abductors; gone, kidnapped, thanks to the PNM.

We always warned them that if you sleep with criminals, you will pay a price and they will pay that price until they go to their graves.



Madam President, tell me what you understand by this section here:

“The taxation regime for the financial sector should be reviewed to ensure that the sector is competitive and that tax induced distortions within the sector are removed.”

What is the Government doing? The Government brings this Bill and under section 31 of the parent Act it is entrenching tax-induced distortion in the system; but yet in the White Paper, it is saying that it wants to get rid of “tax-induced distortions”. [*Desk thumping*] They are saying one thing and they are doing something else.

In this same policy framework entitled, *Reform of the Financial System of Trinidad and Tobago*, as they move toward 2020, it says:

“Competition Policy”

Big words; no action.

**Sen. Enill:** Do you know what it means?

**Sen. W. Mark:** Well, I know that you are not the blue-eyed boy. Christine—Madam Minister, I hear “dey” fire you from Caroni and they put in Conrad Enill. I hear Conrad is now the big man in the Ministry of Finance after Patrick. Anyway, “yuh” big in any event, “eh” boy. So you are not only big in terms of influence, but you are big otherwise.

**Sen. Enill:** Careful.

**Sen. W. Mark:** “Yeh, pardner.” Doh worry, boy. Dem “fellas duz think dangerous; ah hope Christine learn she lesson.”

**Sen. Enill:** Leave my colleague alone.

**Sen. W. Mark:** The policy framework states:

“The development of a competition policy for the financial services sector should be expedited. This policy should encompass rules to deal with anti-competitive behaviour including unfair practices, rules to protect consumers, and standards to promote financial services development in the local industry while complying with international agreements.”

There is no competition policy. I am certain that the Government of Trinidad and Tobago would like to introduce competition policy; nothing has happened.

As I am on this point, may I ask the hon. Minister what he is doing about that Unit Trust Corporation (UTC)? The UTC, the people’s indigenous institution, has

undergone all kinds of assaults since this regime came into power; this regime wants to control everything. They want to control the Judiciary. They want to control the police. They want to control the UTC. They fired a “fella” called Alleyne; Harewood gone. Do you know why, Madam President? [*Interruption*] Nickie gone too, right?

**Sen. Enill:** Yes.

**Sen. W. Mark:** They set up my good friend to take the licks, the hon. Conrad Enill; a very nice and decent chap. “He in ah nes’; he cyar come out.”

**Sen. Enill:** Irrelevance!

**Sen. W. Mark:** No irrelevance, man; you know what I am talking about. You want to come out.

**Madam President:** Come back to the Bill.

**Sen. W. Mark:** Madam President, I want to take him with me, as I come back to the Bill. [*Laughter*]

I will like the hon. Minister to indicate to us in this Parliament what the Government’s position on the UTC is. There was a Bill that the UNC introduced in this Parliament in 2001, to put the UTC into the hands of the people in a legislative framework. The PNM has put that on the backburner. We introduced a bill on mortgagors and conveyors—it was not debated—where we were going to give a homeowner the choice to go to you or me, if we were lawyers, to draw up your papers for nothing, because there is a monopoly in the system. Once you get into the housing business, you have to go by the friends of the PNM or the friends of somebody else. We were going to liberate that arrangement. It got opposition from the sectors that were entrenched, but the Minister in the Ministry of Finance has never brought back that Bill to the Parliament; that was in 2001.

I would like the hon. Minister to tell this Parliament what is the future of the Unit Trust Corporation of Trinidad and Tobago. Give us a detailed and comprehensive statement on that matter. Are you going to bring the legislation that the UNC introduced in 2001 to put the UTC into a legal framework allowing ordinary people to take charge of the UTC? Let us know, because we are afraid that with that kind of money in the hands of this stranger at the National Insurance Board, over \$15 billion, we are worried.

I think the time has come for the Minister in the Ministry of Finance to have an enquiry, an investigation into UDeCOTT; there is no accountability at UDeCOTT; billions of taxpayers’ dollars are being spent and there is no accountability.

I want to deal briefly with the National Housing Authority (NHA), because I know that I do not have much time, but you will permit me to just say a few words on the NHA. The Government's housing programme is designed to house pad and I am saying it this evening in the Parliament, they can deny it, it is a fact. Did you hear the question I asked a short while ago and the Minister's response was what? Privacy; he said it was privacy and privilege, confidential. If this Government was transparent and open and was not involved in house padding and voter padding, it would make available to this Parliament the list of all the people who have applied and have received houses.

Madam President, I want to tell you that it is wrong for the Minister of Housing in an article dated Thursday, May 12, to say that the UNC is not encouraging its supporters to apply for homes. Dr. Rowley, we are encouraging our members to apply, but you know what? Their names are never coming up. They are transporting people from the East-West Corridor into marginal seats.

There is an article by the PNM—it is more than an article—[*Interruption*]

**Sen. Enill:** Madam President, just a point of clarification. Is the hon. Senator saying that when he sends in the list of names, he puts that the individual belongs to the UNC?

**Sen. W. Mark:** No.

**Sen. Enill:** I do not understand the relevance of the statement.

**Sen. W. Mark:** Let me tell you the relevance. This is a PNM secret document that they passed out to their members in St. Augustine.

**Hon. Senator:** So how did you get it?

**Sen. W. Mark:** “Yeh, well ah get it, because ah play a PNM nah; ah put on a PNM cap and ah get it”.

The document is dated March 2004; that was last year; on page 3 of this report here is what it says:

“Area Management System

The constituency has established an area management system—”  
[*Interruption*]

[*Sen. Yuille-Williams rises*]

**Sen. Yuille-Williams:** Madam President, on a point of order, please.

**Sen. W. Mark:**—“to ensure that we are in a very strategic position...”

**Madam President:** Senator; Senator!

**Sen. Yuille-Williams:** That is irrelevant; a PNM document and we are discussing the Home Mortgage Bank.

**Sen. W. Mark:** No, “ah” talking about housing; “dat” is what it is talking about here.

**Madam President:** Senator, the Bill is not about housing; it is about the Home Mortgage Bank.

**Sen. W. Mark:** Madam President, I want to tell you about house padding and voter padding.

**Madam President:** That is irrelevant.

**Sen. W. Mark:** We are talking about housing here; we are talking about homeownership and I am saying that the National Housing Authority is involved in homeownership through home construction and what they are doing is distributing homes in a very discriminatory fashion.

This article says that they intend to arrest the St. Augustine constituency. Do you know how they intend to do that? By building 1,000 homes in the Oropune community; that is how they are going to arrest St. Augustine. So if the PNM believes that people do not know what they are doing, they are wrong. The PNM has embarked on a programme of house padding to voter pad in the 2007 general election; everybody knows that.

**Madam President:** Senator, you have two and a half minutes. [*Desk thumping*]

**Sen. W. Mark:** No matter what Dr. Rowley says or my good friend Sen. Yuille-Williams, they know it is a fact. The masses of people are fed up with this regime; it is only a matter of time. They voter pad in 1980; they voter pad in 1985; they voter pad in 1956—[*Interruption*]

**Madam President:** Senator, we are not talking about voting or elections.

**Sen. W. Mark:** House padding—mortgage [*Laughter*] and this Bill—I call this Bill before us the Calder Hart (Amdt.) Bill, using us in this Parliament as

fig leaf and rubber stamps to give power to other forces who have no interest in advancing the well-being and welfare of the people of this country.

The PNM could run, but they “cyar” hide. They tried in 1986 all that they wanted, the masses voted them out 33:3. They could build houses in the moon and sky, when the next election comes the masses of people will deal them a deadly blow. I thank you very much, Madam President. [*Desk thumping*]

**Sen. Mary King:** Madam President, like Sen. Mark before me, I was hoping that the Minister would have given us a status report on the Home Mortgage Bank. However, I was also able to find the 2003 report in the library today, for which I thank the librarian for sending it to me.

If we look at the current situation in the Home Mortgage Bank, I do not think it is alarming that the Government is seeking to—I think the word used was—extricate itself from it at this stage. Out of \$16 million paid up capital, the public sector overall only owns 22 per cent. The private sector owns 78 per cent, with Clico owning a large share—\$7 million of the \$16 million in shares—and Republic Bank being the next biggest shareholder. I am not surprised that we have the Bill before us; as a matter of fact, I think it is long overdue.

In looking through the Bill, however, I would make a few points. Before that, let me say that the performance of the bank has been very, very healthy and if it is going on the stock market, I think the public should be very, very interested in having shares in such a corporation, as it has been very profitable over the years. If you have net incomes of \$23 million over total revenue of \$111 million, you are looking at a 21 per cent return on revenue, which is rather high in today’s standards of returns. Also the income on assets, if you look at \$23 million over the total paid up capital of \$16 million, you are looking at 144 per cent; so a \$100 share has risen extraordinarily. I think that is something that we should be looking forward to investing in.

The Minister told us that the aims of the Bill are to upgrade the structure and the operating efficiency of the bank. If we look at its current responsibilities under section 4 they are to develop and maintain a secondary mortgage market; to contribute to the mobilization of long-term savings for investment in housing; to support the development of a system of housing finance and provide leadership in the housing and home finance industry and to promote the growth of the capital market. By amending this section we are giving it some added responsibility by

instructing it now to also get involved in developing the mortgage market. In subsection (c) we are amending it so that the bank must now support the development of a system of real property and housing finance and provide leadership and so on in the home finance industry.

If this is actually implemented efficiently and effectively, we may, in the short term, reach the stage where we can actually abandon the Government-funded National Housing Authority and have a more structured approach to and more involvement of the population in the development of the housing sector. I think it has already been mentioned that some people do view the NHA with some skepticism and feel that the processes are not transparent in the allocation of housing.

I certainly support the aims of the Bill and the development of a capital market in this particular way and also opening up the ownership structure, because as we see, it is owned by large corporations; five large corporations and two public sector corporations. Therefore, we have to open up the ownership structure from insurance and banking, which is what actually exists now.

Under section 5, the bank is continuing to be allowed to borrow money and issue bonds, debenture stock and other securities, whether as security on debt or any other liability or obligation of the bank. The bank has also been allowed to buy and sell its property, including its mortgage loans. So given that we have been striving for many years to develop a capital market locally, to develop our local stock market, I am wondering why, at this stage, we have not gone that little further and also authorized the bank to offer its shares on the regional stock market, so that we can have further cross-fertilization of ownership and funds

Remember that we are embarking, immediately almost, on the Caribbean Single Market and Economy (CSME) and this would be a wonderful opportunity to encourage cross-border capital formation and cross-border ownership. It is by owning properties and businesses in other islands that we are actually going to be able to develop these islands. We cannot depend on bananas and sugar forever and we should be putting in place all we can, so that we do have cross ownership and cross transfer of finance. Perhaps, the Minister will refer to this in his winding up, as to when he thinks we might have it listed on the regional stock market. We do have three or four major multinational companies now on the regional stock market and they are all doing extremely well.

I will like to refer to the management structure and the management functions, as outlined in the Bill and which currently exists, both in the Act and the Companies Act. Section 10 allows, as is proper, that the management of the business and all functions of the bank be performed by the board of directors. The composition of the board—we are repealing the current section 11 where the classes of shareholders had responsibility for appointing directors. We are now allowing the new board to appoint directors. Of the first two directors appointed, one actually:

“may be appointed by the Minister of Finance;”

I wanted to know why the use of the word “may” and whether the Minister of Finance will not continue to have an interest in the bank and, therefore, perhaps, whether it will be under the supervisor of financial institutions or whether as the Central Bank itself, it should not keep that interest and actually make appointments of those two members.

We are also having two executive officers appointed and the Bill states:

“...one of whom shall be the Chief Executive Officer;”

I wondered what is the role of the second executive and whether we should not put it into the Bill and either include the chief operations officer or the chief financial officer, so that it is clear and that there is no doubt as to who those two executives are on the board. This position could be better defined, from my point of view.

The bit that concerns and interests me is the new section, Part II, dealing with shares. Certainly the section is very commendable; it makes me feel that we are all now part of the ownership structure; shareholders in the country, and particularly in an entity which is actually involved in real development, because housing development is very important in this country at this time.

One thing came very sharply to mind on reading the Bill, given that we are in a swirl of liquidity, at the moment in the financial system, in the money market and in the money system, some would say that there are reasons for this other than revenue for oil and gas. I would like to know: Besides the banks and the financial institutions that are processing financial transactions, do we now insist that they also provide us with the know-your-customer form, which is mandatory for banks and finance institutions, for people performing any transactions over a certain amount; I think it is 20,000 or 25,000 tendered for transaction; quite a small

amount. Does that also apply to stockbrokers? It is a concern for many of us who are looking at what is happening in the financial system at the moment.

If it does not now relate to and is not the responsibility of the stockbrokers, I think it should be and that the relevant Act should come back to this Parliament so that we can have an amendment to it, so that they all can come under all the conditions for ensuring that we are not money laundering and that we have proper controls. Mr. Minister of Finance, this is a very important issue and I do not think that it should be ignored at this time.

One does wonder: Is our market index climbing because of the continuing growth and profits? Is it because of the continuing faith in the companies listed or is it part of the money laundering operations? I really have concerns about that. I think we need to have all the controls in place, if we are to seriously talk about tackling the drug problem and the white collar crime issue in the country. If we look at the real estate market, is it rising because we suddenly have less land or we suddenly have larger numbers of population? I think we have to think about what is happening to these markets.

The Schedule as set out is very clear on most points dealing with the procedure for annual general meetings. I think that the procedures should also apply to any special general meeting of shareholders and not just the annual general meeting, but that is not my main point of contention or interest at the moment. How do we actually deal with proxy holders? People can have a proxy of a shareholder, go to a general meeting and vote as instructed; they do not have to be a shareholder, of course. We, probably, never have given the issue of proxies very much thought, but it has come home very, very much rudely to me in the last couple of weeks. I think it is something we possibly should look at.

It appears that with the proxy system as is, there are no constraints on numbers or percentages of persons who can hold proxies. It appears that we can have a very undemocratic process, given that you can actually have more proxy holders present in a meeting than shareholders. In some cases this has happened. These shareholders have given their proxy to someone to attend the AGM in their absence and possibly told them, "Vote on my behalf," which is what they are really there to do. The shareholder is not really privy to what reports are tabled, what questions are asked and what answers are given to those questions raised at the AGMs and, therefore, cannot rush and change that proxy as to how they would vote. Therefore, they would not be aware of the proceedings of the



meeting. Even though they would have changed had they known, they have no opportunity to change their vote.

Very recently, at an annual general meeting of an apparent transparent body, which is a registered company under the Act, there were more proxies present than shareholders or members who actually were there to vote. One person on the slate for election apparently held more than 15 proxies which he had actually solicited from the members by going to them, accepting their cheques to make them financial and, at the same time, collecting their proxies to vote at the AGM. Obviously, the slate of candidates for that person would have automatically been elected when you have more proxies than you have members present who can vote. *[Interruption]*

*[Cell phone rings]*

Perhaps this could have been avoided had we put some limits either on the percentage of proxies allowed at a general meeting or the percentage of shareholders who must be present and voting at the AGM. I think that this needs examining generally within the framework of the Companies Act, although it would refer to this Bill as well, because we have not changed the system of proxies. I look forward to such an amendment coming to this Parliament in the near future.

Thank you, Madam President.

**Sen. Brother Noble S. A. Khan:** Madam President, coming just before the tea break, I trust that my contribution will not be so unpalatable.

The matter before us I look upon it as strongly fundamental to the economic path we are treading as a nation and it opens vistas too. Firstly, if we could reflect on this matter that is formed here, there is a very important word when you think in terms of the question of home and the linkage of what a home is supposed to mean and how important that is for us as a people, a community, a family. This had formed part of the initiatives at the time in the 1980s and I think too, if my memory serves me correct, that the Unit Trust Corporation had made its entrance around that time. We have seen it grown substantially and today it is one of the bigger institutions in our land for mobilizing funds.

In my own personal experience as a young man, a little over 17 years, the first job I had done—I have worked all my years in the public service—was in the Department of Friendly Societies and Cooperatives. I remember too as a little boy, \$3.16, that was my capital in the Cooperative Bank. I also remember how the

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Cooperative Bank had gotten together with what was referred to as the Workers' Bank and also, at a later stage, the National Commercial Bank. Later on, the First Citizens' Bank had the job of pulling things back together.

With respect to this bank before us, I think our colleague, Sen. King, had touched upon the shareholders of the bank, which are highly centralized around the private sector and the upper echelons of the private sector, where the banks and certain insurance companies had formed the major shareholders in this organization.

Sen. Mark has made the point that the exclusiveness of this group has left quite a bit of our people outside the pale. I am speaking here of the people who should definitely have a hand in it. If you have to think in terms of sustained development, to bring the bulk of our people to the forefront of management, also forming part of the ownership of our country, western society has placed a high value on private ownership. Within the money sector, particularly, at this time in our country, we have had substantial inflows. We could see this echoing into the areas of funding and financing and the returns therefrom. From what our colleague, Sen. King, has illustrated and demonstrated to us, there is a high rate of return; but, again, I always like to put this question; it might be hypothetical or rhetorical: Who benefits out of this operation?

We have seen that, to some extent, the Home Mortgage Bank has some facilitation through the system of being ahead, that they might have benefits within the tax systems and what have you. But when it comes to returns, it means that the investors are the ones who will benefit. Make no mistake of it, it is part of the question of banking. Some of the economic systems put it in a way that very often the bankers really bear no risk. They make a big super profit through the mere operation of banking systems: the way they go about it; the coverage they have. Even when people do not pay, they are still covered; so to some extent this mechanism of banking establishes the creaming off of the inflows in our country into highly selective hands, that is, the owners of the banks and who control them.

This might be a fundamental question that we are dealing with here, but it does bring to the forefront a system that continues to operate in a way that ensures that quite a bit of us here remain in the position we are in, despite the increased inflows we might have. So it is very, very important that we watch the system.

I know as a small Third World country—speck of dust, as somebody from the North said; I think it was former French President De Gaulle, who referred to us in that very negative way. We ourselves, as specks of dust, if we were to think in terms of what a black hole is, could be very expansive and we definitely rise out of that. If we have the will to challenge the system, as the case may be, or to come up, because we are a people who have that energy and those initiatives to make new structures, to be more imaginative, to be more creative even in our finances. It might be far reaching, but unless we create the idea within ourselves against what we have and to see the negatives that exist—I will interject at this time—who benefits, who shares in the benefits and who pays for the benefits? These are some of the important questions I would like us in our thinking capacity to answer, with respect to this banking thing that is before us.

There is always the other point that within the area of the whole structure of the finances, we see certain names coming up, certain organizations surfacing. Although we may have a sort of apparent insight in these hallowed halls, a feeling of some form of control, what might emerge, after a time, is a high element of impotence, if the contract or caveat with our people is to put them into a better position. What are we really doing and how are we going about it?

Some time ago, the thrust forward of some of these agents that we have created within the society, particularly in the 1980s, these two major ones, they have continued to emerge and show some benefit and there is need some may say to rationalize them in the new thinking. Again, I would like to go back to the point about the friendly societies and the cooperatives, which have grown. The cooperatives have grown substantially and they are a force to be reckoned with. To some extent, many of our small persons are involved in this, so we may have tiers of where the bigger man is, there is a niche for him; where the smaller person is, there is a niche for him, but I would think that in any growth process, we should have a linkage between those who are emerging and, particularly, we at the bottom, to form a space; not a handout to lick on the lollipop or the palette, but really give us a feeling of belonging, of being part of it.

If we were to take even the small person that brought us to the stage that we are in, even if it was by their spirit and strength, and there is definite means to form that alliance to continue that growth, that building of ourselves along that way, so that when something is running, we could share in it, we could form part of it and bring to bear the stock of knowledge that we ourselves have and share that into nation building.

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The question of the cooperatives and friendly societies, again, I will touch on. The budget is soon to come up again; we are almost on the doorsteps of it. Again, in the area of the friendly societies, I remember when my mother-in-law passed away, she belonged to two friendly societies. I had seen about it; her beneficiary, her son, was out of the country. It was not much money that was collected because of the system; there were death benefits and what have you. But during the time that she was alive, it was a very cherished thing that she had.

Those of us who could remember those days of going to pay our cards and things like that—and there are a few still around—I would like to think that it is still an area which we can explore, to use it as a groundswell, even possibly within our schools and in other areas to create that element of thrift, of something you could look forward to. It was something that could be expanded. There is one friendly society I know of, just to mention, even to beg the case, as it were. People pay \$100 a year and it covers a family. For people who die within that area, the provisions is made for the burial and what have you. For quite a few years in that society, the return on the \$100, after all the debts had been dealt with, was still \$50.

The first thing that struck my mind when that came to bear was that these life insurance companies really have a good thing going, because these are people at the lower end. You would expect that people on the lower end might have a higher death rate. I am not getting into actuarial science here, but just as a simple layman thinking in terms of what might be happening in the other places, my mind takes me back further again.

We called the name of a big company just now, in the insurance business. We are still on mortgages and so forth; this is what some of these companies are on. When Trinidad and Tobago and the Ministry of Finance runs short, I am happy to see we have a very good Minister in the Ministry of Finance and his management goes well too. [*Desk thumping*] Well, three Ministers: the Minister of Finance and the Ministers in finance. There are other challenges, I guess, but I do not think that they are faced with the challenge of the paucity of funding when need be. [*Laughter*]

Even at that time, the past Minister of Finance, who has since gone to the great beyond, could have got on the phone and had some cash flow coming—because of the situation with the funding of Government at the time—and things

would be tidied over through the same type of insurance companies. But I do not like to go back into those days, because we are in a better position. So the question is how then in good times, as it is now, we can mobilize that to give a spread; not that it becomes skewed or continues to rise high, but also that it could be shared down at the lower end and, particularly, at the managerial points.

I would like to touch a little on the question of the stock exchange. Of course, they would say that the small person has an element through the same UTC, the mutual funds and what have you. I am not an expert on any of these things; I am just speaking as a plain person who is about, but I always had a feeling on the elements of control and manipulation that these things could be subjected to, because very often we hear echoes from the North; what takes place on the stock exchange in the North and so on. We heard not too long ago about the New York Stock Exchange and its chairman; there was some mix up. To the extent that we could be subjected to these kinds of things, I think our colleague, Sen. King made some reference to it; at least, that is how I interpreted it. I think there might be need, especially in the time of “washing”. We have gone way, way past the tub and the “jookin’” board. It is quite more sophisticated now from Port of Spain to Singapore to Japan, the Home Mortgage Bank can go all that way and even to China and Japan. They are bypassing the Middle East now.

These are some of the things that come to my mind. Let me go back to the seminal point of the financial and economic systems which, at the moment, I feel that agents, such as the Home Mortgage Bank form part of the input into, does not really serve us in a way that they should and which they are capable of.

In closing, Madam President, I would like to hear some sort of response from our noteworthy Minister in the Minister of Finance, along this line. Thank you and may God bless.

**Sen. Carolyn Seepersad-Bachan:** Madam President, I am pleased to make a contribution on this Bill this afternoon, but I will be rather brief. My colleagues on this side have highlighted all the issues. I want to highlight two issues, in fact, with respect to one of the points that Sen. King raised, in terms of the performance of the Home Mortgage Bank.

When you look at the performance over the years, 1985 to now, you recognize that there has been a superior performance; for an investment of \$16 million in shares, you have had retained earnings that have accumulated now to the point of \$90 million and we are talking about a total asset base of \$1.6 billion.

If we look at the earnings per share, it was about \$144 per share. If we look at 160,000 shares, that means that they may have bought it at about \$100 per share; so we are talking about 150 per cent return on equity. Now, anyone would want to invest in this institution and one can understand the Government going into the public and offering this, because it is a rather lucrative investment. Nothing is wrong with the citizens of this country accessing such a lucrative company, having access to such returns, but my concern is that whenever I see this sort of superior kind of performance, I try to understand what is happening with this particular institution. I am just going to ask some questions, Minister.

You talked about the equivalent to these institutions; one that you mentioned is Fannie Mae and there is also Freddie Mac, Guinea Mae. Fannie Mae and Freddie Mac being the institutions set up by congressional charter, which is like what we have done with the Home Mortgage Bank, set it up by an Act of Parliament and given it the sort of incentives and allowed for private participation. Those are government-sponsored enterprises.

When we come to the Guinea Mae, it is a government institution that has the full backing of the Federal Government, so it has full faith and credit, so it takes up all the guarantees and risks. When we go back to Freddie Mac and Fannie Mae, and you look at some of the instruments they offer you would note something that the Minister did mention. He talked about the mortgage pass through loans, which means that we are in the secondary market, so we buy all the mortgages from the primary market, repackage them and sell them out as bonds, et cetera, and that allows for the flow of funds back into the primary market to allow for affordable funding for housing.

In fact, if you look at what has happened in the US market and the other markets as well, the Fannie Maes and Freddie Macs of this world now go out on the international markets and are able to get investments from these markets, which have really funded the US housing market and allowed for 5, 6 and 7 per cent loans. Let us remember what was the purpose of all this. I always wondered: Let us go back to see what we were really trying to do. The purpose of the Home Mortgage Bank was to stimulate the secondary market to allow for affordable funding for housing in the primary market and to ensure that those funds continue to flow, so as you bring in and buy out mortgages and you take a bond, new funds flow back into the primary market to allow for more housing. In that way, by the availability of funds, we would have reduction in interest rates.

One of the issues there, if we look at what has happened, is that every householder here would recognize that we have continued with our 12 or 13 per cent mortgages. In recent times it has dropped to 8 per cent, because of the high liquidity in the system due to the Central Bank's intervention by the reduction of the reserve requirement. If you look at the Freddie Macs and the Fannie Maes, one of the issues is that when you have that mortgage pass through, you also had the prepayment risk that was absorbed by these institutions.

In addition, you mentioned that the Home Mortgage Bank would be offering—well, I am not sure—I know they are already doing it, the CMOs, the collateralized mortgage and that is where you actually take the mortgage pass through and divide it up into different tranches and you have classes of investors. You could say, “You want to absorb more prepayment risk, we will give you a higher yield?” If I do not want to absorb the prepayment risk, I will take a lower yield; so you divide it up into the tranches and this is what they are now calling the “stripped mortgage backed securities”. This is a form of strip securities.

What I have a concern about is: Was this Home Mortgage Bank set up for the purpose of stimulating the secondary market? Was it actually doing this by absorbing some of this prepayment risk? Let us face it, the individual person of this country who approaches any of the primary institutions for a mortgage, are they allowed five years into it to come in and say, “Listen, I want to make a prepayment and if I make that prepayment now, my mortgage interest comes down?” That has never been an option available to us. If it is available, it is very rare and very few and you pay high penalties for it. Whereas in the US market, that is highly available; at any point in time you can walk in and say, “Listen, I want to make a contribution; you see what I am paying you here, I am paying you this towards my principal,” and as a result of that you recalculate to see what your new interest payments would be like. There would either be a reduction or the term to termination of the loan will come down.

This is why I am wondering, because for that prepayment risk there is a cost, because when you get investors they would charge you more if they have to take a prepayment risk. In fact, if you look at even the Fannie Mae and the Freddie Mac, you will see their purpose, their main objective is to absorb the prepayment and reinvestment risk for a fee; that is how they make their money and because of the wide market available to them. I wonder sometimes if this is what this institution was doing. If they were absorbing some of this prepayment risk or the reinvestment risk, would their profits be this high?

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It brings me to this question, because we are about to make amendments. We are going to publicly list this institution. Furthermore, I am raising this point because I note that the discussions which took place in the other place about the whole issue of maintaining the legislation's tax free incentives, so investors now have an added advantage. They now have a competitive edge, because they are now tax free, so the yields could be lower because it is now tax free, for the institutional investor who has to pay the taxes that is; so there is this added incentive.

I note too that we had some discussion and it is opened now, because we cannot talk about a private entity going to be listed and this private entity alone being given this tax incentive. You can answer me, Minister, if this has been done, because I am not clear if it is now open to—

**Sen. Enill:** The commitment we made in the other place was that instead of repealing the Act, as Sen. Mark talked about, and doing away with the provisions for tax relief, what we are, in fact, moving to do is to make it available to other institutions as well; so that we can continue to stimulate it as and when necessary. We would, therefore, not be proposing to do away with it, but to extend it to other parties.

**Sen. C. Seepersad-Bachan:** Where will the existing legislation fit in? If I am at Fincor and I want to enter the secondary market and compete with the Home Mortgage Bank, how am I going to compete with it to get this incentive?

**Madam President:** Instead of jumping up and asking questions and answering, can we get all the questions and answers at the end, because it is a conversation going on between both of you?

**Sen. Enill:** Sorry.

**Sen. C. Seepersad-Bachan:** My apologies, Madam President. I always like to give way when any Minister feels he or she should give a clarification.

Those are the questions I wanted to ask, because in the legislation itself there is no condition or clauses about it, and it has been maintained, so it means, therefore, that we need to amend some other legislation to allow for this tax incentive, if we are going to maintain it. It is a fact; you cannot talk about a private entity, which will be owned by private investors and the Government gives them this tax incentive. They would have a competitive edge over any other.



In a way, it will stimulate other entities to get involved in the business and, probably, give the Home Mortgage Bank some competition, which is what we want. We want the secondary market to be stimulated in order to get back the cheap financing into the primary market.

That was my concern. How has the bank been performing with respect to the risk involved in mortgage-backed assets; in the collateralized mortgage options, whether or not they have been absorbing prepayment risks, reinvestment risks, the curtailment, et cetera? Have those things been done? I am getting the impression it was not done here. If it is so, how are we going to ensure that this continues, because we would not be serving any purpose, even with the amendments in this legislation?

My understanding from the purport of this Bill, as outlined by the Minister, is that these are all the objectives that are there to be achieved in terms of the secondary market. Madam President, I was really concerned about that issue.

**4.15 p.m.**

The second issue that I wanted to raise this afternoon, the Trinidad and Tobago Mortgage Finance Company, I gather is one of the institutions in the primary market and I would have thought—I am just suggesting—that probably to get this ball moving that this being a Government institution, that this could be given a mandate so that they could get some of the new types of mortgages on the scene, and then you are raising from the secondary markets such as the Home Mortgage Bank, or any other entity now, as the Minister is now saying, that it would be expanded to everyone. So therefore we could get the ball rolling in that sense and get the interest rates down, and so on.

I am looking at the Trinidad and Tobago Mortgage Finance Company and I am not sure how much of their funding they access from the Home Mortgage Bank. When I look at their financials—I only just got this one, but when I looked as far back as—and I may be wrong here—1994, I saw a lot of debentures which were all government. The bonds and even the debentures were all government. I am not seeing any here, unless I missed it—I just got this—that tells me that this particular bank has really been utilizing the services of the Home Mortgage Bank. So that is another issue.

The third issue I wanted to raise is the whole issue of the regulatory and supervisory framework. I agree totally—and I know it was debated extensively in the other place—the Central Bank really should not have had any role in this bank at the time that it was set up. I would imagine it was because they were trying to

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give some credit and some backing to the Home Mortgage Bank. But today, when we are talking about the Central Bank taking on that integrated supervisory and regulatory role, I do not think it is important that the Central Bank now remains the regulator and the supervisor.

My problem is, the financial sector reform which would have recommended this move, parallel to this move would have been the regulatory framework and we have been hearing about the regulatory framework. What happens now with this Home Mortgage Bank, it goes out there and I know it is back under the Financial Institutions Act (FIA). But is that enough? Because we know what has been happening with these institutions. I think in the other place there was quite an extensive discussion on these participation certificates. Are they deposits? Is it that somebody walks in? The participation certificate is really just an investment from the small man who wants to put down \$1,000 and says, "Okay, I want a certificate to participate." Can it be deemed a deposit? I could walk into a bank and I make a deposit of \$1,000. This is why it must come under the Financial Institutions Act.

So, therefore, what it is telling us—and we have had this discussion here in this place—with respect to the amendments to the Insurance Act, when we moved the functions out of the Ministry of Finance and placed it in the Central Bank, we have to be careful that, yes, we have made that move but, in effect, we really have not given it any power, because we have not put the regulatory framework in place that would allow for integrated supervision. We know what is happening in the industry right now. The industry has taken off; it is gone. We have institutions which are banking institutions and which were insurance institutions and there is no clear distinction between them anymore. They all offer the same instruments; they all offer the same services; they all offer the same products. This is why it is becoming more and more mandatory every day that we have this integrated regulatory framework in place.

My concern now is that we are about to list this on the public stock exchange, invite the citizens to invest and there is no regulatory framework. I think we are putting the cart before the horse, and that is my concern. I raise this because whereas it is a move in the right direction as we strive for competition and for the competitive financial sector—and I know that we want to become the Pan-Caribbean centre; the centre for financial services in the Caribbean, and this is why I agree with Sen. King when she talked about listing this on the regional stock exchange, because it is a way for us as well to raise financial capital outside,

to fund our own housing development in Trinidad and Tobago. Nothing is wrong with that. We may be able to do it outside as well. I ask, therefore, how is this going to fit in? Or do you plan, Minister, before you actually put this into implementation mode, to get this regulatory framework in place? I ask, what are the concerns of the Central Bank at this point in time and the management of the Home Mortgage Bank?

The other issue that I wanted to raise, but I would probably have to raise it at committee stage, several of the clauses that you were referring to while you were talking—and if I remember correctly—and I just want to point out one or two of them to you now. You mentioned the whole issue of the minimum number of directors. You said a minimum of nine and a maximum of 11, but in the Act itself—at least the amended version that I have—there is a minimum of five and a maximum of nine directors. So I do not know if this needs an amendment.

I still have an issue here—although I discussed it with my colleague—with clause 14 with respect to this executive:

“The Board may appoint an Executive Committee...”

Although I know it says “may” there, you see, you are trying to amend section 20 of the original Act and that is because section 20 went into setting up the executive committee because they wanted to ensure that each class of shareholder—class A, class B, class C—was properly represented on that executive committee for the management of the assets and liabilities. I am not sure if that is necessary now, or if in any way you may be constraining the board, because the board has a function and in terms of its governance, the board will determine the committees necessary to run the institution and to put the necessary safeguards. A board would put an audit committee; a finance committee; a board might decide to put a liabilities committee, et cetera. So I am not sure what really is this particular clause now serving compared to what it served before, where, in section 20 of the Act, it was actually ensuring—because every shareholder who had an investment wanted to ensure that he or she had a say in the management of the assets and liabilities of this particular institution.

So, basically, these were the issues that I wanted to raise. I look forward to the committee stage where I am sure we would have some more discussions on the individual clauses, because there are some other issues. I know the Minister mentioned section 33 of the Act and where the discussion in the other place was that because it is going to become a public company and it is almost deemed to be a banking institution because of the participating certificates, where someone can

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walk in off the streets and say, “Okay, I want to make that \$1,000 deposit.” It was required that it comes under the FIA and the Moneylenders Act and I know that one does not allow the other. So at committee stage I expect that we would be dealing with these issues.

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

**Sen. Sadiq Baksh:** Madam President, I join the debate to amend the Home Mortgage Bank with a lot of concerns in terms of being supportive of the freeing up of the financial sector and encouragement of the public to participate in the Home Mortgage Bank sometime in the future, but a very serious concern in terms of the conflicting situation between the Inter-American Development Bank and its stated policy on accessing its US \$100 million loan agreement with the Government of Trinidad and Tobago to ensure affordable housing to the poorest of the poor, to the low and low income in our society.

One of the conditions precedent for that particular loan agreement was that there shall not be a double subsidy, triple or otherwise, in Trinidad and Tobago in the housing sector. I am seeing, after three years of the signing of that Inter-American Development second settlements programme loan agreement, the Government not being able to draw down a single cent—not one cent. We have paid standby fees for three years because we have not been able to meet the conditionalities attached to that. I would like the hon. Minister to inform us as to whether this subsidy will be counted as a subsidy for housing, irrespective of the category of the market that it serves in the secondary market. Therein lies the fundamental problem, because in addition to the Inter-American Development Bank conditionalities attached to that loan, we also have a stated policy on the White Paper, in that the Government will move towards the removal of subsidies and allow the free market forces to prevail.

Worldwide, the World Bank and all the international agencies are encouraging governments across the world to allow the market forces to dictate the pace of the cost of finance and other products based on the new world order in terms of the World Trade Organization (WTO) and everything else. Today I am not going to go into the merits and demerits of the WTO, but I want the hon. Minister—and I would have thought that someone contributing on the Government side would have told us how many houses the Home Mortgage Bank will contribute towards the Government’s stated policy of delivering 10,000 houses annually to the citizens of Trinidad and Tobago and which sector of the market it will be

contributing to. I am of the view that the middle and upper income sectors in the housing sector in Trinidad and Tobago happen to be well taken care of in terms of accessibility of finance, in terms of all the incentives through the approved mortgage companies: Trinidad and Tobago Mortgage Finance Company; the Home Mortgage Bank, and I am an advocate for the removal of subsidies in that sector and utilizing all the subsidies that would normally go to the rich and give it to the poor in Trinidad and Tobago.

If we quantify the amount of subsidies in the housing sector above the \$450,000 mark and we were to put that in a revolving fund to ensure that families that fall within the low and no income categories, those with a joint family income of less than \$4,000 a month that cannot qualify for a loan in any financial institution in Trinidad and Tobago, will now have automatic access to avail themselves without the hassle of having all the costs attached to it in terms of the opening cost, the negotiation fees, the closing cost and, in fact, I am promoting the UNC's policy of 100 per cent mortgage being available to the low and no income in Trinidad and Tobago. [*Desk thumping*]

I am further suggesting that all the subsidies assigned to mortgages above—I am lowering it from \$450,000 to \$350,000—

**Sen. Sahadeo:** Madam President, I think that is already in train. I think two months ago we made a statement that TTMF certainly has been offering 100 per cent financing mortgages at the low end. [*Desk thumping*]

**Sen. S. Baksh:** Madam President, I am grateful that the Minister reminded us that the Government—

**Madam President:** Hon. Senator, I think you would prefer to come back and continue after tea because you just have about half-a-minute before tea. We will now adjourn for tea and we will return at 5.00 p.m.

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

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

**Madam President:** Sen. Baksh, you may continue.

**Sen. S. Baksh:** Madam President, the policy of the Government cannot be to help those who are not financially or socially challenged, or purchasing their second or third home. The Government's policy—and I read the Government's stated policy; I know the Government's objectives in terms of providing 10,000 houses to the population of Trinidad and Tobago; I understand that not all 10,000

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come from the Ministry of Housing; that it will be joined between the private sector and the public sector. I understand all of that, and those are very laudable objectives to which we subscribe. We want to ensure that the housing backlog is reduced. We understand how fast it is growing and we know that it is a challenge to be able to supply those homes to the people most in need.

Therefore, we agree with the Government in terms of its policy to build and facilitate a certain percentage in the Ministry of Housing through, whether it is HODEVCO, or whatever. That is the new one. It says on page 3 of this report from the Ministry of Housing, the establishment of the Housing Development Company of Trinidad and Tobago. I only went to that mainly to recognize that the Minister of Finance is presenting to us purely a position from the Ministry of Finance in terms of freeing up the financial sector, promoting growth in the sector, bringing the shareholding on the local market, but really not in sync with the Government's stated 2020 vision.

I am supportive of the Government's 2020 vision in terms of making homeownership a right and not a gift, but I am not seeing the collaborative effort between the Ministry of Finance, the Ministry of Housing, the Ministry of Social Development, the Ministry of Planning and Development and all the other agencies coming together with that one objective, and therein lies the problem. I noted—and I do not know if it is by error—Cabinet Note 2010, and the 2010 Cabinet Note did not take into consideration the 2020 vision.

What is even worse is that the Government's accelerated housing programme did not cater for the people and the citizens earning the stipulated threshold level to get into the Government IDB Programme of joint family income of TT \$4,000 per month. Therefore, I am now of the opinion that the Government, having built these homes, having allocated them, you cannot find the population to pay for those houses at \$200,000-plus per housing unit because they simply cannot qualify for a loan, because if you have a \$200,000 mortgage—and now it is 100 per cent mortgage—standard practice is that your loan payment cannot be more than 25 per cent of your basic income. Therefore, for a joint family income of \$4,000, if you cater that they do not have a house now, it means they are renting and chances are they are paying at least \$500 per month, and if they are in an NHA apartment, then they paying \$300 per month, and when you put all the things in place they will never have a chance to own a home.

The Government's accelerated programme at this time did not take into consideration the threshold in terms of the value of house and land, of a maximum

of \$120,000 to kick in the subsidy by the Government. The Government will then be able to draw down from the Inter-American Development Bank their funding for first-time homeowners and give a subsidy, if the family has a \$10,000 saving, up to a maximum of TT \$30,000. In other words, a no income or low income family, now having \$10,000 in savings, could go to the Government, access either land or purchase a house and get \$30,000; use \$40,000 to go to a financial institution like the TTMF—not the Home Mortgage Bank; they are in a different market—or go to other institutions and now say, “I have \$40,000 worth of equity and you could loan me \$80,000”, which is a maximum of \$120,000, and own this home. That is the Government's policy; that is this PNM administration's policy, a good policy; nothing wrong with the policy, but I cannot see how you would be able to implement it if you are subsidizing the rich and really licking up the poor. It is not possible.

It is even worse, because when you go to a financial institution to get that \$80,000 loan—and there was a reason the Government wanted to only provide \$80,000 as the full mortgage, because they wanted the recipient of that house to have some equity in that home; a good policy, so that they would take care of the house. But while they intend to take care of the house—and the poor will take care of the house—the contractors that built the house did not build it at design life for the period of the mortgage. So if you have a mortgage for 20 years—and, again, a good government policy is that you could go up to 50 years to repay your mortgage, but the design life for the house is not 50 years. So an institution will not provide a loan for a citizen for that quantum over that period because the design life of the product cannot stand the test of time.

I am building a case for the Government to go ahead with its administrative arrangements for the Home Mortgage Bank, but withdraw all the subsidies and put it into a fund to help the low and no income citizens of Trinidad and Tobago; to assist the Government in achieving its goal of providing every citizen with shelter by the year 2020. If we do not do it, it will be tantamount to not being able to reach its stated objectives in a reasonable manner, as we can see starting to take place by the report from the Ministry of Housing.

The report from the Ministry of Housing states clearly that whereas the Government stated in its policy that it would love to deliver 10,000 homes jointly with the private sector, they have not been able to do that and the Ministry has revised its projections to provide 4,833 homes for the year 2003, and even at that, they were not successful and were in a position to build only 50 per cent of that objective. They stated all the reasons—good reasons; very valid reasons—

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including not having soil tests, in terms of planning permission, in terms of having the water, and everything. That is so. They stated it and I know it to be so. The point is, the Government, by its own projections—not by inducement; by demand and by its projections—stated that they know the demand is 10,000 per annum; they know it had a backlog; they know that you need 10,000 per annum to be able to reach this objective and they are now providing very valid reasons.

I am recommending to the administration that the only way they would be able to achieve those objectives is not only to build houses for citizens, because the contractors do not have a vested interest in providing homes for the citizens of Trinidad and Tobago; they have a vested interest in making profits and if they participate in the low income segment of the construction market, they do not make any profit. They would not want to go and mobilize to construct a building valued at \$100,000 and make \$5,000 profit on that. They are just not in that. They want to make 100 per cent on their output. If they come into a joint venture with you—so you would have everybody coming with a proposal for a joint venture because the Government is providing the land; the contractors are providing the labour and the material and then they are expecting the citizen to go and access finance to pay for that house.

What is even worse is that while the Government's accelerated housing programme, while they are handing out keys for the occupation of those homes, people cannot occupy them because the sewer system is not working; there is no electricity. I understand the rationale for the Government and the NHA wanting to give it to the people, so it removes the onus from the contractor in the joint venture for the security of the property, but the person who gets the key cannot occupy the house. There are many instances like that throughout the country. What you know and I know on the ground, is that the same contractors who end up in a joint venture for the first 10 houses, put in a proposal for 20 more and most of the plumbing fittings are not stuck so they could remove it easily and use it on the next project. So you have materials being recycled from one project to the other and at the end of the day, it will not be vandalized in a manner that the contractor would be responsible, but the recipient.

That is a serious matter. The same good policy of the Government, intended to help the poor is putting the poor in expense and not really achieving the stated objectives. So you have the Government putting the money towards the project; the contractor receiving payment for it, but the recipient is in trouble. We really need an overhaul in the housing sector to ensure that we are able to deliver on our promises. It is not a position, again, of under-promising and over-delivering; you



over-promise and you are under-delivering but it is being complicated further by the lack of finance, the lack of other resource, plus the contribution of the construction sector to inflation is a significant amount because of the over-heating in the sector that caused a reduction in the availability of raw materials both in Trinidad and Tobago.

I am not against people building houses, but it must be done in a manner that will not affect other citizens who want to get materials, or even the same contractors who are building houses. So you have a situation in which, one, the aggregates are not available in the required sizes. So sometimes you get sharp sand and no half-and-half; the next time you could get half-and-half but no sharp sand; then sometimes you cannot get readymix on time. So you have all sorts of problems coming about because of an accelerated programme that did not take into consideration the financial requirements, the fiscal inputs in terms of the material inputs, so you do not have the manpower, the money or the machinery in place to be able to deliver.

Again, I would have hoped that the administration would have had its Minister of Housing or the Minister in the Ministry of Housing participate in these debates. Governments often make the mistake—and I recognized that while we were in office—that only the presenter of the Bill would come, present the Bill and everybody on the Opposition and the Independent Benches would contribute, and on the other side they are only thinking about the time. I want to tell you that we were in the same position and we did that, but that does not make it right or make it good. What happens is that the Minister of Finance finds himself in a position of looking after the portfolio that he has the responsibility for and presenting it properly, that would allow us on this side to support the move towards the amendments necessary for the Home Mortgage Bank, and none of us on this side will disagree with the freeing up of the financial sector and encouraging Trinidad and Tobago to become the financial centre, not only of the Caribbean, not only of the region, but we just wish it to become the best that it could be.

But in so doing, the Minister of Housing would have been able to articulate the points that I have just raised and to respond to them appropriately and set all our minds at ease, because I am sure that Members on the other side are equally concerned about the access—the Minister of Community Development more than all; I know of her concern for the poor among us and I am sure that her concern this evening—because I have no reason to mislead the Parliament; that is not my

intention at all. My intention is to see how all the Members on the other side could work together to make available, housing for the poorest among us.

The Minister in the Ministry of Finance said that the Trinidad and Tobago Mortgage Finance Company, two months ago, established a stated policy in making mortgages available in terms of 100 per cent. That is very laudable. I am aware that the Trinidad and Tobago Mortgage Finance Company took a decision eight years ago to make available up to a \$10,000 limit loan available to low and no income families in Trinidad and Tobago with a repayment period of 50 years. They have not made one loan available yet, up to today. That was a stated policy approved by the board, approved by Cabinet, that you could go to the Trinidad and Tobago Mortgage Finance Company and access a loan with no income, of \$10,000 and no interest, and repayment for 50 years. You have 50 years to pay back \$10,000, and not one loan.

So when you tell me that the TTMF is making available 100 per cent mortgage, you have to tell me the terms and conditions under which they are doing it, and you have to tell me whether there is a negotiation fee; whether you have closing charges; what are the legal fees and whether you have standard legal documents; the route of the property; the title of the property, and everything else.

So I am even more worried after participating and agreeing to support—we are agreeing to support the amendments necessary to allow the Minister to do what he wants to do in the Home Mortgage Bank, but in doing that, I cannot comprehend and I cannot see a way forward as to how the poor would benefit. That is my concern. I see a situation of everybody else benefiting, the new prospective shareholders, whether it is on the regional stock market or the local stock market—and when we talk about the stock market, we might have a lot of shareholders but there are very, very few traders on the stock market; a small band of people that manipulates this market. And since you went on line and you have instantaneous trading you could see a daily fluctuation of in excess—well, not in excess of 10 per cent yet, but in the more valuable companies, two and three dollar movements from morning to evening. So little people who are going to buy 100 shares end up paying \$2 more and the same evening it is back to where it was. So you manipulate the market; you get little people's shares at lower prices and when they want to buy they are paying the highest price.

It is unbelievable! So this instantaneous trade is not taking place instantaneously; it is a five-day period, whereas in the New York stock

exchange—that is another problem I have. I have a problem when you modernize, you must come in line with the most modern. If you are the last to modernize, you cannot modernize and go to where people were 10 years ago; you need to come now, instantaneously. So you say you are going on line; you have instantaneous trading but you have a five-day transfer period. It is too long. So the person who gets caught with a \$2 exchange on one of the major stocks, has to wait five days to trade it again. By five days, do you know what would happen? The money gets diluted. You get “lick up” on the market.

The reason for getting the amendments to the Home Mortgage Bank is to allow citizens to participate in the commanding heights of the economy. All they do is command your money to leave your pocket; that is all they are doing. So it is our responsibility to take notice of the stock exchange; take notice of the Home Mortgage Bank; take notice, most importantly, that what we are doing here cannot contribute to the improvement and the quality of life of the low and no income, and what we are doing here today will not assist homeownership to the people most in need. What it will do is facilitate the person who is exploiting the real estate market at a high level, who is assuring future generations that they will not be able to own a spot of sand in this land of ours, and most of all, not allowing the Government to meet its stated objective of housing every citizen by the year 2020.

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

**Sen. Prof. Kenneth Ramchand:** Madam President, I do not know much about these things, but I have found the debate very instructive and it has raised a number of questions in my mind which I hope the Minister would be able to answer.

The first of them is as follows: It is my understanding that originally the Government had 40 per cent and other shareholders 60 per cent, and the way it was, the Government had a controlling interest in the Home Mortgage Bank. What I would like to understand is how and why it has come about that now the Government only has 22 and other people have 78. Are there not regulations to prevent this kind of thing happening?

I also understand that the Government wants to dispose of its holdings. Now, again, if something is profitable, why do you want to sell? Why does the Government feel it necessary to sell its holdings? Is this at the dictate of some international body? I would like an explanation about why we want to sell, or to use Sen. King's words, why we want to extricate. I do not want to extricate myself from something good.

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Thirdly, Sen. Baksh has reinforced my question which I now realize is not such an ignorant question. What contribution has the Home Mortgage Bank made to housing and particularly to housing for people in the low income groups since its inception? Following upon that, would the withdrawal of the Government from having any kind of interest in the bank now make it even worse, that this would become a business enterprise interested in profits and in no way affected even by the thought of providing social services?

My fourth question: It might seem to be a comforting thing that if you buy shares in the bank, the interest on the shares would be tax-exempt. Again I am reinforced by Sen. Baksh: Who benefits from that tax exemption? Why is the Government giving a tax exemption to the people who can afford to buy those shares? The majority of citizens in the country cannot afford to buy those shares. So this is not something that is for the common good, as it were.

My fifth question is, looking at the statement of income for the year ended December 31, 2003 it says “net profit before taxation, \$24 million; taxation, \$891,000. In 2002, \$17 million, taxation, \$666,000. I want to know if this is a reduced rate of tax, and what is the arrangement? Is the Government giving a reduced rate of tax to the bank? And if it is, will it cease to do so when it withdraws from the bank? In my opinion, if the Government is withdrawing to allow the bank to pursue its capitalist aims, then it does not deserve a concession from taxpayers’ money. If we are going to extricate, we should extricate all the way and taxpayers not should subsidize the bank in any way. I would like the Minister to explain the taxation regime and also to inform us whether there is any other way in which the taxpayer may be said to be subsidizing the Home Mortgage Bank.

With those questions, I take my seat, waiting.

Thank you. [*Desk thumping*]

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):** Madam President, it is very easy at this time, based on the fact that there seems to be support for the Bill, to simply proceed, but it is my view that the Government needs to explain in a little more detail some of its policies based on, certainly, the contributions that have been made and, therefore, I propose to—

ADJOURNMENT

**The Minister of Community Development, Culture and Gender Affairs (Sen. The Hon. Joan Yuille-Williams):** Madam President, I rise at this time to

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move the adjournment of the Senate, but before I do so, I want to inform this honourable Senate that when we convene again we would begin with the Bill to amend the Pilotage Act, Chap. 51:02, which is a very short Bill. Then we go to the second Bill—*[Interruption]* No wonder Sen. Mark was looking at me like that. I should have spoken to Sen. Mark, whether we could allow this to conclude and then move into Private Members' Day. It would not take long—whether we could allow the Minister of Finance to conclude on the next day so that some of the things that you have asked this afternoon he could research them. Sorry about that. I did not recognize that.

**Sen. Mark:** Madam President, we normally would conclude at 4.30. If that is to take place we would have to go, maybe about 6.30—7.00 p.m., because, obviously, we would want to conclude our matter on the next day.

**Sen. The Hon. J. Yuille-Williams:** The hon. Minister told me that he can hold and allow you to have the evening. Sorry about that; I just did not recognize.

**Madam President:** May I remind you, though, that the following Tuesday is going to be the day after Indian Arrival which is a holiday, so I do not know if the Senate is going to sit.

**Sen. The Hon. J. Yuille-Williams:** At the next sitting after Private Members' Day we would do it.

**Madam President:** All right.

**Sen. The Hon. J. Yuille-Williams:** Thank you, Senators, for your kind consideration. Therefore, I beg to move that the Senate do now adjourn to Tuesday, May 24, at 1.30 p.m.

*Question put and agreed to.*

*Senate adjourned accordingly.*

*Adjourned at 5.30 p.m.*