

*Leave of Absence*

*Tuesday, August 29, 2006*

**SENATE**

*Tuesday, August 29, 2006*

The Senate met at 1.30 p.m.

**PRAYERS**

[MADAM PRESIDENT *in the Chair*]

**LEAVE OF ABSENCE**

**Madam President:** Hon. Senators, I have granted leave of absence from today's sitting to Sen. Dr. Jennifer Kernahan who is unable to perform her duties due to illness.

**SENATOR'S APPOINTMENT**

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

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

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

/s/ G. Richards  
President.

TO: MR. CLYDE ADAMS

WHEREAS Senator Dr. Jennifer Kernahan is incapable of performing her duties as a Senator by reason of illness:

NOW, THEREFORE, I, GEORGE MAXWELL RICHARDS, President as aforesaid, acting in accordance with the advice of the Leader of the Opposition, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, CLYDE ADAMS, to be temporarily a Member of the Senate, with effect from August 29, 2006 and continuing during the period of illness of the said Senator Dr. Jennifer Kernahan.

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 28<sup>th</sup> day of August, 2006.”

*Oath of Allegiance*

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#### OATH OF ALLEGIANCE

*Senator Clyde Adams took and subscribed the Oath of Allegiance as required by law.*

#### CONDOLENCES

**Mr. Noor Hassanali**

**(Former President of the Republic of Trinidad and Tobago)**

**The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith):** Madam President, I am grateful for the opportunity on behalf of the Government Senators to join in the Senate to pay tribute to our late former President of the Republic of Trinidad and Tobago, Mr. Noor Hassanali.

Madam President, young nations in particular need at the upper levels of society individuals who can set some of the highest standards for personal and public behaviour; as a developing country we were fortunate to have Noor Hassanali as one of our leaders. He would always remain an exemplary figure in the history of Trinidad and Tobago.

The late President was an open and transparent person. You knew what he stood for, and he had a firm belief in God. All his other virtues of honesty, integrity, devotion to duty and love of country and humanity flowed from this. His life would provide abundant evidence of these and the other virtues which characterized him. His framework of personal values clearly shaped his life as a public figure. He was a man of certainties, a calm and sure-footed President. This, of course, equipped him for the challenging times he faced as the holder of the nation's highest office.

Noor Hassanali emerged as a national leader at a most important time in our nation's history. He was ideally suited to hold the office of President of the Republic of Trinidad and Tobago in an era that proved to be dynamic and even turbulent. The times were changing politically, economically and socially, and this produced some of the greatest challenges we have faced so far as an independent country. These include the attempted insurrection of 1990 and the political changes that emanated from the general elections.

Looking back, one can say with certainty that our late, former President contributed significantly to managing the nation's transition from one era to the next but perhaps Noor Hassanali's greatest gift was his humanity. He came from very humble beginnings, and though he attained the highest echelons of society, he never lost the common touch. He remained humble, approachable and caring;

identifying always with the welfare of the ordinary or disadvantaged citizens. The sincerity of his concern and the extent of his commitment are demonstrated by the fact that he used significant personal resources for helping the downtrodden.

The universal outpouring of love and respect that we had witnessed at his passing is therefore not surprising. The character and contribution of Noor Hassanali endeared him to all citizens of Trinidad and Tobago. I feel certain, that with the further passing of time and experience, the example of his life would become even more valuable and instructive to the people of Trinidad and Tobago. He has undoubtedly set standards by which we could measure ourselves in the future. This will be his enduring legacy both as a human being and as President of the Republic of Trinidad and Tobago.

We extend deepest condolences to his family, relatives and friends, praying that Almighty God grant him eternal peace.

**Sen. Wade Mark:** Thank you very much, Madam President. Today, we in the Senate pay our respect to a great citizen of our Republic of Trinidad and Tobago. Noor Mohammed Hassanali entered the stage of history some 88 years ago and during those exemplary years he was privileged to act on this mortal stage. He played his part remarkably well, now the curtains have fallen, he has moved to the great beyond. The drama of his earthly existence has come to an end and he is now committed back to that eternity from which he came.

Madam President, today we pay tribute to a man who symbolically stood for all that is good, true, fair, even tempered, and dignified and whose passing was felt by all right-thinking citizens of this Republic.

Noor Mohammed Hassanali, former President of the Republic of Trinidad and Tobago, former Appeal Court judge, former and avid sportsman, and patron of many sporting bodies and most of all, a devout Muslim and humanitarian. When former President Hassanali entered the presidency of this Republic in 1987, he brought with him a quiet sense of dignity and erudite statesmanship that was to be the hallmark of his tenure as President and arguably his greatest legacy to Trinidad and Tobago.

He had a distinguished career as an attorney-at-law, and an Appeal Court judge. Those who had occasion to attend or serve in the court over which he presided would speak of the dignity and order his presence inspired. His reputation as a good and just man preceded him so much so that his election to the Presidency by the Electoral College was unopposed, this at a time when

*Condolences*  
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significant and far-reaching changes were taking place in the political landscape of this Republic. Trinidad and Tobago had just emerged by the democratic process of election from a prolonged period of governance by one party. There was great uncertainty in the air. The election of Noor Mohammed Hassanali to the Presidency inspired faith and confidence in the population in general, and in our ability to manage the diversity for which Trinidad and Tobago is so well known.

Madam President, it is not commonly known that this was the first occasion in world history that a practising Muslim had been elected to the Presidency of any nation in the Western hemisphere. It was during his presidency, that a group of fundamentalist Muslims attacked our democracy and the Parliament of which President Hassanali was head. Although he was out of the country when the attack was launched, he ensured that he returned as soon as possible to help this embattled Republic. Taking no sides either political or religious, he presided over the competing interests which had given rise to July 27, 1990. It is well known that he was always a devout Muslim to the extent that for the period he served as President, alcohol was never served at President's House. No doubt, much to the chagrin of many visitors to that place.

In all this, he was ably supported by his loving wife Lady Zalayhar Hassanali who, after his religion was his greatest friend and support during his years, and most of all when he was no longer able to manage on his own. Former President Hassanali was the epitome of a time when honour and dignity were not used lightly. They meant something. Honourable men behaved honourably, duty was an expression of responsibility, service to man was service to God.

Madam President, Noor Mohammed Hassanali would be sadly missed. May I take this opportunity on behalf of the United National Congress and all my colleagues in the Senate on the Opposition Benches to extend our profound sympathy and condolences and those of my colleagues to Lady Hassanali, her son Khalid, her daughter Amena and all other relatives and friends of this noble and humble man on his passing.

May God grant him eternal rest, and may he and all of us find the fortitude to go forward in faith.

**Sen. Dr. Eastlyn Mc Kenzie:** Thank you, Madam President. May I as I normally do, seek your permission to ask you to allow anyone else on this Bench to speak. Though I think many more would not, but just to seek your guidance.

Madam President, I anticipated that we would have been paying tribute to the former President of the Republic of Trinidad and Tobago and I thought from my own interaction and knowledge of him, that I would like to remember him in two categories: what I would call a “forever friend” and a “humble servant”. And I thought that in the category of the “forever friend” I should seek out one of his old friends of 60 years—Mr. Eugene Blackett—whom he always talked about whenever we chatted, and I did that.

As for the category of the “humble servant”, I will call on my own experience and from what I have read from *The Teaching Words*, a book about him which I hope the public would get a copy of. It is really interesting and valuable. As the “humble servant”, former President Justice Noor Hassanali was patron of the Tobago Council for Handicapped Children which was founded in 1974, and throughout the life of the council which still exists, he and his beloved wife supported it in all ways possible and so we remember him. And our handicapped children with all their unfortunate situations, sitting on his knees was nothing strange, or going to him with their greasy fingers, dribbling lips and runny noses were just as welcomed as the children who were well attired.

We remember him too in Tobago as the former magistrate and when they lived in Tobago, the people would tell you that Mrs. Hassanali had one of the biggest gardens that one could ever think about with peas, corn and yam, et cetera. The gardeners who helped, and the policemen who worked in the court with former Justice Hassanali would all be in the house with them playing draughts because he loved the game and one could not tell who was magistrate and who was not and they remembered that.

I remember him boasting, saying: “Senator, one of my children is a Tobagonian you know, she was born in Tobago, Dr. Jack Armstrong delivered her right up there at that hospital.” And he was very proud of that, and whenever that daughter visited, they had to come to Tobago.

I remember him telling a story and saying: “You know Senator, this world has changed; when I was a magistrate, I convicted a man for playing ‘whe whe’ and now we have Play Whe that is legal.” That was the type of humour that former Justice Hassanali exhibited.

Two or three weeks ago, Mr. Blackett had been ill and he said to me: “Eastlyn, you better call Noor and let him know that I am not well.” He was in and out of hospital. When I called the house, Lady Hassanali said to me: “Eastlyn, I am so happy you have called because I was about to call you.” I said:

*Condolences*

[SEN. DR. MC KENZIE]

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“How is Justice Hassanali?” She said: “Oh, he is doing as well as can be, but he is a little sad, and a little happy.” I asked why was that? Is it the football knees? Because whenever I called him he would say: “You know Senator, I am okay except for the football knees. They cannot carry me as much as I would like them to.” She said: “No. The children are here and Amena was going back to London that day.” In fact, she was travelling and they had come to Tobago to catch the flight to London and there was this alert about the terrorists and the restrictions, et cetera and they could not get in touch to find out what was happening and she asked me if I could find out whether they were all right so she could tell him that they had reached Tobago safely and were on their way because they were getting no communication and he was getting a bit flustered.

I called and was told that they were fine, the plane was about to leave. The next morning she called to say that they arrived safely and she wanted to thank me and that he was happy now that they were okay. So, we have been in touch.

When it comes to the “forever friend”, whenever Justice Hassanali and Lady Hassanali visited Tobago they would ask to put enough time on their schedule that they can drop in to see Mr. and Mrs. Blackett and Dr. Armstrong and their family and they always did. Even very recently when Mrs. Blackett was very ill, they visited.

Mr. Blackett, who will be 89 years in December said to me and I have penned it:

“Meeting for the first time 60 years ago, three young graduates; Noor Hassanali, Rannie Douglas and Eugene Blackett joined the staff at Naparima College in response to a dynamic recruitment by the late V.B. Walls, the principal. The college was young and the principal wanted forward-looking teachers to help build it up as quickly as possible.

A fourth young teacher, Johnny Brathwaithe also joined the staff; he was later to become a judge of the Supreme Court. Noor Hassanali taught French; later the three, Noor Hassanali, Johnny Brathwaithe and Rannie Douglas went on to pursue their professional careers. Justice Hassanali, after qualifying as a lawyer, moved swiftly up the judicial ladder until he became a judge of the Supreme Court. Rannie qualified, moved up in his native Barbados to become Chief Justice and after his retirement he became the permanent representative of Barbados to the United Nations. He died in 2004 carrying the title Sir William Randolph Douglas.

Rannie Douglas, Noor Hassanali and Eugene Blackett who will be 89 years in December as I said before, cemented friendships that have been only broken by death. Blackett pursued a career in education as teacher, principal and supervisor retiring as head of the Division of Education in Tobago. For a time he was a neighbour of Noor Hassanali when he was a magistrate in Tobago and Mr. Blackett recalls many conversations they had were interspersed with dry humour and Mr. Blackett chuckles when he remembers.

He said he recalls on a visit to Barbados while his family was having lunch with Chief Justice Douglas and his family, he was asked: ‘Who do you think will be the next President of Trinidad and Tobago?’ There was talk of a new President, and he said without hesitation he blurted out: ‘Noor Hassanali.’ His prediction was soon to prove correct.

Whenever the trio and their families met, the bulk of the conversation reminisced about the old days at Naparima, sports, football, cricket, and all the things they did, and scarcely did they ever talk politics. Sir William died in 2004, so two of the three have left us and Mr. Blackett says Justice Noor has left me lonely and forlorn. His placid nature would accompany him to his eternal journey and may he rest in peace.”

To Mrs. Hassanali and the children, especially the Tobagonian daughter, we offer our deepest condolences and say on behalf of all of us who will not speak and even those who would, if we could remember the qualities of Justice Hassanali as a “forever friend” and a “humble servant” we would be doing ourselves good.

May his soul rest in peace. Thank you.

**Sen. Prof. Kenneth Ramchand:** Madam President, this is a sad occasion for the Hassanali family and a grievous one for the nation that was his extended family. Condolences to all of us. He was a model of integrity, a font of wisdom and a symbol of national unity.

Death will be surprised to find that he has not died, because as we reflect on his passing, we find ourselves taking astonished stock of an inheritance and a social contract that a disturbed and misdirected people must enter into if we are to survive as a civilization.

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Madam President, as I begin, I remember a joke that he made to me several times: At an address he was giving to a large gathering, he noticed the people were leaving and some were sleeping but there was one man in the front who was looking at him intently all through the speech and when he was finished he went up to the man and said: “I thank you for your undivided attention, while everybody else was sleeping and leaving.” The man said: “Well yes, I am due to speak next.” [*Laughter*] I hope those who are due to speak next, do not fall asleep.

Noor Hassanali was a civilized and principled person and a good man. He rose from humble beginnings in Victoria Village and advanced from stage to stage in his life and career by sheer merit, discipline and determination, not compromising his values, not neglecting his family and family life, never giving up any of the varied interests that demonstrated what he learned from Victoria Village and Naparima College. He had learnt that the uniqueness of the self is discovered and expressed not in isolation and aloofness, but in relation to other selves in families, communities and societies.

### **2.00 p.m.**

Victoria Village was the beginning. Victoria Village had started as a free African village. In his words, it was a place where Africans and Indians had a common interest in making a living as cane farmers or workers on the sugar estate. The young people played football and cricket together. “We used to play on the road because there was not much traffic. Sometimes it was up-the-road versus down-the-road; sometimes it was Creole versus Indians. It was just a way of picking teams, nothing more. There were close relationships between families of different races. One man, a carpenter—he was a Demming—would come home and tell stories, jokes; any number of stories. He would talk and talk and talk and then we would have dinner like family. I knew nothing about racial prejudice until after I started going to college.”

Justice Hassanali never angled for worldly eminence. When Prime Minister Robinson invited him to be President, he expressed his surprise by making a joke about whether the Prime Minister and his 30 colleagues were “right in the head”. On being assured that they were, he consulted with his older brother and his family and then he accepted, but with a proviso: “Are you sure you want me? You know, I am a funny fellow. I don't drink; I don't smoke and I don't serve drinks in my house, and if I am living in the President's House I won't serve alcohol in that house either.” He was telling them: “If you want to let me go, let me go now because I have my beliefs; I have my principles and nothing is big enough for me to give them up.”



He was sworn in as President in March 1987, and like Shakespeare's King Duncan, he was so clear in his great office, so just in his dealings with Government and Opposition, so obviously committed to what was best for the nation and so responsive to the spirit of the preamble and the Constitution, that when in 1992 the Opposition became the Government, it was inevitable that they would choose him to be President again.

The Constitution was one of the ruling texts in his life and it was because of the Constitution that he was able to remain on reasonable terms with three Prime Ministers. In a personal interview he was joking with me that the Constitution obliged him to be a “yes man” in all his meetings with the Prime Ministers, to which Mrs. Hassanali replied: “Don't worry. You used to have fights with them every week. They could not get away with anything.” He recalls that one Prime Minister had made the point: “It is all well and good for you to say that, but I have to face the public.” Another one declared: “I am the head of government; I can do what I want.” And he knew that if he disagreed with the other, he had to do so in a way that could not, in the slightest, be construed as “opposing my party and my government”.

The record shows that such disagreements as there were with any Prime Minister, never reached the public and according to Mrs. Hassanali, all three Prime Ministers had the highest regard for him. She went on: “They would go in grumbling and come out smiling. Even the Independent Senators, he used to call them into his office and talk to them. All the Ministers, he used to call them in and talk to them, but they never resented him”.

Our country's second President was a devout Muslim all his life, but his belief in God as the source of all religions and his understanding that the different religions were different roads to the same destination, made him respectful of, and able to share in all the religions in our multi-ethnic society. If many think of him as a Christian, and especially a San Fernando Presbyterian Christian, it is because of this attitude and because of the function of Naporima and Naporima people in the shaping of his consciousness, his sensibility and his beliefs. This is an important aspect of the former President. His belief in God came down to a belief in conscience—the God within—and that is why no atheist could really attack him because the God is the God within. It was the belief in conscience that was the foundation of the impeccable personal life and the strict humane values that informed his behaviour in every field.

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It was at Naparima that this kind of development took place. Coming from Victoria Village and aspiring to make a mark in the world, he wanted to go to secondary school. He says: "I told myself before I went to college that if I got to the college, once I reach the college, I don't care what happen to me after that." From since he was a little boy in primary school, Noor Hassanali had this dream. Victoria Village was possibility; Naparima was actuality. At Naparima, he says: "We did not have a regular morals period or religious period. They wanted you to be Christian in a general way but they didn't force their religion upon you. We didn't have religious instruction. My own view of the Presbyterian religion, its beauty and its strength, was its emphasis on character and integrity, and that was the atmosphere of the school. At Naparima one recognizes that God is the fountain of all knowledge and also of all education. In the result, the hallmark of the college's product is the civilized conscience, be it Christian, Hindu or Muslim." I think, Madam President, that is what helps us to understand the way in which he was able to appeal to all religious groups, to all ethnicities in our society, his surpassing understanding of the essence of all things and the essence of all religions.

His devotion to family, to the elders and to friends is legend and I have to go on a little about that because it allows us to pay tribute to the woman who stood beside him for over 50 years and of whom he often spoke as the joint President. It is a description of their early months in the President's House. The Hassanalis treated the President's House as if it were their family home and set about cleaning, polishing and repairing it, mostly out of their own pockets. Mrs. Hassanali developed a kitchen garden that provided most of the vegetables needed for family and for official guests.

Early in the presidency, their Excellencies persuaded their own friends from Victoria Village to come to the house. Then there was a special function to bring together and recognize all the surviving indentured Indians who could be found. Most significantly, they made sure that the children of the nation could come and spend time in the President's House and on the grounds. "When we came to the house", he says, "Zalay thought it would be nice to invite school children to the house." She kept saying: 'They cannot pass up and down the place and never see what the inside looks like. It would be very nice for the children to see the beautiful house and gardens.' So we started inviting them and we continued it to the end."

“What Zalay did was, she would invite groups of people and organizations. She did not wait for them to ask permission. They would come to the house and sit in the great hall and no matter how busy the President was, he had to come to them. Zalay and I would sit with them and they would sing a song or recite a poem or something, then we would talk. They would ask questions. I remember one boy was quite surprised to see that Zalay really existed and she was not just a picture on television. My turn had to come. One day a little fellow asked me if you really had to be intelligent to be a President.”

Madam President, the nation and its leaders have recognized Justice Hassanali's humility, his accessibility to all, his story-telling, his teaching ways, his care for children, his devotion to the family and his reinterpretation for our time of the notion of family. I pass over some of his professional contributions to close with an interpretation of his life that I am not sure most people would agree with. I have said that religious belief was crucial to him, but I also think that from a philosophical point of view, he was a man constantly aware of the existential dilemma of the puny human being flung into an immense and overwhelming universe. I feel that all through his life there was a battle between, on the one hand, the utter indiscipline of doing your own thing—he wanted people to do their own thing, but he knew if you went too far in doing your own thing, it would be indiscipline.

Unlike many modern thinkers, he believed in absolutes. He says: “There are absolutes. I don't care what the philosophers and scientists say, there are absolutes and it is our duty to find them.” But at the same time he knew that absolutes could be oppressive and his life was a struggle to find a balance between these two extremes of utter indiscipline and the oppression of the absolute.

People speak about him as a man who never left his crease. It is my view that you lose the drama and the integrity of the life if you do not realize that the circumspect strokes he played, the reluctance to leave the crease, his commitment to the needs of the team as a whole and the watchful self-control, the dependability, were a creative and positive answer and a very brave one, of a man who knows that in life we are all batting on a sticky and unpredictable wicket. This might be the most profound lesson that we can take from his life.

Thank you. [*Desk thumping*]

**Madam President:** Let me take this opportunity to join with Members of the Senate in expressing sincerest condolences to the family of the former President, Mr. Noor Hassanali, while at the same time celebrating his life, since his is one that should be celebrated and emulated.

He was a true son of the soil. He gave service, unstintingly, to his country as a lawyer, magistrate, judge of the Appeal Court and then as President of Trinidad and Tobago, while at the same time walking strong in his religion and his faith in God. He always had something witty to say to me whenever we met, accompanied by his broad, gentle smile. He has been described as honest, humble, unassuming, a man of integrity, principle and commitment. This is his legacy. He will be sorely missed by this nation. May God bless his soul.

Hon. Senators, I ask you to stand, please, for one minute's silence.

*The Senate stood.*

**Madam President:** I now direct the Clerk of the Senate to send a letter of condolence to Mrs. Hassanali and family on behalf of all Members of the Senate.

**LIVE PARLIAMENTARY BROADCAST  
(GUIDELINES)**

**Madam President:** Hon. Senators, it is my pleasure to inform you that as of today, pursuant to a decision of the honourable Senate, proceedings in this honourable Senate are being broadcast live on television via cable television, Channel 11. You are on television. Parliamentary proceedings have, therefore, truly become public proceedings. Currently, Channel 11, The Parliament Channel, as it would be called, is testing transmission and it is our hope to formally launch the channel towards the end of September. Hon. Senators would be kept abreast of the developments.

Parliamentary proceedings are serious matters for the benefit of the public. Consequently, as Senators are aware, guidelines exist for the coverage of the debates of the Parliament which seek to encourage the media to cover Parliament responsibly, so that citizens have an opportunity to be well-informed about the issues affecting their governance. These have been recommended by joint select committees in 1989 and 2004, and adopted by this Senate and require that coverage should give an unvarnished account of the proceedings of the Senate, free of subjective commentary and editing techniques designed to produce entertainment rather than information. Such guidelines are not unique to our jurisdiction.

With live Parliament, the era of manufacturing sensationalist sound bytes or the publication of snapshots out of context, designed for the purpose of portraying a distorted version of the activities of this Senate, is now truly over. The public will hear and see everything, not just clips on the nightly news, and would now get the full picture of what transpires here. Indeed, for the very first time, the public would be able to appreciate that quite a lot of work is transacted in this Chamber on their behalf.

However, upon the introduction of live broadcast, these guidelines go further. They confer upon every person aggrieved by statements made about him or her in the course of parliamentary proceedings, a right to apply to the Parliament to have a reply placed on the parliamentary record. Hon. Senators would recognize that the proper functioning of our nation's Parliament requires that each and every one of you be given a right above all other citizens, namely, an absolute freedom of speech in parliamentary proceedings. This privilege is given to hon. Senators to ensure that debates and other business of the Parliament can be truly free and without inhibition. This privilege is absolute.

If in the course of parliamentary proceedings untrue statements and false allegations are made in respect of any person outside of Parliament, such a person cannot seek the protection of the civil or criminal law to correct the injustice and the damage to his or her reputation which may have been meted out thereby, even if the untrue statements and false allegations are made maliciously. The person outside of the Parliament is without redress. He can offer a rebuttal in the media, but he is not assured that it will be published so as to stem the damage to his good name.

It is because of this vulnerability to false and prejudicial allegations that the joint select committee surely recognized that there is a very real need to allow aggrieved persons to publicly defend themselves. To this end, the guidelines include a provision that if a Member of either House or a witness appearing in a parliamentary proceeding makes allegedly false statements, either intentionally or unintentionally, about a person who is outside the Parliament, that person has the right to apply to the Parliament to have a reply placed on the public parliamentary record.

The procedure to be employed and which is informed by the guidelines themselves is as follows: A person outside Parliament who alleges that false statements have been made against him in parliamentary proceedings must, immediately upon and within a reasonable time after hearing or learning of the statements, request by writing to the Clerk of the Senate, that he or she be allowed to reply to, or rebut, the statements and that the reply or rebuttal be published in the *Hansard*.

The request must include the statement made or a summary of the same; the day and approximate time that the statement was made; the name of the person making the statement, and must further include a claim that, as a result of the reference to the aggrieved person in the statement that there has been:

- (1) an adverse effect in the reputation or in respect of dealings or associations with others;
- (2) injury to occupation, trade, office or financial credit; and/or
- (3) the unreasonable invasion of privacy.

The request must be accompanied by a draft of the reply or rebuttal.

The Clerk of the Senate would immediately, upon receipt of the request and draft reply or rebuttal, refer the same to the President of the Senate who shall consider the same and if satisfied that the subject matter of the request is not obviously trivial or that the request is not frivolous, vexatious or offensive in character, rule on the matter fairly and expeditiously.

Where the President of the Senate rules that the person aggrieved be permitted to have a reply or rebuttal placed on the public parliamentary record, he may approve the draft reply or rebuttal, or modify the same and cause the approved or modified reply or rebuttal to be read into the public parliamentary record by the Clerk of the Senate at a sitting of the Senate as soon as is reasonably practicable.

The guidelines require that the media report the reply or rebuttal if they had reported the allegations giving rise to the same. The publication of the reply or rebuttal in the *Hansard* will itself attract parliamentary privilege, and will be absolutely privileged. However, requests, including draft replies and rebuttals, will not be absolutely privileged and, accordingly, persons should seek legal advice before submissions of the same to the Clerk of the Senate and the President of the Senate.

Hon. Senators will no doubt recognize that this salutary right now conferred on persons outside of the Parliament will require all Senators to avoid any abuse of parliamentary privilege, and to exercise restraint in statements made in the course of parliamentary proceedings, notwithstanding that hon. Senators' freedom of speech is undiminished and that you still have full and absolute parliamentary privilege for what you say in this Senate.

Hon. Senators, the genesis of today's live broadcast of the proceedings of this honourable Senate goes back some 16-plus years. This is the dawn of a new era in our Parliament. As we move forward and perform our duties in the full glare of public scrutiny, I ask each and every one of you for your continued commitment and support.

Thank you.

#### PAPERS LAID

1. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the National Agricultural Marketing and Development Corporation (NAMDEVCO) for the nine-month period ended September 30, 1998. [*The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill)*]
2. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the National Agricultural Marketing and Development Corporation (NAMDEVCO) for the financial year ended September 30, 1999. [*Sen. The Hon. C. Enill*]
3. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the National Agricultural Marketing and Development Corporation (NAMDEVCO) for the financial year ended September 30, 2000. [*Sen. The Hon. C. Enill*]
4. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the National Agricultural Marketing and Development Corporation (NAMDEVCO) for the financial year ended September 30, 2001. [*Sen. The Hon. C. Enill*]
5. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the National Agricultural Marketing and Development Corporation (NAMDEVCO) for the financial year ended September 30, 2002. [*Sen. The Hon. C. Enill*]
6. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the National Agricultural Marketing and Development Corporation (NAMDEVCO) for the financial year ended September 30, 2003. [*Sen. The Hon. C. Enill*]
7. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Siparia Regional Corporation for the financial year ended September 30, 1999. [*Sen. The Hon. C. Enill*]

8. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Chairman's Fund of the Mayaro/Rio Claro Regional Corporation for the year ended September 30, 2003. [*Sen. The Hon. C. Enill*]
9. Annual audited financial statements of Trinidad Nitrogen Company Limited for the financial year ended December 31, 2005. [*Sen. The Hon. C. Enill*]
10. Annual audited financial statements of National Gas Company of Trinidad and Tobago Limited for the financial year ended December 31, 2005. [*Sen. The Hon. C. Enill*]
11. Administrative report of the Princes Town Regional Corporation for the period October 2004 to September 2005. [*The Minister of Local Government (Sen. The Hon. Rennie Dumas)*]
12. Administrative report of the Chaguanas Borough Corporation for the period October 2004 to September 2005. [*Sen. The Hon. R. Dumas*]
13. Administrative report of the Diego Martin Regional Corporation for the period October 01, 2004 to September 30, 2005. [*Sen. The Hon. R. Dumas*]
14. The Eighty First Report of the Salaries Review Commission. [*The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith)*]
15. Draft Constitution of the Republic of Trinidad and Tobago. [*Sen. The Hon. Dr. L. Saith*]
16. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the National Maintenance Training and Security Company Limited for the financial year ended December 31, 1999. [*Sen. The Hon. Conrad Enill*]
17. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Unit Trust Corporation for the financial year ended December 31, 2005. [*Sen. The Hon. C. Enill*]
18. Administrative Report of the Couva/Tabaquite/Talparo Regional Corporation for the period 2004 to 2005. [*Sen. The Hon. R. Dumas*]



19. The Environmental Management Authority (EMA) Annual Report, 2003. [Sen. The Hon. Dr. L. Saith]
20. The Environmental Management Authority (EMA) Annual Report, 2004. [Sen. The Hon. Dr. L. Saith]
21. The Telecommunications (Access to Facilities) Regulations, 2006. [Sen. The Hon. Dr. L. Saith]
22. The Telecommunications (Interconnection) Regulations, 2006. [Sen. The Hon. Dr. L. Saith]

**Statutory Instruments Committee  
(Telecommunications Regulations)**

**The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith):** Madam President, may I also advise that the Statutory Instruments Committee considered the Telecommunications (Access to Facilities) Regulations, 2006 and the Telecommunications (Interconnection) Regulations, 2006, and found there was nothing to which the attention of the Senate should be specially drawn. The minutes of the committee were circulated to Members.

23. The College of Science, Technology and Applied Arts of Trinidad and Tobago (Amdt.) Order, 2006. [*The Minister of Science and Technology and Tertiary Education (Sen. The Hon. Mustapha Abdul-Hamid)*]

**Statutory Instruments Committee  
(COSTAATT)**

**The Minister of Science, Technology and Tertiary Education (Sen. The Hon. Mustapha Abdul-Hamid):** Madam President, may I also advise that the Statutory Instruments Committee considered the College of Science, Technology and Applied Arts of Trinidad and Tobago (Amdt.) Order, 2006 and found that there is nothing to which the attention of the Senate should be specially drawn. The minutes of the committee were circulated to all Senators.

**Madam President:** Hon. Senators, we are past question time, so with the agreement of the Senate, I suggest that we defer all questions to the next sitting.

*Question put and agreed to.*

**2.30 p.m.**

**ORAL ANSWERS TO QUESTIONS**

*The following questions stood on the Order Paper in the name of Sen. Wade Mark:*

**Children's Authority  
(Non-establishment of)**

**64.** Could the hon. Minister of Social Development and Minister in the Ministry of Housing state:

- (a) the reason for the non-establishment of the Children's Authority as mandated by law; and
- (b) whether Trinidad and Tobago is in full compliance with the Articles of the United Nations Convention on the Rights of the Child to which this country is a signatory?

**Office of the Prime Minister  
(Purchase of Private Jet)**

**65.** Could the hon. Prime Minister and Minister of Finance state categorically if it is the intention of the Government to purchase a private jet for the exclusive use of the holder of the Office of the Prime Minister?

If the answer is in the affirmative, would the Prime Minister further state:

- (a) the estimated cost of such an aircraft; and
- (b) the procedure which would be followed to procure such an aircraft?

**DNA Legislation  
(Operationalising of Provisions)**

**66.** Could the hon. Minister of National Security state:

- (a) the reasons for not fully operationalising the provisions of the DNA legislation; and
- (b) when the Government expects to fully operationalise this Act?

*Questions, by leave, deferred.*

**WRITTEN ANSWER TO QUESTION**

*The following question was asked by Sen. Wade Mark:*

**Immigrants  
(January 01, 2002 to October 31, 2005)**

33. (a) Could the hon. Minister of National Security provide the Senate with a list containing the names and citizenship of persons who entered Trinidad and Tobago legally during the period January 01, 2002 to October 31, 2005, but have not departed within the time allowed by the Immigration Authorities?
- (b) Could the Minister further indicate what steps, if any, are being taken to apprehend and deport immigrants who have overstayed their lawfully permitted periods?

*Vide end of sitting for written answer.*

**RELATED MOTIONS**

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):** Madam President, I beg to move a Motion standing in my name. In moving this Motion I seek the leave of the Senate to debate along with this matter, Motion No. 2 on the Order Paper which relates to the same subject.

*Question put and agreed to.*

**TREASURY BILLS  
(AUTHORIZATION TO BORROW)**

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):** Madam President, I beg to move the following Motions standing in my name having received the concurrence of the Senate to treat with them together.

*Whereas* section 2(1) of the Treasury Bills Act, Chap. 71:40 provides that the Minister of Finance may borrow in Trinidad and Tobago such sum or sums not exceeding in the aggregate, two thousand million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency or currencies and such further sum or sums as may be specified by resolution of Parliament, or the equivalent thereof in any foreign currency or currencies, by the issue of Treasury Bills:

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

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

This Resolution would allow for the increase in the limit of borrowings under the Treasury Bills Act, Chap. 71:40, from the current limit of \$5,000 million to \$15,000 million.

*Whereas* section 3(1) of the Treasury Notes Act, 1995 provides that the Minister of Finance on the written advice of the Governor of the Central Bank of Trinidad and Tobago may, for the purpose of promoting monetary credit and exchange conditions most favourable to the economy of Trinidad and Tobago, borrow money in Trinidad and Tobago in such sum or sums not exceeding in the aggregate one thousand million Trinidad and Tobago dollars and such further sum or sums or the equivalent thereof in any foreign currency or currencies as may be specified by resolution of Parliament, by the issue of Notes:

*And whereas* it is necessary for the Minister of Finance to borrow further sums of money for the purposes stated in section 3(1) of the Act:

*Be it resolved* that for the purposes of promoting monetary credit and exchange conditions most favourable to the economy of Trinidad and Tobago, the Minister of Finance is hereby authorized to borrow such further sum or sums in Trinidad and Tobago, not exceeding in the aggregate five thousand million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency or currencies, by the issue of Notes.

Madam President, the second Resolution would allow for the increase in the current limits of Treasury Notes under Act No. 14 of 1995, from \$3,000 million to \$5,000 million.

The effect of these resolutions will be to increase the available limit to the Central Bank for the purposes of promoting monetary credit and exchange conditions, most favourable to the economy of Trinidad and Tobago, from \$8,000 million to \$20,000 million. Treasury Notes and Treasury Bills are categorized as tools of open market operations and along with the repo rate are the main instruments of monetary policy the Central Bank uses to guide economic and monetary activities. Against a context of excess liquidity in the financial system, the Central Bank has utilized the open market operations and the repo rate to conduct monetary activities. It is within this framework that the request for

adjustments in the Treasury Bills and Treasury Notes limit has been made. An examination of these policy instruments and domestic economic developments would assist in an understanding of the current framework.

Since 1996, the Central Bank of Trinidad and Tobago has been using the sale and purchase of Government Treasury Bills and Notes to conduct open market operations aimed at managing liquidity in the financial system. Excess liquidity in the banking system is seen as a structural phenomenon which is the result of two factors; firstly, about a third of the fiscal revenues come from the offshore sector and, as such, does not represent an internal transfer of the resources to the Government. Secondly, the Government runs a sizable domestic non-energy fiscal deficit, which implies a net injection of liquidity into the banking system.

The ceiling on the available supply of Treasury Bills and Notes was raised in January 2003, by an additional \$5 billion, to \$8 billion. This was to facilitate the mopping up of excess liquidity in the banking system through the expanded use of open market operations. This excess liquidity in the banking system was caused mainly by the domestic non-oil deficit which averaged \$1.9 billion over the period 1999 to 2002. Over this period, the Central Bank sold an average of \$940 million of Government securities to mop up liquidity and sold the equivalent of \$1 billion in foreign exchange which had the same effect.

The Central Bank had recommended that the issue limit of Treasury securities be increased by a total of \$12 billion which should comprise an increase of \$10 billion in Treasury Bills and \$2 billion in Treasury Notes. The bank anticipated that given the present trend in liquidity expansion, this additional increase would enable it to have sufficient capacity to manage liquidity over the next few years.

The majority of the increase, \$10 billion will be devoted to open market operations and \$2 billion will be used to assist in the development of the Government securities market by providing the market with medium term, one- to five-year Government paper. Moreover, the resources from the sale of Treasury Bills and Notes used for open market operations would continue to be held in a blocked account at the Central Bank and so will not be available for budgetary purposes.

Central Bank has been reducing its reliance on the statutory reserve requirement as a major tool of monetary policy management. In October 2003, the Central Bank announced a plan for the reduction of the reserve requirement. In Phase I, the reserve requirement was reduced by 4 per cent, from 18 per cent to 14 per cent, and was effected on October 22, 2003. In Phase II, the reserve

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requirement was reduced by a further 3 per cent, from 14 per cent to 11 per cent and was effected on September 10, 2004. In Phase III, it is proposed to reduce the reserve requirement by a further 2 per cent. The implementation of this final phase has been deferred pending the existence of the appropriate economic conditions.

This reduced reliance on the reserve requirement as a measure of monetary policy, is a growing trend in developing countries as they switch to more market-based instruments. In May 2000, the Central Bank introduced a repo rate, which is the rate at which the Central Bank is prepared to provide overnight financing to commercial banks that are temporarily unable to meet their liquidity requirements. The repo rate is the principal instrument used by the Central Bank to influence the structure of the commercial banks' interest rate. This rate which was first introduced at 5.75 per cent in May 2002, was reduced to 5.25 per cent in August 2002, and subsequently, to 5 per cent in September 2003.

Against this background, the sharp narrowing in the differential between short-term TT and US dollar rates and a persistent liquidity overhang, the repo rate has been increased on several occasions by 25 bases points each in 2005 and 2006, respectively and now stands at 7.25 per cent. The increases in the repo rate have led to an upward movement in commercial banks' prime lending rate. Their prime lending rate has increased from 8.75 per cent in April 2005, to 11 per cent at the present time.

Madam President, the effectiveness of the repo rate as a transmission mechanism depends on keeping liquidity tight in the system. Open market operations are used to achieve this. The Central Bank assesses market requirements on a daily basis with a view to either increasing or reducing the level of liquidity in the banking system. If liquidity is deemed to be insufficient, the Central Bank buys securities outright or engages in short-term collateralized lending through the repurchase facility, thereby adding liquidity to the system. On the other hand, where there is too much liquidity, the Central Bank sells securities to the system, thereby reducing the level of liquidity.

High levels of liquidity have been evident for several months. As a result of these conditions, the Central Bank has maintained an active presence through its open market operations. At the beginning of the financial year 2004/2005, the amount outstanding on open market operation bills and notes was \$3,397 million. This increased to \$6,508 million by September 2005, and further to \$6,820 million by the end of June 2006 respectively.

The current limit on Treasury Bills and Notes is \$8 billion of which \$7 billion is allocated for open market operations and \$1 billion which represents debt management securities. The limit is \$7 billion and at the end of June we were at \$6,820 billion. The Central Bank has significantly increased the level of open market operations in an effort to address expanding liquidity created by an expanding economy. The average monthly fiscal injection, which is the primary source of liquidity, amounted to about \$586 million in fiscal year 2005, compared with \$262 million in fiscal year 2004 respectively.

In response, Central Bank net sales of open market securities averaged \$259.3 million a month in fiscal year 2005, compared with \$87.9 million a month in fiscal year 2004. Central bank sales of foreign exchange amounting to US \$545 million in fiscal 2005, also contributed to the absorption of excess liquidity within the system.

There has been an increase in inflationary pressures from the beginning of 2005. A question that comes to mind is: Why is it so? During the last three decades, Trinidad and Tobago has had mixed experiences with inflation. The publication by the Central Bank of Trinidad and Tobago, *Education Pamphlet Series No. 2 on Inflation* makes this analysis. Over the last 30 years, inflation tended to follow a pro-cyclical path, rising in times of economic boom and falling during recessionary periods.

In the 1970s, the sharp increases in crude prices from US \$2.70 per barrel in 1972 to US \$33.47 in 1982, resulted in a significant increase in government expenditure which boosted growth and stimulated aggregate demand. Under these conditions, the non-energy fiscal deficit and inflation increased. Our GDP growth of a low of 1.7 per cent and high of 10.4 per cent during that period existed alongside inflation rates of a low of 10.2 per cent and high of 22.0 per cent or an average of about 14.4 per cent. Side by side was a non-energy fiscal deficit of a low of 10.6 per cent and high of 30.9 per cent. This cycle reflected the manner in which the economy was structured in times of expansion inflation rises and the non-energy deficit increases. During this period our reference for oil price was Saudi Arabia light crude.

In the '80s and early '90s, 1983—1992, against the backdrop of a significant fall in government revenues resulting from a crash in crude oil prices, the economy went into a recession that lasted for about 10 years. During this recessionary period, inflation eased as our country went through a series of adjustments which succeeded in reducing private demand and the non-energy fiscal deficit. This cycle reflects the manner in which the economy is structured. In times of recession inflation drops and the non-energy fiscal deficit decreases.

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During this period the country saw oil prices of a high of US \$29.31 (1983) per barrel and a low of US \$13.43 (1988). In the period beginning 1989, the marker for crude oil changed from Saudi Arabian light crude to West Texas intermediate (WTI).

Since 1993, Trinidad and Tobago has been experiencing inflation rates of between 10.8 per cent (1993) and 6.9 per cent in 2005. These levels were significantly lower than what our experience has shown. We believe that this was achieved by a combination of more disciplined demand management policies and the process of trade liberalization which has facilitated an increase in imports. From 1994 to 2000, annual headline inflation which is the change in the overall retail prices index averaged 4.8 per cent, declining to an average of 3.7 per cent between 2003 and 2004 and increasing to 6.9 per cent in 2005.

This increase reflected the increase in the prices of food items which accounted for 18 per cent of the basket of goods and services used for the computation of the Retail Prices Index.

As we have said before, the retail prices index rose by 7.97 per cent on a year on year basis in May 2006, with food prices continuing to be the major cause of this increase. In May 2006, food prices were 23 per cent higher than a year earlier. An unusually strong increase in food prices has played a major role in inflation performance since the mid 1990s. This increase in food prices has been significantly larger than what has been experienced by our Caricom partners. From 2000 to 2005, food prices in Trinidad and Tobago increased on average by 14.6 per cent, almost twice the average increase for the Caricom region.

By 2005, while many countries recorded single digit rates of food price inflation, food prices in Trinidad and Tobago increased by as much as 22 per cent, almost three times the regional average of 8.7 per cent. This increase in food prices was heavily concentrated in the fruits and vegetables components which rose at an annual average rate of 20.2 per cent and 48.4 per cent respectively, in the period 2003—2005.

The high rate of increase of food prices could be explained in part to supply constraint related to the structural decline in domestic agriculture over the past several years. To compound these structural factors, in the past two years agricultural production has been further affected by severe floods in the rural areas. Hurricane damage to the agricultural sector in some neighbouring Caricom territories also resulted in the decline of agricultural exports to Trinidad and Tobago, further affecting domestic supply.



Core inflation, however, which excludes the impact on food prices has been creeping upwards from around 1 per cent at the end of 2003; 2 per cent in 2004 and 2.7 per cent in 2005, respectively. The rise in core inflation reflects increases in the cost of pharmaceuticals; meals in cafes and restaurants; education and rent. In addition to these specific factors, the rate of increase in food prices has undoubtedly been influenced by the ownership structure of the wholesale distribution sector which has allowed increases in transportation costs and port charges to be passed on to consumers. The structure of the sector and buoyant consumer demand also allowed for increases in markups.

There can be no doubt that in Trinidad and Tobago inflation is affected by the volatility in fuel prices. In Trinidad and Tobago, however, to date and at this time, the recent rise in international oil prices has not had a major direct impact on headline inflation. This is because by fiscal policy the cost to citizens of domestic fuel and energy prices are heavily subsidized. The Government currently spends about \$1.3 billion annually to absorb this increase. Notwithstanding this, there has been an indirect effect through higher import prices and freight costs.

As it relates, therefore, to fiscal policy, it is the intention of the Government to continue to implement fiscal policy that balances growth with investments and savings for the benefit of all citizens. We will continue to pursue policies such as the removal of VAT on targeted food products; the introduction of the Smart Card for the vulnerable in our society; the provision of income support to the aged; the reduction of income taxes to the working class; free education to all and state funded medical drugs to relieve some of these pressures, specifically on those in our society who are unable to cope on their own.

As it relates to monetary policy and in view of these highly liquid conditions, the Central Bank has introduced additional measures geared towards managing liquidity and improving the efficiency of monetary policy. The specific measures are as follows: The rate paid on special deposits held by commercial banks at the Central Bank which was lowered from 3.5 per cent to 2.5 per cent as of September 01, 2005, had been further reduced to zero per cent with effect from Wednesday, December 28, 2005. Commercial banks were required to place TT \$1 billion in an interest bearing deposit account at the Central Bank for a minimum period of one year, from December 2005, and a further TT \$.5 billion from June 2006.

The former measure is geared towards releasing deposits at the Central Bank over and above that which is to be held in the reserve requirement. It is intended that commercial banks would utilize these funds towards the purchase of Treasury Bills and Notes to absorb excess liquidity.

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The request by the Central Bank to amend the limits of Government borrowing is therefore geared towards expanding open market operations on the financial markets. In this regard, Treasury Bills and Notes would be sold on the financial market so that liquidity could be withdrawn from the system. It is the view of the Central Bank that measures such as repo rate adjustments; the deposit at the bank; the reserve requirement and the open market operations would facilitate a contractionary monetary policy.

This, however, is nothing new. Identifying inflation as a risk was supported, not only by the Political Leader of those in Opposition when he occupied the position of Governor of the Central Bank, and which he confirmed in the debate in the other place, but also by reference of a senior economist at the Republic Bank, Dr. Ronald Ramkisson, in which he presented a Paper. I wish to quote a small part of his contribution. It says:

“Our experience shows periods of rapid growth in the narrow money supply associated with significant price increases during the period 1973 to 1983. The money supply grew annually at an average of 19 per cent, while inflation rate averaged 15 per cent. However, over the period 1993 to 2000, money supply growth averaged 9.2 per cent annually and the rate of inflation averaged 5 per cent. This issue speaks to the important role of the Central Bank in controlling inflation via astute management of the domestic monetary conditions.”

We have come here today with legislation to give the Central Bank increased authority to do that, to mop up extra liquidity. The Motions before the Senate today are to support these efforts so that the Central Bank could carry out its responsibilities in accordance with its mandate.

Madam President, I beg to move.

*Question proposed.*

**3.00 p.m.**

**Sen. Wade Mark:** Thank you very much, Madam President.

The Motions before this honourable Senate reflect gross economic mismanagement by this present administration, and its consequent impact on the working and living conditions of the vast majority of working people.

Madam President, when we analyse these Motions in which the Minister is seeking to borrow in the aggregate according to what is before us, some \$20 billion, we realize that this is like a fire in Port of Spain; the building has been

burnt to the ground, no water is available to assist the firefighters and the Minister promises water the next time. But the building has been burnt and all we get from the hon. Minister this afternoon is a list and series of excuses for the incompetence of this administration.

I will show, in my contribution this afternoon, where the People's National Movement regime must take total responsibility for the economic chaos that is now prevailing throughout Trinidad and Tobago, and these measures that have been proposed by the Government would do little, Madam President, to curb the voracious appetite for spending by this incompetent PNM administration. Madam President, people are under severe stress in this land of Trinidad and Tobago. The poor are becoming poorer because of the inability of this Government to properly manage the economy of this land, and we will demonstrate that with the best attempt by this administration to allow the Governor of the Central Bank to conduct what has been described as open-market operations using the instruments as the Minister outlined, unless the Government reduces its spending and exercises restraint, we are simply spinning top in mud and that these Motions will only allow the Government to accumulate more finances and maybe, those finances are being geared for an election either in the year 2006 or maybe, 2007.

Madam President, may I refer you to the relevant legislation that is, in fact, governing these Motions before the honourable Senate today? I refer to the Treasury Notes Act, No. 14 of 1995 and while the hon. Minister would have us believe that the moneys that are going to be mopped up in the economy would be placed in some special block account at the level of the Central Bank, what is the law saying about that submission? The law which is what we have to be guided by and not "ol' talk" by this administration, says under the Treasury Notes Act, and I quote:

"5(1) All moneys raised by the issue of Notes shall be paid into the Exchequer Account and shall form part of the Consolidated Fund."

This is what the Treasury Notes Act says, contrary to what the Minister has told this honourable Parliament.

I go now to the Treasury Bills Act, because this is the Act that is governing this particular Motion, No. 1, and I go to the section of the Treasury Bills Act and I quote:

"4(1) All money raised by the issue of Treasury Bills shall..."

Madam President, not may, not if—

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“shall be paid into the Exchequer Account and shall,...”

Not may, not if. I see nothing in this Bill or this Act that says a block account is to be established at the Central Bank. What I see here is that:

“All moneys raised by the issue of Treasury Bills shall be paid into the Exchequer Account and shall form part of the Consolidated Fund.”

Madam President, what we are doing essentially today, is seeking parliamentary approval to give the Government of Trinidad and Tobago, through the Minister of Finance, the power to borrow as we are told today, some \$20 billion. We are told by the hon. Minister that the purpose of this loan is to deal with liquidity management and the Central Bank would be allowed the power to mop up excess liquidity in the system. So whilst the Central Bank, if we follow the argument logically, as advanced by the hon. Minister, is mopping up excess liquidity brought about by reckless spending by an administration that is swimming, bathing and drowning in money, the Central Bank goes on the open market and begins to sell securities and what are those securities, Madam President? The securities are Treasury Notes and Treasury Bills.

Madam President, if you have \$1 million in the bank you can purchase Treasury Bills and Notes which are of a short term nature, three months, six months, one year, maximum, five years. So you take your money, you give it to the Central Bank, and they give you a piece of paper and that is your Treasury Bill or your security. What does the Central Bank do with your money? We are being told by the hon. Minister of Finance that the Central Bank takes your money and puts it in a block account. The law, however, is saying that the Central Bank takes that money and puts it under the Exchequer and Audit Act; *[Interruption]* the Treasury Bill Act says it goes into the Consolidated Fund, so we are in a conundrum virtually. On the one hand, we are being told that the Central Bank Governor is going to mop up but when he mops up, we are being told by the law, not “ol’ talk,”—the law says where the money is supposed to go and anything that is contrary to the law is illegal and unlawful, so it goes into the Consolidated Fund.

I heard what the Minister said, that it goes into some block account at the Central Bank, but where is that in law? I am dealing with the law, and I am not seeing that in the Treasury Notes Act or the Treasury Bills Act and, therefore, we are saying no one can argue in a situation where my cost of living has risen by over 100 per cent in the last five years according to CSO statistics. If we use 2001 as a base year and we look at the rise and increases in inflation from 2001 when

this hapless administration came into being, to the end of 2005, the facts are showing that inflation has increased in terms of my cost of living by over 100 per cent, and what is the Government doing about that? It is poor people who are suffering. It is the pensioners who are getting pressure, it is the people who are on fixed incomes, and it is the disabled who are feeling the brunt of the incompetence of this administration.

Madam President, a brick that used to cost \$2.00 and \$1.50 is now over \$9.00 under this administration. Poor people cannot build homes in this country any longer. A home via the National Housing Authority is over \$350,000 in some instances. So how are poor people to live in this land? And the Government, in spite of all the warnings, and I will outline to you the various warnings that they have received.

The Governor of the Central Bank who worked for the International Monetary Fund has warned this Government: Mash brakes, you are speeding, you will crash and the more the Governor tells the Government to mash brakes and slow down, is the more they mash the accelerator. Do you know what the end result is? The end result is that the poor people of this country are feeling the brunt of the mismanagement of the economy by this administration. You know it and I know it, when you go to the groceries and the supermarkets today, whatever basics you buy you cannot go with the same amount as five years ago. You have to go with double and treble the amount of money. Madam President, do you know what is happening? Your wages are not increasing, your salaries are not increasing and the Governor—and I am not going after him today—the Minister of Finance who is a geologist by profession—there are four Ministers in the Ministry of Finance and not one of them is an economist. One is an accountant by profession, the other is a generalist; he has an MBA. Then the other is a geologist and [Interruption]

**Sen. Dr. Saith:** What about Quei Tung?

**Sen. W. Mark:** Quei Tung was an extremely efficient Minister of Finance, and he brought joy and glory to the poor and the oppressed in Trinidad and Tobago. The cost of living remained very steady during the reign of Brian Quei Tung, Madam President. Not so under this current Government. We are seeing here a situation where the Government is seeking to increase its borrowing ceiling and this is profoundly dangerous. Why must we give approval to the Minister of Finance to increase the borrowing ceiling to that level of \$20 billion by the stroke of a pen? We find that difficult. The Minister has not given us any kind of information to tell us what mechanisms are being put in place to ensure that the

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Government does not use that excess cash for other purposes. And we know that elections are in the air and, therefore, if these Motions are approved and not executed properly and the moneys are not sterilized, we believe that economic chaos is going to reign in this country. We believe that inflationary pressures are going to rise in this country; we believe that food prices are going to continue to increase in this country.

Madam President, already, we are seeing the signs: taxi fares have gone up, electricity rates have gone up, construction and building materials have gone up, and as my good colleague and hon. friend said, basic food has increased by close to 28 per cent in the last year with no concomitant increases in old-age pension. Four years ago the PNM increased old-age pension and there has been no further increases in old-age pension since then. In the meantime, the cost of living for these fixed income earners, pensioners, have increased by over 100 per cent.

If this Government is serious about the poor and especially those people who are on fixed income like pensioners and persons who are disabled and physically challenged, it would not have to wait on the budget to come and mamaguy people with goodies. Increase old-age pension now! People are getting \$1,100.00 a month. Why not increase it to \$2,000? Why not increase old-age pension to \$2,000? Madam President, they had it at \$330, we carried it to \$850. In their term, under the last administration's incarnation, between 1991 and 1995, old-age pension went up by \$11.00. That is the legacy of this PNM Government. We are asking: Why not increase old-age pension now? And a minimum level is about \$2,000. The time has come for this Government to tie old-age pension and retirees' pension to inflation. If you cannot control inflation and you are whittling and eroding away my purchasing power because of economic mismanagement of this economy, then you must link inflation to old-age pension, and link inflation to pensions. That is what you have to do because, if you are not linking inflation to old-age pension and to pensions and to people on fixed incomes, then get involved in agriculture. Get involved in food production, get involved in food security. That is what you have to do.

Madam President, I want to read for you and this honourable Senate an article that appeared in the *Trinidad Guardian* on Saturday, August 26, 2006 on page 15. It reads:

“INFLATION ON THE RISE—INTEREST RATES GO UP”

So because of the bungling of this administration, the Central Bank has had to increase the repo rate on eight consecutive occasions in less than one year. Right

now, it is inching to 8 percentage points; it is 7.75. The next rate increase we expect would be by the middle of September and every time the repo rate increases, prime lending rates also increase. So the cost of doing business in this country is continuously rising. Right now prime is about 11.25 per cent and with this recent increase in the repo rate last Friday, I am sure that prime is going to about 11.75 to close to 12 per cent.

Madam President, the cost of doing business is getting higher. What is happening to our competitiveness as a nation in these circumstances? How are the manufacturers faring in these conditions when the cost of production is getting higher and higher because when they go to do business with the banks, the loans are becoming higher and higher, and not to mention there is going to be a hot summer in terms of wage demand. It might be a hot Christmas. Workers are now demanding their pound of flesh and you cannot blame them because their wages have collapsed over the last five years. So, workers are going to be marching or the Government would now have to give in, otherwise it is marches and I do not think the Prime Minister is prepared for marches in this country. When I look at the Constitution alone I realize that we have a Robert Mugabe here, the draft that is, but we will come to that.

Madam President, would you believe that the recent increases in food prices—do you know what were the main contributors to those increases? Vegetables, 67.9 per cent; fruits, fish and meat. This Government closed down Caroni (1975) Limited, assassinated 10,000 workers and their families.

Madam President, you would know when you go to Caparo and you would see fields and fields of citrus. When the Government closed down Caroni (1975) Limited they did nothing to ensure continuity in terms of the maintenance of citrus production in our country, so our patrimony went up in grass. This Government does not care about the people and whilst food prices are rising people are starving. Poverty is rising. And there is a Government that is presiding over the importation of close to \$2 to \$2.5 billion worth of food annually and do you know why? Their financiers, the PNM financiers are involved in food import so there is no real commitment on the part of the ruling party to, in fact, engage in an agricultural revolution in our country. They feel that the more they have money is the more they can buy imported food. That is their philosophy. The Government has done nothing in the last five years to improve agricultural production.

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I listened to my hon. friend, Sen. The Hon. Conrad Enill, making excuse after excuse, blaming this one and that one. He blames hurricane, storm and consumers. There is a Minister of Consumer Affairs who puts out an ad that is a waste of time, telling people where prices are rising. That is the function of the Ministry of Legal Affairs, to put out an advertisement or a brochure or some kind of pull-out to tell people if you go by this grocer it would be \$0.5 less. You go by that grocer it would be a penny more. That is how they want to run a country. This is a “mickey mouse” arrangement we have here. We are not serious. Everything is falling apart in this country.

Madam President, we want the Minister to give us an assurance that they are going to do something about rising prices. Do not come and tell us about tariff removals, do not come and tell us about something—the world market. We do not want to hear about any world market. We want to know what you are doing for local agricultural production in Trinidad and Tobago. That is what we want to know. But the poor Governor, fighting fire. He is trying. I must feel sorry for the Governor. He is trying. He is telling the Government, ease up the pressure, stop spending and the Government continues on its merry way and it goes on just recklessly spending and increasing the inflationary pressures. Interest rates are rising, the exchange rate is threatened, exports to the Caribbean and extra-regionally are now under threat because the exchange rate is what is at stake at the moment because liquidity management is supposed to deal with not only inflation, but it is supposed to address the whole issue of exchange rates stability in the country, both internally and externally.

Madam President, we are told by the economists that the absorptive capacity of this economy is roughly about \$30 billion and if you go beyond \$30 billion, you are going to be hitting your head against a rock. In other words, there are institutional limitations in this country, and, unless we expand, improve and increase our institutional capacity, it makes no sense spending more money. [*Desk thumping*] This Government is spending money as if it is going out of style, and it is not having the kind of effect. Production is falling and productivity is falling.

**3.30 p.m.**

Madam President, an area that is of concern to us—the IMF referred to it—is the amount of money that is being spent by these new special purpose corporations or enterprises. I do not know if you are aware, but some time in 2005 the Government lifted a restriction on these state enterprises. They did not make an announcement; I heard it by accident in another capacity. Whereas before April 2005 any state enterprise that wished to spend more than \$5 million had to seek



the approval of the Minister of Finance, in April 2005, the Minister of Finance lifted that veil and these boards of directors and chairmen are now able to spend money as they see fit. We do not know what systems of accountability are in place.

So whilst the Governor of the Central Bank is attempting to mop up excess liquidity, there are a number of state enterprises spending money willy-nilly. They are spending billions of dollars. How can the Governor address inflation? The monetary authorities are hitting their heads against a government that is reckless in its fiscal policy. The fiscal mismanagement of the economy is glaring for all to see. We had a budget of \$34 million and before the financial year was over, we went to \$38 million. The Minister of Finance needs to tell us because there is something called off-budget spending. I quote Standard & Poor's latest report on Trinidad and Tobago dated August 02, 2005, in terms of ratings:

“Off-Budget spending, guarantees, and a lack of transparency muddy the fiscal picture

The general government balances...”

Madam President, listen to this carefully. This Government has been misleading the Parliament and the country, but it is here in black and white in Standard & Poor's:

“The general government balances do not fully reflect fiscal operations because of the deficits run by government-owned entities that are the recipients of government subsidies. Moreover, the government guarantees a significant portion of government-owned enterprise debt and has demonstrated a willingness to honor non-guaranteed debt.”

It goes on to say:

“This may include asking domestic financial institutions to roll over obligations and sometimes to extend debt-service moratoriums. It also includes debt issue for monetary policy purposes that it has increased to 1.8% of GDP in 2004 and from 0.9% of GDP in 2002 reflecting increasing needs to sterilize the increasing flows of foreign exchange that are pressuring the TT dollar. As a result, the general government debt burden which also includes guarantees, is higher than the balances suggest...”

So the Government has been misleading the Parliament. The Government has off-budget spending and guarantees to several state enterprises and Standard & Poor's is saying that it has not been transparent in its reporting to the people of Trinidad and Tobago.

**Sen. Enill:** Madam President, the Senator is misleading the Senate. The Government reports two sets of issues—central government debt and gross public service debt and, within that context, there is all the debt being stated to the Parliament. That comes to the Parliament once a year in the Review of the Economy. That statement is not correct.

**Sen. W. Mark:** Madam President, I am reading from the reputable organization called Standard & Poor's and it is saying very clearly—if the Minister wishes to dispute the statement, let him dispute it with Standard & Poor's. This is on the Internet; it is all over the world. The Minister is coming here to tell us that it is not true. Madam President, I am surprised. I am not saying something out of my head. I am quoting.

**Madam President:** The Minister is saying that you are misleading when you say that the Government has not reported to Parliament. He is not disputing what you are reading.

**Sen. W. Mark:** So he has reported?

**Madam President:** That is what he said.

**Sen. W. Mark:** Well, I have not seen that report as yet. I hope to see it very shortly.

This Government is actually engaged—

**Sen. Enill:** Madam President, a point of order. The information is available and it comes to the Parliament as part of the documents that we lay in the Review of the Economy when we analyze debt both in terms of central government and in terms of the overall public sector. There is central government debt and, of course, public service debt. That report dealt with central government debt and it made the point, which we already knew, and we reported to the Parliament.

So, to say that the Senate is being misled is not true. The information comes to the Parliament via the Review of the Economy—

**Sen. Dr. Saith:** Every year.

**Sen. Enill:**—annually when we go to budget.

**Sen. W. Mark:** Madam President, I am just reading from Standard & Poor's. May I indicate to you that this Government is unable and unwilling to control inflation? It is unable to do it because its economic policies are designed to pump its fiscal policies, which are designed to pump more money into the economy. Where is this money going? In building high-rise offices. *[Interruption]* I am

talking about the bulk of government construction. I am arguing that the Government is not involved in the generation of production; the Government is not involved in the generation of productivity. If we are talking about production, we must see returns. What returns are we seeing on these buildings? What we know is that much foreign exchange is leaving the country as a result of construction. We also know that this Government has done nothing to deal with food production.

Madam President, I refer you and this honourable Senate to the April 2006 issue of the *Monetary Policy Report*, issued by the Central Bank of Trinidad and Tobago. The Governor, in this 2006 report, page 4, says, and I quote:

“Growth in the non-energy sector was stimulated by a strong increase in government expenditure...”

The Government is driving this economy; not the private sector. They talk about market-driven development. They talk about liberalization and globalization and deregulation, with the private sector being the engine of growth. Who is driving the economy? Who is promoting economic development?

“Growth in the non-energy sector was stimulated by a strong increase in government expenditure and by buoyant consumption spending. During the year, there were clear signs that burgeoning domestic demand was leading to capacity constraints...”

The governor is saying that to this Government.

“in some sectors and contributing to inflationary pressures.”

So the Governor is telling the Minister of Finance: “You see that expenditure that you are pumping and engaging in, in the non-energy sector, it is causing inflation in the nation.” He is also saying that rising consumer prices are being accompanied by a rapid increase in real estate values.

Madam President, you know that if you have to buy a house today, you know the price. Thanks to the PNM. They are quoting prices for homes, Hon. Danny Montano, in US dollars now. Imagine two ordinary middle-class persons who just got married and they want to buy a house. The minimum amount is \$1 million. \$1 million for a proper house! That is as a result of the Government’s reckless approach to economic development in the country.

I go to page 5 of this report. Again, the Governor of the Central Bank is down on his knees begging and pleading. Hear what he says:

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“A major factor underpinning the rising inflationary pressures has been the increase in government spending...”

This is what the Governor is telling this regime. They have ears, but they are not hearing; they have eyes, but they are not seeing and they have emotions, but they are not feeling. They are insensitive to the cries of the people.

Here the Governor of the Central Bank is saying that it is Government's spending that is causing inflation in Trinidad and Tobago.

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

*Motion made,* That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. Dr. T. Gopeesingh*]

*Question put and agreed to.*

**Sen. W. Mark:** Thank you very much, Madam President. I repeat: It is Government's spending, Hon. Danny Montano, which is generating inflation in Trinidad and Tobago. It has nothing to do with what we are being told about floods and constraints. It is Government's spending that is causing inflation and my quality of life and the quality of life of hundreds of thousands of people in this country to fall. Our purchasing power has been eroded because of the Government's handling of this economy.

**Sen. Enill:** A point of order, Madam President. The Senator is again misleading the Senate. In the paragraph before the one he read, everything that we have talked about as it relates to food prices and agriculture is in the report. He cannot simply choose one line of the report and make his contribution on that.

**Sen. W. Mark:** You will have a chance; you cannot interrupt me when I am speaking.

**Sen. Enill:** He is misleading the Senate.

**Madam President:** Please! Can I have some silence? Senators, I want to remind you that misleading the Senate is not a point of order. You may need to rise on a point of clarification or something like that. At the same time, you have your opportunity to clarify.

**Sen. W. Mark:** Madam President, thank you very much. Government's spending is causing inflation and has an impact on the non-energy fiscal deficit. It goes on to say that:

“With government spending increasing from the equivalent...”

[*Interruption*] I am not saying so.

“from the equivalent of 24.9 per cent of GDP in 2003/2004 to 27 per cent in 2004/2005, the non-energy fiscal deficit rose from 7.7 per cent to 9.7 per cent of GDP over the period...”

To compound the impact of Government's expenditure, bank credit to the private sector has also been increasing rapidly.”

So, Madam President, it is not only Government expenditure, it is credit expansion at the level of the private sector. It is also consumer borrowing because the bank is only lending “suckeye” loans to buy motorcars and imported goods. All these things combine to put pressure on the inflationary levels in our country. However, the main culprit is the Government. The Government must take full responsibility for the lowering of the standard of living of poor people in the Republic of Trinidad and Tobago.

I have an article, written by one Ian Gooding, that was on page 1 of the *Guardian* dated August 08, 2006:

“Trinis believe they are worse off”

Trinidadians and Tobagonians are saying, in the month of August, that they are worse off.

“In spite of the billions of dollars being pumped into the local economy, the average...”

[*Interruption*] This is a Market Facts and Opinions survey. It cost \$2,000—  
[*Interruption*] I am giving you. Why do you not stay quiet? Sorry, Madam President, I should address you. He is interrupting me.

Madam President, this is a consumer confidence index and it is saying that consumer confidence has dropped. The reason for the drop in confidence includes the high cost of living, price increases, no salary increases and increases in food prices. Forty-five per cent of those surveyed felt that their personal financial situation was worse than in December 2005.

This was a survey conducted in June of this year and reported in August and 45 per cent of the people of Trinidad and Tobago are saying that they are worse off financially in June 2006 than four years ago and up to 2005. It is not a happy survey. The PNM is actually causing people plenty problems in this country.

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Let me again share with you an unprecedented press conference. I have been in government for a number of years. We have met IMF in government and in opposition. I have never in my last 17 years in Parliament seen the IMF with its delegation, under Article IV consultation, holding a press conference. It is unprecedented. They have never held a joint press conference with any previous Minister of Finance.

When they came to the Opposition office, we had so many concerns. We said: Let us have a press conference! They said no. We do not get involved in publicity. We have just come to do our work and back home and a report will follow. Madam President, my hon. colleague was able to get the IMF to hold an unprecedented press conference.

Let me tell you what it was about. The headline in the *Guardian*, again—Dr. Saith, your former employer when you were out of employment—says:

“IMF wants spending restraint”

I want to read the entire page and a half because it makes interesting reading:

“The International Monetary Fund has again used its Article IV consultation with the T&T Government to advise the State to restrain its public spending.”

It is not only the Governor of the Central Bank; it is the International Monetary Fund that is telling the PNM to restrain its public spending.

“The warning from the IMF came at an unprecedented news conference at the Ministry of Finance in Port of Spain...”

Caroline Atkinson, deputy director of the IMF’s Western Hemisphere division noted that in order to reduce the widening non-energy deficit, public spending needed to be controlled.

‘Looking ahead, sustainability considerations should anchor fiscal policy so as avoid the need for sharp spending cuts or tax increases when energy income declines’, she said.

Atkinson added it would be prudent to keep the non-energy deficit at no more than 20 per cent of non-energy GDP or around ten per cent of total GDP.”

This lady goes on to say:

“With Government having created several special purpose companies, such as UDeCott and the Education Facilities Company Ltd., she explained that proper regulation and transparency was necessary for policing these entities.”

The IMF is telling the Government that they do not have proper regulations governing these so-called special purpose companies. Where is the transparency in these operations? She went on to say that she was aware of the need to have proper checks and balances on these special purpose companies.

The IMF is indicating in two other reports that the money is not trickling down to the poor. The money is going in one direction. Five per cent of this population has a large slice of the national pie and 95 per cent of the people are scrambling for the crumbs. That is because the economic policies that the Government has been pursuing for the last five years are designed to make the rich richer and the poor poorer. It is not about equity and generating equality; it is not about fair distribution of income and wealth in this country, but about making their friends and family richer, while the mass of the people become poorer. That is what the policy is about. We are in serious danger.

The indicators appear to be robust. They say that foreign exchange reserves are very healthy. When you go to the bank now for foreign exchange they tell you to line up. It is like when you go to build a house and you go to a hardware dealer for 5,000 blocks—clay blocks or red blocks—they say they will put you on a list and when they get the blocks they will call you. Madam President, do you know that right now, in the banks, you cannot get foreign exchange? There is a foreign exchange shortage. If you have a foreign exchange account, you can borrow from it, but if you want foreign exchange, they tell you to come back; and we are boasting that we have a foreign exchange reserve of close to US \$4 billion. Where is the foreign exchange if they have all this money?

We are submitting that these Motions will not bring about any relief to the inflationary pressures that we are experiencing. We are saying that after these Motions are passed, the Government will have access to \$20 billion and there is no mechanism of accountability to ensure that they will not use it for election purposes. There is something called the dance of the millions.

Have you ever heard about Dance Macabre—Peter Minshall? Well, we now have the dance of the millions. This Government is dancing in billions of dollars while people are suffering and crying and there is no hope. Under the PNM, there is no hope for the poor and the only way we can get some semblance of hope for the poor, downtrodden, oppressed and dispossessed in our land is that the people must do the correct thing. Whenever the election is called, they must come out in their hundreds of thousands and remove this obstacle and evil that has been a yoke around the necks of the people of this country.

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We do not believe that any of these measures will help the people. They will not control inflation; they will not bring down unemployment; they will not bring down the rising cost of food. We are predicting that, in the next few months, food prices will continue to rise; inflation will continue to increase; unemployment will continue to rise and every vegetable, fruit, meat or piece of fish will cost more.

This Government has no intention of revolutionizing, transforming or diversifying our economy. They are on one track—to make the rich, richer and the poor, poorer. That is our position on the PNM. We have great difficulty in supporting these Motions because we do not see the relief it will bring to the poor, the dispossessed and the working people of our country.

I thank you very much.

**Sen. Mary King:** Madam President, I thank you. We have two related requests before us. The first, as the Minister has informed us, is to upgrade or increase the amount the Ministry of Finance can borrow; an increase from \$2 billion to \$15 billion, in order to support the open market operations of the Central Bank. That is an increase of \$13 billion.

The other request is also to increase the amount the Ministry can borrow from \$1 billion up to \$5 billion in order to support the monetary credit and exchange conditions most favourable to the economy, again for the use of the Central Bank. This is an addition of \$4 billion, which totals a \$17 billion increase in statutory allowances to the Ministry of Finance.

Madam President, it would be interesting, if we look back, to see what brings us to need these two Motions today. First, we need to look at the responsibilities of the Central Bank. As you notice, the Central Bank is a big player in both of the Motions before us.

#### **4.00 p.m.**

The Central Bank is charged with the responsibility of managing the monetary affairs of this country and, in order to manage our affairs, it can do certain things to control the monetary system. Some of those are to manipulate the reserve funds of the commercial banks, which will allow the commercial banks either to put more money into the economy, or take more money out of the economy. The Central Bank has a manipulating role in that regard.

It also has control over the repo rate and, thus, ensuring that it will also have control over the interest rates, or try to guide the interest rates to some optimum position; that is the interest rates charged by the commercial banks. But in order



for this instrument to work effectively, we need to have tight liquidity in the marketplace. Tighter liquidity is brought about by using its options of open market operations.

The Central Bank therefore manipulates the retail interest rates of the commercial banks, both to manage the demand for foreign exchange, which has already been mentioned by Sen. Wade Mark and they also hopefully wish to control the inflation in the country.

Madam President, we are seeing increasing inflation in the country over the past couple of years and this is why, in fact, we have these two Motions before us today. I think our first concern should be, where does this liquidity come from, how have we got ourselves into this position of such high liquidity? If we are not in the position to trace the cause of the disease, we will not be in any position to find a lasting cure.

What is liquidity? Liquidity is the difference between the Government's spending in TT dollars and what is returned to it, via its taxes. We have found that the Government is creating TT dollars, based on its US dollars earnings. The question is the saving element and is it going towards investment. I think that question is left opened and we need to look very closely at that. We always need liquidity in the system. We always need some money to stay in the system, which can be used as the base from which the commercial banks can create credit and their own money, so that companies can borrow and we can have some development loans. The amount of money that we actually have available in the system, in the economy, is the sum of these two things; the credit created and also the Government's spending.

There is a fundamental relationship between the money available in the economy and the amount of goods and services which is produced by that economy, particularly in tradable goods and services. When this relationship goes awry, then we find ourselves where we are today; engulfed in increasing inflation, particularly in the prices of goods and services, of which the demand is inelastic. We can safely look at the price of food, which is one such commodity and, of course, we also have the fact that real estate is increasing up and up.

Given what is happening in this economy today, and the rate at which our food prices are rising, we can safely say that this economy has gone awry. Something has to be wrong in an economy when the Central Bank has to continuously increase its repo rate, which is what it has been doing over the last year. As soon as the Government puts money into the economy, the Central Bank

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is trying to take it out as fast as it possibly can. In order to do this, the Central Bank has continuously raised its repo rate. When we looked at the repo rate in March last year, it was 5.25 and at the end of July it is 7.75, which is a large, large increase over a short term period.

The Central Bank has also raised the reserve requirement of the commercial banks, by demanding that each commercial bank deposit an additional \$1 billion with the Central Bank. When we count our banks, that is an additional \$6 billion which has been taken out of the system. If we look at the total Government money, which has been frozen by the Central Bank, in October 2005, that amount was \$13 billion, compared with \$1.3 billion, in August 2004; large chunks of money having to be taken out of the system, which is why we are here today; to increase the Central Bank's capacity, once again, to take Government money out of circulation in the local economy. When Government continues to pour it in, the Central Bank will continue to take it out. We may well ask: How did we actually get here?

The rising income, which has been earned by the Government from the energy sector, in US dollars, has allowed the Government to create and spend TT dollars that actually match that US dollars earnings and the only thing that has come out of that is the reserve that has been put into the Revenue Stabilization Fund. In other words, the Government has been pouring more TT dollars into the economy year after year, than it is receiving in taxes. That is the deficit we are talking about. The result is steadily increasing liquidity and we know that liquidity drives inflation, if there is not an accompanying increase in the production of goods and services and the production of labour and capital with the production of goods and services, which are tradable, not goods and services which are used in the construction industry and that kind of sector.

As a matter of fact, when we examine the statistics, we can see that the very opposite is happening to us here in Trinidad and Tobago. If we look at the end of 2005, our GDP was \$74.5 billion. The petroleum sector generated \$30 billion of that; agriculture, food and beverage was a mere \$3 billion; and our manufacturing was even less, at \$2.5 billion. We see that both agriculture and manufacturing are decreasing. As far as their contribution to GDP, these industries are in the decline. These are our tradable goods and services. These are the things that can earn us more foreign exchange, but these are in decline. But we see that the non-tradable sector, that is the services that we are importing and the construction services, has actually risen to a total of \$39 billion; the largest of any sector in our economy and it continues to grow.

Thus, if left alone, this sets the stage for the development of the curse of all countries that have rich energy resources, that is the Dutch disease. We have spoken about this disease several times in this House, particularly during the last budget, so I will say no more on that here today only, perhaps, to ask a question relating to that Dutch disease: Is anybody listening? Is anybody really taking into account what is happening in our economy? I fear that we are not really learning and understanding what the problems are because the disease is progressing; it is not getting any less.

We could reduce liquidity today if we decided to release all the foreign exchanges we have earned into the economy, but do we really know how much longer energy prices will remain high? Do we know, or do we know the life of our natural resources, particularly the energy sector resources? The Central Bank has to save some of the US dollars. It has to save as much foreign exchange as it possibly can, but it will have to give relief, when necessary, by buying and selling US dollars into the market, as is needed. Last year the Central Bank sold US \$700 million into the economy as relief and it could be estimated that by the end of this year, that could be close to US \$1 billion. That is a very, very large sum of money.

The situation is really a lot worse than just high liquidity. The total money available to the Government, that is its deficit spending, plus the wages and salaries that are into the economy, minus the taxes that we would take out, is far outstripping the available goods and services and in particular, the increases in non-tradable goods and services. Hence, we have the inflation, which has now become the talk of the town. As a matter of fact, we are the talk of the region, as far as our inflation is concerned.

This week the Downtown Owners and Merchants Association (DOMA) has come out and made a statement on the inflation rate and the interest rates. The Trinidad and Tobago Manufacturers' Association is very worried about our economy. The Central Bank is very worried about our economy and I do not know any economist who is not very worried about the situation that we have today.

Headline inflation, if we want to use that figure, is 8.6 per cent. In the United States, that inflation rate is only 3.5 per cent. Core inflation, which excludes food, is 3.35 per cent. In the United States, core inflation is 2.3 per cent. In Trinidad and Tobago today, our food price is increasing at the rate of 23.2 per cent for the year ending July 2006. This inflation in food prices is not due to imported inflation. If we look at the other countries' inflation rates, they are very low. It is not because we are not growing food, although we must grow more food, but that is not the cause of our inflation. Our inflation rate in food prices,

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and we can add real estate, is mark-up inflation. It is what we call “greed of the capitalist society”. The inflation rate in this country and the liquidity in this country are far too high and we have to do something seriously about it. The culprit is not imported inflation. The culprit is the spending of the Government on non-tradable goods and services, particularly in construction.

We need houses and I am glad that we had an input from the other side telling us that yes, we need houses and we have built houses in the last two years and we are going to build more, but there is a lot of the other construction that we could question.

At this stage, the Central Bank has absolutely no alternative but to sterilize the excess liquidity by way of its open market operations. It can also take out some money by borrowings via the Ministry of Finance statutory requirements. That is why we have given them that authority today; to increase the limits from \$3 billion by another \$17 billion. Do you know that \$17 billion is half of the last budget? It is a horrendous figure to look at and we will be mopping this up out of the economy.

The Central Bank is also of the view that it can control inflation and the demand for foreign exchange by controlling credit, via higher interest rates. That is debatable because we know that higher interest rates can also be the cause of inflation. If the businessmen have to borrow at a higher rate, then their goods and services have to be more expensive if they are to retain their profit level. It can actually be one of the causes of inflation. We have to be careful when we talk about controlling the foreign exchange, via controlling interest rates. DOMA has come out and said the same thing; that when we are controlling credit, there are demands which are inelastic, such as food, and therefore increasing interest rates would add to the inflation rate, particularly in food. This is certainly a truism, because everybody must eat. The proposed cure in that stage of looking at interest rates could actually be feeding the disease of inflation.

Madam President, in summary, the high deficit spending of this Government is directly responsible for the present inflation and it is encouraging the Dutch disease. As the disease continues, the economy moves from production of tradable goods to consumption with inflationary pressures, high demands for foreign exchanges and high demands for other resources of items, which we are not producing. The way to control our present economy is a fiscal and not a monetary policy.

We have to restrain Government's spending. The view from the Government that we are achieving and experiencing sustainable development, that we have oil and gas galore, is a very unfortunate statement. Some of our technocrats say that we probably have enough energy resources, given our current consumption, to last us the next 10 years.

The Government appears to be pinning its hopes on bpTT's new drilling, hoping that they find new gas and possibly some oil in the deepest well ever drilled in Trinidad and Tobago. This is what it looks like; we are hoping against hope, that bp finds new gas. If bp does not find new gas, is it the case of "crapaud smoke we pipe"? I really do not think we are giving thought to the situation that has to be given. I am sure, also, we would be told very soon and possibly in the next budget, that all our economic indicators are very positive, our GDP is growing, our unemployment is coming down and it is at an all-time low; we are employing more and more in URP and CEPEP, we are constructing many tall buildings, we are going to change the skyline of Port of Spain and we are building two smelters but this is not sustainable economic development. Yes, we surely have to spend if we want to improve our social services, but sustainability is about using our income as investments to create the production of new tradable goods and services and new platforms of development, other than energy-based developments.

Economic development is driven by indigenous innovation and knowledge and their exploitation. We have to do more. I think that leading a team to Europe, given the success of the Soca Warriors, and putting a cultural element in there; we have to do a lot more than that to develop Trinidad and Tobago.

The foreign investment in the offshore sector has brought us a lot of money and income, which looks like we are indeed now misusing and hence, the reason that we are here today; to mop up all of this liquidity. This foreign direct investment has not brought us any new technology dispersion. We have not gotten any new technology development in Trinidad and Tobago and the talk of downstream production is as yet unrelated to sustainable development. It includes importing other people's technologies and using it, even the downstream production. The request today, to increase the statutory levels on borrowings, to allow the Central Bank to continue to take out Government's money as fast as the Government spends it, is like putting a plaster on the diabetic sore without treating the disease itself. Government spending could lose us, not only the leg, but the arm and leg, unless it is reined in drastically. We are hearing from the Government's side that they do not intend to reduce spending. We have heard that said very clearly. We can possibly look forward to a \$40 billion budget in the next couple of weeks—[*Interruption*]

**Sen. Bro. Khan:** Plus.

**Sen. M. King:** Plus, maybe. I hope not.

It has been alluded to earlier today that it is a pity that this Senate does not have a vote on money Bills. All it requires is a simple majority in the other place and no vote in the Senate. It is such a pity because this really cannot be allowed to continue. Who is to say that we will not be back again in the next six months to raise the levels again, to mop up some more of the Government's mad spending?

In closing, I would like to make a passing comment that surely a Constitution has to strengthen the power of this Parliament, to control the Executive in its excesses and not make this House more irrelevant, which is what is going to happen if that Draft Constitution that has been made a document, out for public comment, is ever passed in this House.

I thank you very much.

**The Minister of Labour, Small and Micro Enterprise Development (Sen. The Hon. Danny Montano):** I had not really intended to speak this afternoon, but I am constrained to do so. When I listened to Sen. Wade Mark and the arrant nonsense that comes from him, I just have to respond.

Just allow me to deal with some of the issues as quickly as I can. The good Senator started off by saying that this was a measure so that the Government could raise money because we were, in his words, accumulating funds for an election. That statement is arrant nonsense. I do not know what else to call it. He just does not understand how the system works at all, so I would take some pains to explain what he was trying to make an issue out of. He said that the proceeds of the funds that come into the Central Bank on the issue of T Bills and T Notes, go into the exchequer account and form part of the Consolidated Fund. He assumes that somehow this is like a treasury box that the Government has that we put our hands into and take the money out and spend it for our own odd or peculiar purposes. Madam President, much has been said here and in other places about the spending patterns of the different administrations and I do not want to go into the spending patterns of the UNC, when he was a government minister. There is still much to be accounted for and he knows what I am speaking about.

The Consolidated Fund is the Government's bank account with the Central Bank, but the Government's use of its bank account is constrained by the Parliament, right here. Sen. Bro. Noble Khan and Sen. Ali understand. They were part of the government administration in a previous incarnation. They would understand exactly what I am speaking about. In order for the Government to spend money from the Consolidated Fund, it has to come to Parliament in a budget or variation of

appropriation of the budget. That is how money is accessed from the Consolidated Fund. The Government cannot just write a cheque whenever it feels like. It has to come to Parliament to say we want to spend, from the Consolidated Fund, because all revenues come into the Consolidated Fund. Every government, not only this one, but the previous one and the ones before that as well, come to the Parliament and say: We would like to withdraw from the Consolidated Fund over the next year X or Y amount of dollars to spend in this way. That is what the annual budget is all about. The fact that the Central Bank issues Treasury Notes or Treasury Bills and the money goes into the Consolidated Fund has absolutely nothing to do with any election or anything of the sort, that is just crazy nonsense and ignorant.

What the Senator fails to—[*Interruption*]

**Madam President:** Are you giving way?

**Sen. The Hon. D. Montano:** I am not giving way. He will have time later on. I only have a couple of minutes. What he does not understand—[*Interruption*] Not once did I interrupt him when he was speaking, no matter how nonsensical it was. Understand this, what the Senator does not understand is that the Central Bank is going about its job in a different way from how it did it before. Previously, you would recall—and Sen. The Hon. Conrad Enill, Minister in the Ministry of Finance referred to it—[*Interruption and crosstalk*]

**Madam President:** Sen. Mark, can I ask you please—I do not remember you being interrupted.

**Sen. Mark:** Sorry about that.

**Sen. The Hon. D. Montano:** Just bad manners. Madam President, the Minister in the Ministry of Finance referred to this, once upon a time the commercial banks had to deposit as much as 18 per cent of every dollar that they got in from the public. When the public goes to the bank they can put it in a savings account or they make a certificate of deposit. Eighteen per cent of that had to be placed with the Central Bank. That was effectively the means in which the Central Bank controlled liquidity in the banking system. That was the mechanism that was used previously. The present administration in the Central Bank says: “We intend to do it a different way.” They have reduced that deposit requirement from 18 per cent to 11 per cent and said: “We will absorb liquidity in this way; by issuing T Bills and T Notes.” This is simply because it is a more dynamic method of controlling liquidity. It is faster. The T Notes and T Bills are issued for a very short period. It can be as short as 30 days; it can be longer, 60

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days, a year or whatever, but most of the time it is very short, but it is a very dynamic process that can be literally managed on a weekly basis. When you have a static requirement that is a high fixed amount of all the deposits that go to the Central Bank, it is a static arrangement. It assumes that your economy is in a statistic mode, which clearly it is not.

Given the size of the present economy—by the end of this year the size would be almost twice what it was in 2001—the Central Bank realizes that it needs a dynamic system. It is the same system that is used in the United States. Senators would be aware that the Federal Reserve has been increasing the repo rate in the United States for the past two years and they have increased it to the point where their deposit rates are now fairly competitive with ours. We have to maintain a differential, or else there is a flight of capital. That is one aspect of the decision to go this way and one aspect of the reasons for the increasing rates of the repo rate.

What Sen. Mark is talking about is just arrant nonsense. There is no way that the Government can raise money like this for an election that is pending whenever.

**Madam President:** Mr. Minister, I think you would need to continue after the tea break. Hon. Senators, we would now take the tea break. The Senate is suspended until 5.00 p.m.

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

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

**Madam President:** Minister, you may continue.

**Sen. The Hon. D. Montano:** Thank you, Madam President. I was talking about the arrant nonsense that was espoused by Sen. Mark and I want to continue to tell Members—*[Interruption]*

**Sen. Mark:** The arrant nonsense.

**Sen. The Hon. D. Montano:** Complete arrant nonsense. The Senator said that the cost of living had increased by more than 100 per cent since 2001. Here are the facts: 2002 was 4.2 per cent; 2003, 3.8 per cent; 2004, 3.7 per cent and 2005, 6.8 per cent. The total increase is 18.5 per cent, as opposed to 100 per cent.

**Sen. Mark:** Point of order. He is misleading the Parliament.

**Sen. The Hon. D. Montano:** Misleading is now a point of order?



**Madam President:** Please sit down both of you. I have already said in this Senate and you know very well from your Standing Orders that misleading the House is not a point of order. If you want to ask for clarification, Senator, I am sure the Minister will give way.

**Sen. The Hon. D. Montano:** I did not stand to say that he was misleading when he said that, but he was. I do not know what he wants to call it, but to say that it is misleading is polite. Now he wants to say that it is food prices.

I am on record in this Chamber, as well as in the other place, when I was Minister of Legal Affairs, talking about the increase in the price of food. I am on record as pointing out that under the UNC administration, the cost of food increased during their tenure by 88 per cent. The fact is, whether you like it or not, inflation, and particularly inflation in food, is something that all administrations have been wrestling with and not necessarily succeeding. Their administration failed with it and we are struggling with precisely the same issues. Understand that inflation is not something that is peculiar to Trinidad and Tobago. When we sell a barrel of oil for US \$35 and within two or three years we raise it to US \$70 and it is the same commodity, that, by definition, is inflation that we are inflicting on the rest of the world. The fact of the matter is that the Government subsidizes the price of oil and effectively electricity as well, so that we tend to be insulated from what we are doing to the rest of the world.

The price of gold, within the past 18 months, has increased from \$350 an ounce to over \$600 an ounce. The price of copper has quadrupled in the past two years. The price of steel has escalated. What is creating a lot of this is the demand coming out of China. I have spoken about that. I am on record here and in the other place talking about the impact of the purchasing power of China.

Madam President, one of the things that you can count on with Sen. Mark is not just that almost everything he says is misleading, it is actually just simply not true at all. There are words for persons, and those words are unparliamentary, who do not tell the truth. One of the things we can count on with Sen. Mark is that he very seldom says anything that is true. He comes here and says that we increased old age pension once to \$1,000. The fact of the matter is that we did it twice and we raised it from \$850, which is what it was in 2001, to \$1,150. We did that in 2004. For those of you who are a little slower on the Mathematics, that is a 35 per cent increase and the cost of living went up by 18 per cent.

**Sen. Jeremie:** How much he said?

**Sen. The Hon. D. Montano:** He said it only went up to \$1,000. It went to \$1,150. That was a 35 per cent increase. He can check my Mathematics and I do not lie. I tell the truth. It is 35 per cent.

**Sen. Jeremie:** I thought it was \$75 million he said that the NLCB spent?

**Sen. The Hon. D. Montano:** He did not say that today. I think that people need to be reminded of the fact that very little of what Sen. Mark says is true. We need to understand that.

He talked about the fact that the repo rate has gone up and the cost of doing business in Trinidad and Tobago has gone up because interest rates have gone up. What he does not understand is that the cost of interest today at the commercial banks is still less than what it was when the UNC was in government. Under the PNM administration, and with the new Central Banking mechanisms, the interest rates had fallen to all-time lows. The Central Bank, through adjustments in the repo rates, has raised it back so that the commercial bank prime lending rate has now gone back up to 11 per cent, but that is still lower than what it was when the UNC was in government. The cost of doing business is still lower than it was when they were in government. He is not correct. He is inaccurate. There is a three-letter word for it but I would not say that; it is unparliamentary. I cannot say that. The word starts with an "L".

**Sen. Mark:** Do not say that. You are on television.

**Sen. The Hon. D. Montano:** He says that poverty in the country is rising and we are doing nothing about it. Unemployment has fallen to record lows. Families now find themselves in a situation where they have more than one income-earner in each household. Many of them, the people outside there—we will talk about this on a later occasion that is coming up very soon—have two jobs. That is what is taking place. He says that poverty is rising. I do not know where he lives. I visited the countryside. You walk around and ask anybody if they have a cellphone, everybody has at least one. They probably have two, but they have to manage the phones. They have to pay for the calls at the end of each month. He does not seem to understand that the quality of life is improving. He does not like to hear it. He wants to pretend that it is fire and brimstone and it is not so at all.

In terms of poverty, he has completely ignored the specific interventions that this administration has taken to relief the plight of the underprivileged and those who have smaller incomes. We raised the minimum wage to \$9.00 per hour. We have expanded the URP programme, which is an unemployment relief programme.

We started CEPEP and have created NEDCO. These were specific interventions to relieve those who were unemployed, underemployed or had small incomes within their families. They were specific measures.

There are economic consequences to that kind of intervention. This definitely is. What happens is that you now put money into the hands of people who never had money before and what you are creating is a class of consumers that did not exist previously. That is what you are doing. People, for the first time, have money to be able to buy a cellphone or a foreign-used motor car. You only have to look at the roads and see the number of cars on the roads and you can see that the spending in the country is going up. We will see very shortly, in the next few weeks, the level of the increase of taxation that has come about from the private sector. You would see that businesses are making more money than ever before, despite a drop in the taxation rates and we will show the specifics to you in a few weeks.

Those businesses are making money because people have more money to spend. That is what is taking place. For Sen. Mark to suggest that poverty is rising, is absolutely, completely absurd and it just flies in the face of everything that is obvious in the country. Again, at the risk of repeating myself, that is just arrant nonsense.

He spoke about the off-budget spending of the PNM and he read a little blurb from Standard and Poor's. Of course, he was confused about what he was reading as to whether he was talking about balances or expenditure. He was confusing the activity of expenditure with the accumulation of balances. Let me give you an example as to what was taking place. In 2001, central government primary debt was \$20 billion. At that point, that was 56.5 per cent of GDP. The Government guarantees were \$10 billion, which was 50 per cent of the debt, which is not an actual liability. It is a contingent liability, which was 50 per cent of the actual amount. In 2005, by contrast, the central government debt was 21.5 per cent; only an increase of \$1.5 billion since 2001 and that is only 43 per cent of GDP. The Government guarantee was \$10.8 billion, an increase of \$800 million. That also was 50 per cent of the central government debt. That is only 14.4 per cent of GDP, as opposed to the Government guarantees being 53.5 per cent of GDP in 2001. Let me give that to you again, Government guarantees in 2001 were 53 per cent of GDP; in 2005, Government guarantees were 14.4 per cent of GDP; almost the same actual balance but a tremendous drop in the ratio. He wants to criticize our activity? Do not talk about letters of comfort because that is another story.

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There are a couple of other silly comments that I would not go into, but he said we are in danger and he repeats it several times. The only thing that Sen. Wade Mark and the UNC are in danger of is being wiped out of the political scene. [*Desk thumping*]

There is one other thing I want to touch on and that was he started to talk about the shortage of foreign exchange in the system. I did not have the opportunity this afternoon, to get into the specifics of the supply of foreign exchange into our system. Suffice it to say that the energy sector is a very large sector of GDP. I think it is close to 50 per cent of GDP and is the major source of foreign exchange into our system. The fact of the matter is that foreign exchange is earned by the Government, not by the private sector. It is earned primarily by the State. It goes into the Central Bank, which is the Government's banker. Just to give you a comparison as to how those are held, as of June this year, the commercial banks were holding \$1.5 billion in United States reserves. The Central Bank—which gets all of its foreign exchange as a result of the Government's revenue coming in from the energy sector—is holding \$5.27 billion in foreign currency. That is the difference. Foreign exchange does not flow naturally into the banking system, it has to be supplied by the Central Bank. It has to be sold to the commercial banks in exchange for TT dollars.

If there is an imbalance in the Central Bank's supplying of foreign exchange, in terms of the size of the economy, there become shortages in the supply in the banking system. It does not mean that the country is spending more foreign exchange than it is earning. It only means that the Central Bank is constraining the supply of foreign exchange, because if the Central Bank does not do that, that, again, is contributing to the inflationary spiral and the level of liquidity in the banking system. Again, it is a mechanism that the Central Bank uses to constrain the supply of currency. It does not mean that we, as a country, are spending our foreign exchange at a rate faster than we are earning it. It means only that the Central Bank is not supplying it at the same rate. I rather suggest that they are doing that for a specific reason.

Madam President, I have dealt with most of the issues that Sen. Mark had raised and I think I will leave him alone. I see that he is close to tears. I would leave him alone and I would leave the rest of it to my colleague, the Minister in the Ministry of Finance.

Thank you very much.

**Sen. Dr. Tim Gopeesingh:** Madam President, the two Motions that are presented by the Government this afternoon are brought together for debate as one. The first Motion is seeking permission for the Minister of Finance to borrow further sums of money for the purpose of facilitating the conduct of open market operations. At the moment, the Minister of Finance can borrow up to \$2 billion and this Motion is now seeking—for the purpose of facilitating the conduct of open market operations by the Central Bank of Trinidad and Tobago—the authority to borrow such further sum or sums in the aggregate of \$15,000 million for the issue of Treasury Bills. That first Motion is asking for permission for the Minister of Finance to borrow, not \$2 billion anymore, but the ability to borrow \$15 billion. That is the addition of \$13 billion to issue in Treasury Bills.

The second Motion is for the purpose of promoting monetary credit and exchange conditions most favourable to the economy of Trinidad and Tobago and the Minister of Finance is asking the Senate to pass the Motion to authorize his borrowing of another \$5 billion or equivalent thereof. At the moment, the Minister of Finance has the capacity and capability, under the existing legislation, to be able to borrow \$3 billion for open market operations and for promoting monetary credit and exchange conditions and he is now seeking permission to be able to borrow \$20 billion. He is moving from the ability, at the moment of borrowing \$3 billion, and asking to be able to borrow \$20 billion.

The first point is, and Sen. Mark raised the issue, that under the Treasury Act, the money goes into the Consolidated Fund and Sen. The Hon. D. Montano was trying to indicate that the Government comes to Parliament to seek permission to use that Consolidated Fund in the budget. He must recognize that once the money goes into the central Consolidated Fund, the money is available to the Government for its use, whether it comes to Parliament. In other words, the Minister of Finance is now asking for permission to borrow \$20 billion, which would be put into the Consolidated Fund and which can be used by the Government in the budget preparations following. The point he was trying to make was that they do not have this money available, but the money is available in the Consolidated Fund for the Government's use. We are being asked to give the Government more money for it to spend.

Madam President, in that context, we as Members of this Senate and citizens of this country, must be mindful of the need for this Government to harness the economic windfall due to the high energy prices. This Government must endeavour to ensure sustainability in the medium term for the continuous improvement of the standard of living of the citizens of Trinidad and Tobago, but they are failing terribly.

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The standard of living of the citizens of Trinidad and Tobago is falling daily. The poor are getting poorer, but I would elucidate on this a little more.

**Madam President:** Please.

**Sen. Dr. T. Gopeesingh:** In the 18<sup>th</sup> Century America, the function of government is best described in the United States declaration of Independence, which states:

“We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that amongst these are life, liberty and the pursuit of happiness...”

The pursuit of happiness is the wish of every citizen of Trinidad and Tobago. It continues:

“that to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed.”

That is the United States Declaration of Independence in the 18<sup>th</sup> century, words that are as relevant and even more significant, based on what is happening nationally and internationally but we are to focus on what is happening to our people nationally.

It was Abraham Lincoln in his Gettysburg address who summarized it in these words and we all know these words:

“Government of the people, by the people and for the people.”

May I ask—from what we are seeing today, in terms of social conditions and social deprivation—is this a Government that can boast that it is a government for the people? It is certainly not. In its barest sense, the role of any government is to secure the welfare of all its citizens.

Madam President, let me bring us to some of the realities that are occurring in Trinidad and Tobago. We know good governance is about good government. Here is what the Central Bank Media Release of August 25, 2006 says—this Government is trying to ask, because of the high liquidity, to remove the money from consumption and circulation to put it into the central Consolidated Fund, so that inflation will go down. Basically, the monetary policy is the role of the Central Bank; the fiscal policy is the role of the Government. Look at what is happening:

“The latest inflation numbers released by the Central Statistical Office indicated that headline inflation measured 8.6 per cent on a year-on-year

basis to July,.... Core inflation, which measured 3.35 per cent in June (year-on-year), rose to 4.0 per cent in the twelve months to July. For the month of July, core inflation increased by 1.45 per cent, the largest monthly increase recorded for the year so far.”

This is the performance of this Government. Inflation for July, the largest monthly increase recorded for this year alone.

My colleagues touched on the increase in the prices of fruits, vegetables and fish and these continue to be the main drivers of the rise in the cost of the food basket. What is significant, Madam President, and Senators, is the jump in core inflation reflected increases in the cost of health services, 11 per cent. This is the Central Bank telling us that. Education was 12 per cent. Sen. Abdul-Hamid spoke about free tuition, but the Central Bank said that inflation in education rose by 12 per cent and recreation and culture, addressed to Sen. The Hon. Yuille-Williams, went up by 9.8 per cent. In the health services category, the increases are for pharmaceutical products and prescription drugs. While the poor is getting difficulty in earning a livelihood, the inflation in health services is increasing. Pharmaceuticals and prescription drugs increased, while for educational services, which are related to tuition fees—I wish that the Senator was here to listen to this—rose by 12 per cent because of the increase in tuition fees. It is only a certain amount getting free education.

### **5.30 p.m.**

Madam President, so, I draw this attention about inflation, and some facts and figures to indicate that all is not right. What are the consequences of inflation? First, inflation affects the purchasing power of money. We all know that it reduces the quantity of goods that can be purchased with a given amount of money. The higher the inflation rate, the faster one's purchasing power is eroded. For example, if inflation rates increase by 7 per cent per year for three consecutive years, then over the period of three years, individuals would have effectively lost \$196 out of every \$1,000 held in a bank. So, because of the inflation in a three-year period, just with a 7 per cent increase in inflation on a yearly basis, if you had \$1,000 in a bank, you would have lost \$196, equivalent, due to inflation.

The second issue, as far as inflation is concerned, is that inflation distorts incentives to save. Under inflationary conditions, one's purchasing power is eroded over time, and this encourages consumption rather than savings. So, when we have an increase in inflation, we have a decrease in savings. This is what is occurring in Trinidad and Tobago, at the moment.

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Inflation also affects investment decisions as it adds greater uncertainty to the future, and this complicates business planning. This is why we are seeing less investment occurring in Trinidad and Tobago, and this is spiralling a number of issues related to decreased confidence in investment; no new businesses are coming up; and there is a flight of capital.

Inflation affects wage earners. Wage earners protect themselves by seeking larger wage settlements. This is why the trade union movement is asking for more money. High inflation is occurring. In fact, especially when inflation is on the rise, trade unions tend to insist that wage agreements contain cost of living clauses as a means of protecting workers against inflation.

High inflation fosters an inflation psychology or inflationary expectations. They think that there is going to be inflation and there is a psychology that more is going to occur. What is tremendously important is that inflation affects disproportionately persons who are on fixed incomes, like pensioners and the poor. As a result of the inflation taking place in Trinidad and Tobago, at the moment, who are really affected by it? Persons who are on fixed incomes, like pensioners and the poor. They cannot do anything. Their money is coming in as a fixed amount; inflation is going up and, therefore, their ability to buy food and so forth becomes less and less.

Madam President, I think it is incumbent for us to understand what is happening here now, in the context of what has happened from 1973 to 1982. You would remember, and all of us would remember, that in the 1970s, there was a sharp rise in crude oil prices, and that resulted in a significant increase in Government's expenditure which boosted growth and stimulated aggregate demand. With the non-energy fiscal deficit increasing sharply, inflation in the 70s and the early 80s was at double-digit levels throughout this period, and we are now getting there again. I am making this analogy to remind us of what happened in the 70s and 80s. Between 1973 and 1982, the rate of inflation averaged 14.4 per cent and reached as high as 22 per cent in 1974. It is close to 9 per cent now.

If you follow what has happened from 1983 to 1992, when there was a significant fall in government's revenues resulting from the crash in crude oil prices—how do we know that we are not going to have a crash in crude oil production and crude oil prices? [*Desk thumping*]

I saw where the Prime Minister mentioned that the price of oil would go up to \$100. I cannot understand what rationale and thinking went on for him to extrapolate that the price of oil would go to \$100. This is based on what? We



have to think that the price of oil may fall, and then we have to take the relative measures to deal with the matter, if there is a fall in oil prices. That was on yesterday's newspaper.

From 1983 to 1992, the economy slipped into a recession that lasted for about 10 years. That was as a result of over-expenditure from 1973 to 1982. During that recessionary period, inflation eased markedly as the government implemented a number of fiscal adjustment measures, which succeeded in significantly reducing private demand and the non-energy fiscal deficit.

What has happened between 1994 and 2000? Under the UNC administration from 1995 to 2000, annual headline inflation averaged only 4.8 per cent. Headline inflation declined. This is important for Senators to understand and to remember. Under the UNC administration, headline inflation declined to an average of 3.7 per cent. What happened during 2003, 2004 and 2005? It surged again to 6.9 per cent. So, under this administration, and your previous administration, every time you were in government, inflation soared. The sharp increases in inflation in 2005 reflected the resurgence in the prices of food items accounted for 18 per cent of the basket.

Madam President, what is even more significant is that the increase in food prices has been significantly larger in Trinidad and Tobago than that experienced by our poor neighbouring Caribbean territories. Trinidad and Tobago which is so wealthy, the inflation in food prices in Trinidad and Tobago is significantly more than what is happening in our neighbouring Caribbean countries.

Between 2002 and 2005 under this present administration, food prices in Trinidad and Tobago increased on average by 14.6 per cent, almost twice the average increase for the Caricom region, and we are supposed to be the wealthy Trinidad and Tobago.

By 2005, while many Caricom countries, with the exception of Haiti and Jamaica, recorded single digit rates of food price inflation, food prices in Trinidad and Tobago increased by as much as 22 per cent. Almost three times the regional average of 8.7 per cent. We, in wealthy Trinidad and Tobago in the Caribbean—we say that we are the “tiger of the Caribbean”, but our food prices have increased almost three times the regional average. That is abysmal; that is abysmal performance of any government, and no government must be proud of its performance when these facts are made public.

What has the Government done about this matter? They know that the price of food has been going up. They have done absolutely nothing, because there has been a structural decline in domestic agriculture, particularly over the last three to four years.

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With respect to employment in agriculture, in 2002 there were 36,000 persons who worked in the agricultural sector. After they decimated Caroni (1975) Limited, where there were 10,000 workers who were fully paid—I am not even comparing what happened in 2000 and 2001, but there were 36,000 persons working in the agricultural sector in 2002. In 2003, it went down to 31,000; and in 2004, it went down to 26,000.

To compound all these problems, in the past two years, agricultural production has been further affected by serious floods in rural areas. This administration has been unable to deal with any situation regarding flooding throughout Trinidad and Tobago and, particularly, in the central region where a lot of agricultural products are being produced.

The rise in core inflation reflects increases in the cost of pharmaceuticals, meals in cafés and restaurants, education and rent. Madam President, sustainable growth requires a protective development component. To determine any aspect of our development component, we must be cognizant of not only economic indicators, but social indicators; not necessarily macroeconomic indicators. The Minister in the Ministry of Finance would say that our macro economy situation is unparalleled; it is beautiful; but we must juxtapose his illusion of the macroeconomic indicators, contrasted with the revealing facts of the worsening social indicators in Trinidad and Tobago.

Social indicators are the ones that really determine the success or failure of any government. You could have good macro-economic fundamentals and macro-economic policies, but if the social indicators are worsening, then the government is failing, and this Government is failing. I would substantiate what I am saying by giving you some real figures. The social indicators are the ones that determine the future of the country, and it is the development indicator which truly determines the sustainability of economic growth.

Sen. Montano talked about the performance of his Government; let us deal with some facts. This Government, the PNM Government, has over the last four years in office received over \$116 billion in income. The Government's revenues for 2006 will be the highest ever in the history of this country, which is bolstered by high energy sector revenues.

Madam President, do you know what is our production monetizing the oil and gas and so forth from Trinidad every day? We produce 150,000 barrels of oil on a daily basis. We produce the equivalent of 300,000 barrels of oil, if you convert

the gas into barrels of oil. That brings us up to 450,000—[*Interruption*]—I would do that mathematical calculation for you. [*Interruption*] I did medicine because I got an A in mathematics and A levels in one year. [*Desk thumping*]

**Sen. Mark:** Take that; take that accountant.

**Sen. Dr. T. Gopeesingh:** I know the Senator is bright, but I am going to show her the calculation to convert the billion cubic feet of gas production on a daily basis, in terms of the equivalence of barrels of oil. Madam President, it is equivalent to 450,000 barrels of oil per day that we are monetizing. If we convert this mathematically, it is equivalent to \$70 billion per year that we are monetizing from our reserves. I would go into it. I can pass the information on to the Senator.

In fact, for this current year, this PNM Government would receive more in oil revenues in just this year, than the UNC government did over its entire term in office. This PNM administration will receive more revenues in oil than we received under our administration for the six years that we were in office. In total, this Government would have spent \$116 billion in five years, and in the first five years of the UNC government, we spent \$54 billion. Look at what we were able to accomplish in five years with \$54 billion, and what you have been able to achieve with \$116 billion in your four and a half years. These are undisputable facts.

**Sen. Mark:** Poor performance by the PNM. [*Laughter*]

**Sen. Dr. T. Gopeesingh:** I think they are smiling because they have realized the truth in all of this, and they have to accept that they are non-performing. Madam President, this Government spent more in the last two fiscal years than what the UNC spent when we were in office. So what they have been able to spend in fiscal year 2005/2006 so far has been more than what we have spent in five years.

**Sen. Mark:** My God!

**Sen. Dr. T. Gopeesingh:** And doubtless, there is an abundance of money at this Government's disposal. It is well established that excessive and uncontrolled government expenditure has resulted in high inflation. Madam President, what is going on today? There is a collusion between the monetary policy of the Central Bank and the fiscal policy of the Government. The Government is overspending on mega projects; heating up the economy—the waterfront, the unnecessary Brian Lara Stadium for \$950 million, and the proposed \$750 million Art Centre at the Savannah.

**Sen. Mark:** Carnival Village.

**Sen. Dr. T. Gopeesingh:** We need an Art Centre, but we do not need that expensive \$950 million Brian Lara Stadium when that is not going to be finished for the cricket game, in any case.

**Sen. Mark:** Wasting money.

**Sen. Dr. T. Gopeesingh:** Why did the Prime Minister, at that time, give away all the packages for holding these cricket games which is one of the centres for World Cup Cricket—the opening ceremony or for the closing game—when we have all the facilities here in Trinidad? He gave them away saying that he wants the support for the headquarters for the Free Trade Area of the Americas (FTAA). Where is the FTAA at the moment? The FTAA is dead! So, we have given away our ability to host the World Cup Cricket finals right here in Trinidad, and we got a brown paper bag, because we wanted to be the centre for FTAA. [*Laughter*] In addition to that now, the Prime Minister is saying that he is spending \$950 million to build a Brian Lara Stadium for the World Cup Cricket games that we are not even having.

**Sen. Yuille-Williams:** Let us be fair in terms of the price. The stadium is still less than \$300 million. You are talking about the entire facility. That is not the price for the Brian Lara Stadium alone. The last time it was \$285,000 and it is still below \$300,000. Let us get it right.

**Sen. Dr. T. Gopeesingh:** Madam President, I am sure that the Senator knows that almost everything that this Government touches has cost overruns. [*Desk thumping*] You ought to be reminded of the Central Bank Towers, the Hall of Justice, the Mount Hope Eric Williams Medical Sciences Complex, and now we have the Brian Lara Stadium. What about the Scarborough Hospital? The Scarborough Hospital was supposed to cost \$120 million, and only the construction work has been completed, and it has cost \$200 and something million already, and work has stopped since last year May.

**Sen. Mark:** What has happened? How come they are not probing corruption in that?

**Sen. Dr. T. Gopeesingh:** I brought the Senator back to reality when she said that the Brian Lara Stadium is only costing \$300 million, but it is projected to cost \$950 million. When it is finished, we are saying that it is going to cost \$1.5 billion.

**Sen. Mark:** Yes, that is true.

**Sen. Dr. T. Gopeesingh:** So, what is happening? The Governor of the Central Bank is telling this administration to stop the overspending; stop the overheating of the economy. They do not have to spend this amount of money on projects that are costing this amount of money, because they are really creating the inflation. So, here it is, this Government is creating the inflationary issue, but it is trying now to come back and say that they have created the inflation but, do you know what? Give us more money to borrow, so that we could take that money out from the circulation. [*Desk thumping*] They do not know what they are doing. [*Desk thumping*] On one hand, they are over-stimulating and overheating the economy by all this mass expenditure; unnecessary expenditure; and they are now asking us to mop it up. The Central Bank Governor is telling them what they ought to do; the IMF is telling them what they ought to do; but they are coming back to what has happened in 1973 to 1982.

Do you know what happened in Jamaica? I feel sorry for the Central Bank Governor because I know that he is going to have some difficulties. He is telling this administration—he has been selected by the Government, but he ought to be careful himself. Just look at what happened in Jamaica! Jamaica's economy crashed a few years ago, because the Central Bank Governor was in cohorts with the government in Jamaica—Argentina, Bolivia, Thailand and a number of these countries felt the ripple effect. Countries like Brazil, Argentina and Colombia felt the wrath of this type of lack of independence between the monetary aspect controlled by the central bank and the fiscal arrangements and fiscal expenditure by governments and the same thing is going to happen here in Trinidad and Tobago, if they do not heed the wishes of the Central Bank Governor. He would probably have to put his hands up and say that he cannot deal with this matter anymore. He has been giving them advice and they are not taking his advice. We are going to give him advice: He needs to maintain that independence that is required to separate the monetary aspects from the fiscal aspects.

My colleagues touched on the repo rate, and I do not need to go into that matter anymore. I want to come to what some of the economists are saying. One very senior member of a management consulting firm who writes a weekly column for the *Express* newspaper said—this is on the *Express* dated August 28, 2006:

“Inflation is the end result of a mismanaged economy and the blame must fall squarely on the Minister of Finance.”

This is a management consultant, PricewaterhouseCoopers, which is internationally recognized and referred to as a management consulting firm:

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“This is because the inflation has not been a global phenomenon that is imported, but the result of both fiscal and monetary policy in domestic Trinidad and Tobago, that have allowed the situation to get out of control...

All of them have indicated that it is not high wage demands that have caused inflation.”

He is talking about what all economists are saying now:

“Without exception our economists have indicated that high inflation has been caused by the Government’s massive expenditure programme, primarily on construction projects.”

This is what the economists in Trinidad and Tobago are saying; the IMF is saying it; the Central Bank Governor is saying it; but the Government is not taking heed. This is a runaway Government; this is an autocratic Government. We have said this many times. They know they are autocratic, and it is time that we remove them.

“This expenditure has exceeded the physical sources available in Trinidad and Tobago (including skilled labour and construction materials) and this has resulted in price rises due to short supply and excess demand. Initially the price rises were evidenced in building materials...”

The cost of building materials has gone up by about 180 per cent—concrete blocks, steel and concrete. Even Trinidad Cement Limited had to put out an ad recently—I am sorry I do not have it here—where they said that their rise in prices was 30 per cent, whereas the rise in prices of cement, concrete and steel and other materials was about 180 per cent within one year. This is what the article went on to say.

“Recently one of the country’s leading manufacturers in the food processing business indicated that there was a major problem with a shortage of labour and as a result he could not increase production or increase his exports. The Government did not seem to pay any attention to this concern but many people are now aware that we have an excess demand for skilled labour, full employment and yet the Government persists with CEPEP and make-work projects like URP.”

Madam President, I want to talk about this employment issue that Sen. Montano raised a while ago. He was boasting about his employment. This is what the PricewaterhouseCoopers gentleman indicated—

**Sen. Joseph:** Who is it?

**Sen. Dr. T. Gopeesingh:** Mr. William Lucie-Smith. The Minister of Labour, Small and Micro Enterprise Development, Sen. The Hon. Danny Montano, claimed that in the past his Government has made a battle against unemployment as a priority and, today, he said it is a record low. According to the Government's statistics, the unemployment rate is at the lowest level which is 6.7 per cent, at the end of December 2005. According to the Prime Minister, the Unemployment Relief Programme (URP) has a base of 50,000 persons, who may be considered employed by the CSO; another 7,000 persons are involved in the Community-based Environmental Protection and Enhancement Programme (CEPEP); 360 in the Military-Led Youth Academic Training Programme (MILAT); 240 in the Military Led Programme of Apprenticeship and Reorientation Training (MYPART); 500 in community service programmes with thousands more in Helping You Prepare for Employment (HYPE), the Youth Training and Employment Partnership Programme (YTEPP) and the Multi-Sector Skills Training (MuST); and a myriad of other make-work programmes.

**Sen. Dumas:** Madam President, I am sure that the goodly Senator is mistaken. I think that he should consider the words that he is using. There is no way that anybody in the system considers the beneficiaries of the URP programme as being employed.

**Sen. Mark:** The Prime Minister said that they are employed.

**Sen. Dumas:** The Prime Minister never said that.

**Sen. Dr. T. Gopeesingh:** Madam President, the CSO figures showed that the URP workers of 50,000 are considered employed. This type of employment is temporary; it is cyclical employment and, in many of these cases, does not result in the creation of the cadre of employable persons but, instead, in the creation of greater dependency. We are all aware of that. The Central Bank suggests that 11,600 new jobs were created in the construction sector, but this is also temporary employment, and is not sustainable. It is, in fact, disguised unemployment or at best underemployment. Underemployment is a situation where people are working to earn enough income to live in a moderately decent fashion, and the URP workers and the CEPEP workers are struggling to live with the wages they are earning. This is underemployment. These workers have absolutely no right under this brutal regime. They have been denied the right to join trade unions; no provisions have been made for sick leave, maternity leave, vacation leave, casual leave and other basic working conditions which a fully employed person has,

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including a fixed cost of living allowance which they ought to be entitled to under the law. None of these thousands of workers are receiving these benefits, so you cannot consider them as being employed.

**Sen. Mark:** That is slavery.

**Sen. Dr. T. Gopeesingh:** This is what is driving up their statistics to say that the employment figure is 9 per cent.

**Sen. Mark:** PNM slavery! They are going to burst those chains and remove you all.

**Sen. Dr. T. Gopeesingh:** This is what the article went on to say:

“Many observers have reflected that the Government’s current policy appears to be very similar to that of the PNM administration that presided over the major economic disasters that followed the first oil boom.”

This is what is being said in the *Express* dated Monday August 28, 2006: There is:

“...recognition that the economy is overheated and inflation is out of control and an outline of the policy measures to combat that.

We should also expect that there will be measures to address the shortfalls in agricultural production, including a full explanation of the use of Caroni Lands, and measures to ensure agricultural production will be boosted. We need to reiterate that the basis for development is not a building boom...”

As the Prime Minister said, development is putting up high-rise towers down on the waterfront. This is his idea of development; putting up high-rise towers. That is not development. Development is looking after your people and the social indicators reflect development. [*Desk thumping*] Sustainable employment, a well-educated and trained population are indicators of development.

Madam President, the poverty situation is worsening and, the World Bank, in offering of the World Development Report of 2006 places specific importance to the issue of poverty. The World Bank Development Report says that to correct this situation of and reduce poverty more effectively, equity and development recommends ensuring more equitable access by the poor to health care, education, jobs, capital and secure land rights, amongst others. Could this Government say that the poor people have adequate health care when inflation has gone up by 12 per cent in health care? Education has gone up by another 12 per cent; the jobs are not full-time employment and people do not have land.



**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 minutes. [*Sen. W. Mark*]

*Question put and agreed to.*

**Sen. Dr. T. Gopeesingh:** Thank you very much. I think Sen. Joan Yuille-Williams is enjoying this contribution. Madam President, the most recent poverty figures contained in the World Bank Human Development Report 2005 stated that some 12.4 per cent of our population—one-eighth of our population—earns less than US \$1 per day. That means approximately 160,000 citizens in our country are earning less than US \$1 dollar per day which is \$6 per day; and 39 per cent—round it off to 40 per cent—4 out of 10—of 1.3 million is 520,000 persons. This is the World Bank Human Development Report of 2005 saying that 39 per cent of our citizens earn less than US \$2 per day—520,000 citizens of Trinidad and Tobago are earning less than US \$2 per day, according to the World Bank Human Development Report 2005.

**Sen. Mark:** You all should deny it. Attack the World Bank and deny it.

**Sen. Dr. T. Gopeesingh:** The poverty index ranked Trinidad and Tobago at No. 8 for developing countries, and the Human Development Report 2005 provides the poverty index at No. 15, indicating that Trinidad and Tobago had toppled in the ratings—

**Sen. Montano:** Madam President, the working population in the country is about 569,000, and the Senator is saying that 500,000 persons earn less than \$2 per day. To say that is ridiculous! [*Laughter*]

**Sen. Dr. T. Gopeesingh:** We would not go into that type of grammatical description. Madam President, I am not talking about the working population; but I am talking about citizens of Trinidad and Tobago with the inability to live with less than US \$2 per day. If you look at the Human Development Report, Trinidad and Tobago has moved from No. 49 in 2001 to No. 57 in 2005.

I wanted to talk a little on crime, but everybody knows about the abysmal issue as far as crime is concerned.

**Madam President:** The Motion has nothing to do with crime. [*Laughter*]

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**Sen. Dr. T. Gopeesingh:** I would just leave that out. Madam President, thank you for your guidance. The World Economic Forum, on an annual basis, issues the Global Competitive Report which determines a country's growth and business competitiveness. Hear what is happening to Trinidad and Tobago. The Global Competitive Index for Trinidad and Tobago in 2002, we ranked at No. 42; in 2003, No. 49; in 2004, No. 51 and we ranked at No. 60 in the Global Competitive Index in 2005.

With respect to the Business Competitive Index—these are social indicators to tell us how well the country is doing. In 2002, we ranked at No. 44, and in 2005 we went down again to No. 65. So, from pride of place of 34th in 2001, we ranked to a lowly 65th in 2005, and Jamaica with all its high criminal activities continues to rank substantially higher than Trinidad and Tobago. Imagine this is where we have reached.

So, Madam President, the issue as far as the desire of this administration to take out \$20 billion that is circulating and to put it into the Consolidated Fund, raises serious issues that I have discussed. There are a few other things that we need to take into consideration before I close.

We are putting pressure on the exchange rate, at the moment, by virtue of this inflation. We are putting pressure internally and externally. If we are looking and freezing this \$20 billion, and putting it for Treasury Bills, who is going to purchase these Treasury Bills? There are a few financial institutions in Trinidad and Tobago that buy Treasury Bills, Treasury Notes and securities. It is a very weak market; it is a fragile market. I think it is still infantile and underdeveloped. So, therefore, when you take out \$20 billion and you have to sell Treasury Bills and Treasury Notes, who are you selling them to? You are not going to be getting buyers, because this market is very small, so you would not be able to effectively sell off the \$20 billion into Treasury Bills and Treasury Notes.

The other aspect is when you sell Treasury Bills and Treasury Notes and you are paying interest—when you sell these bills and you have to pay interest on the \$20 billion—how many interest payments do you have to make? This is going to be part of your annual debt repayment. Your annual debt repayment would go up. Do you know what happened in Jamaica? Their annual debt repayment went up by 30 per cent, because of one of these issues that is similar to Trinidad and Tobago.

Now, I talked a little about the cost of raw materials for building. With respect to the housing sector, this Government is spending \$2 billion on the housing sector, and the houses are supposed to be given to the poor people. The cheapest

house by the Housing Development Corporation (HDC) is \$160,000, and the prices range from \$160,000 to \$450,000. To qualify for a mortgage to get a house for \$160,000 you have to be working for, at least, \$8,000 per month.

**Hon. Senator:** That is not true.

**Sen. Dr. T. Gopeesingh:** You have to calculate your disposable income. Which poor person in Trinidad and Tobago—I just told you that one-eighth of the population is living on less than \$6 per day. How a poor individual in Trinidad and Tobago would be able to pay for a mortgage for one of these houses under the HDC? It is not only the poor people that are suffering, but the low income, the lower middle income and the middle income.

The middle income earners in Trinidad and Tobago are being wiped out. The prices of materials have gone up considerably; the prices of land have gone up so high; the interest rates are climbing now, so that a young professional with a middle income, husband and wife working together for a salary of \$15,000, cannot afford to buy a home for \$600,000. They are wiping out the poor people, the low income, the middle income and the lower middle income.

So, Madam President, in concluding, we have to be quite cognizant of the desire by this Government to take out of circulation the \$20 billion that they are asking for, but what they are going to do with it is not of any advantage to the citizens of Trinidad and Tobago. Inflation would not go down; the cost of living would continue to rise; poor people are going to suffer more; and they are showing nothing positive that they are able to manage this. So, unless and until this Government is made to account for the oil windfall that it is currently benefiting from, the country runs the real risk of boom to bust a second time again—a boom to bust syndrome, which is akin to the experience of the 1970s and 1980s. We must highlight your mismanagement and your non-performance.

At this point, I have given you the facts and figures to show unequivocally that you have mismanaged this country. So, at the end of this boom, if they have not put in the corrective measures as advised by the Central Bank Governor, the IMF, all the economists and by us who are ready to take their place because they are not able to manage this country—the people are crying out for them to be removed—this administration may be forced to go back into some structural adjustment that we had in the 1970s with the IMF. So, we are warning this administration that it must ship up, shape up and deliver to the people.

I thank you. [*Desk thumping*]

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**Sen. Basharat Ali:** Madam President, thank you. I join this debate on high finance and high economics, and I am a bit wary about having to do so, and I would explain why. Some 33 years ago, I came to Port of Spain from the foreign private sector into the public sector—I worked in the Ministry of Petroleum and Mines at the time—and I realized that I needed an advisor and a mentor. The person was a friend of mine from my school days, a distinguished public servant, Mr. Frank Rampersad, who was then, and for a number of years later, the Permanent Secretary in the Ministry of Finance. He wrote a number of budget speeches. I think he and Mr. Frank Barsotti later on were competing as to the number of budget speeches each wrote. That is the kind of advice I had. I used to have a lot of discussions with him on matters relating to the petroleum industry. Mr. Rampersad said, “Bash, you are a bright engineer and you should stick to engineering and leave the finance and economics to us.” Since then, I have been a little hesitant to get into subjects as we have today, although I would talk on a budget, et cetera.

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

**Sen. Dr. Saith:** That was good advice. [*Laughter*]

**Sen. B. Ali:** Thank you, Minister Saith. It was good advice then and it is good advice still today, but I am here. But, as they say, “Fools rush in where angels fear to tread.” I am neither a fool nor an angel, so I tread carefully. On the Motion before us, I would not repeat them, but I would like to make one point, in terms of the numbers and I would direct that to the hon. Minister. It seems that it has not come through and, in fact, what you are asking for in Motion No. 1 is an increase from \$5 billion to \$15 billion. I think somewhere along the line the increase which went from \$3 billion to \$5 billion in January 2003 was not picked up. I only picked it up yesterday. So, the increase is, in fact, \$10 billion with respect to the Treasury Bills Motion and \$2 billion on the Treasury Notes Motion. That is an increase of \$12 billion, so you end up with \$20 billion in the long run. I am trying to clarify that. I thought the hon. Minister would have done that. I know my friend, Sen. Mary King, did not pick it up, and I did not pick it up, but I happened to read the *Hansard* yesterday, and I found the January 2003 figure there. [*Desk thumping*]

**Sen. King:** Mr. Vice-President, if I could please clarify. Are we using this data which is saying from 2 to 15 billion which is a difference of 13? We have been basing our debate on this figure. Is that correct?

**Sen. Enill:** Through you, Mr. Vice-President, what is stated in the Motion are, in fact, the original amounts. I did say, in my presentation, that it went to \$5 billion, and we are trying to move it from \$5 million to \$15 million. I did say that. This is the Bill, as stated, as it relates to what is currently in the Motion.

**Sen. B. Ali:** Thank you, Sen. Mary King and the hon. Minister in the Ministry of Finance. I think that has cleared it up now, so we are debating the right Motions. I have to thank *Hansard*, because if the *Hansard* was not posted in a timely fashion—I think it was posted yesterday—I would not have been aware of it, and I would have been working wrong numbers.

Mr. Vice-President, the purpose as listed in these two Motions in the resolution ends up as being to mop-up surplus liquidity, so that we would curb rising inflation, and we would preserve our exchange rate. This is my reading of what those two Motions have as their purpose. They are all very noble intent, but whether we would succeed or not, I cannot say.

Not so long ago, I was associated with a company called the AIC Financial Group. I was a director of that company, and they had a mantra for investment products which they were marketing and it was very simple: “Buy, Hold and Prosper.” So you buy stocks or mutual funds or invest in them; you hold for medium or long term and, as a result, you should prosper, so you would create wealth. I was trying to find an equivalent kind of an analogy, “BHP” for the Ministry of Finance. The “B” is simple, which is to borrow. The Ministry of Finance would be borrowing from local and foreign institutions; the “H” is to hold—medium would be Treasury Notes and long term would be Treasury Bills, but I could not find something for “P”, and I had to conclude to put the word “pray”, because I pray and we all pray that these measures would reduce inflation and preserve the value of our currency.

#### PROCEDURAL MOTION

**The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith):** Mr. Vice-President, in accordance with Standing Order 9(8), I beg to move that the Senate continue to sit until the completion of these Motions and the completion of the debate on the Bill that I indicated that we would do, which is the Tobago House of Assembly (Amdt.) Bill.

*Question put and agreed to.*

**TREASURY BILLS  
(AUTHORIZATION TO BORROW)**

**Sen. B. Ali:** Mr. Vice-President, thank you. I wish to say that I did read the contribution in the other place of both the hon. Minister in the Ministry of Finance and the hon. Member for St. Augustine, former Central Bank Governor, Mr. Winston Dookeran, and I thought it was a fine encounter and an esoteric discussion between two professionals, all of which was above my head.

I think, Mr. Dookeran came to the conclusion—and, of course, he is an Opposition politician—that the root cause of our inflation problem was failed fiscal policies; failed monetary policies; and failed economic policies. In short, if I go back to my mantra, and I take Mr. Dookeran's comments, I would have to say that the third word "pray" would not apply because we did not have a prayer that the measures would succeed in meeting the objectives.

Listening to the debate in this House today, the Minister, of course, repeated what he said on July 07, in the other place. I get the impression that there is not much optimism that the measures that are proposed are going to work. We had it in the typical fashion with Sen. Wade Mark. What Mr. Dookeran said in a very academic fashion in the other House is what Sen. Mark said in his own distinctive fashion. Our own Sen. Mary King, I think, said pretty well the same thing, that these measures are not likely to succeed.

What are we going to do on this matter? We could just hope and pray. My friend, Sen. Bro. Noble Khan told me earlier that in our religion it says that God does not change the condition of a people unless they change themselves. So, the prayers that you are saying may not work, unless we start changing internally. So, I put it to you that we may be in a difficult situation, notwithstanding that this Motion would be passed today, and it would give the Central Bank and the Ministry of Finance that leeway to increase their borrowings in an effort to mop-up all the surplus funding, et cetera, but money is flowing all the time. I would come back to some of the areas that I see which might need attention.

Mr. Vice-President, I like to consult with the outside world, and one of the ways of consulting with them is to go to the press. Yesterday was a very fruitful day, from my point of view, because in the *Express* there were three articles which were of interest to me and which should be of interest to this House. The first article is on page 9 of yesterday's *Express*. There are three beautiful girls there, so you cannot miss that page. [*Laughter*] It says:

"Members of the CLICO Shiv Shakti Dance Group perform during the San Fernando East constituency of the PNM function on Friday night."

Apart from the nice looking girls and eye catching, I looked at the headline and it says: "PM: Economic upturn, not boom". I am going to read a few paragraphs because I think it is worth doing so. This article is written by Louis B. Homer. I think he is one of the South Bureau persons. It says:

"Trinidad and Tobago will have oil and gas supplies for a long time, Prime Minister Patrick Manning has said.

Addressing members of the San Fernando East constituency of the PNM on Friday night, Manning, a former geologist with Texaco Inc. said: 'The complex nature of the oil and gas geology suggests that they would be with us for a very long time.'

Manning's comments came against the background of reports by energy consultants that the country did not have sufficient natural gas to service the needs of downstream plants earmarked for the southwest peninsula."

The final analysis of that paragraph says:

"In analyzing the current situation regarding high oil prices, Manning said what was happening at present in the oil industry was not a boom but 'rather it is a movement towards sustainable development'."

Mr. Manning is evidently also a forecaster. In the same article it says:

"Manning said what people would see in the future was a stable oil price of US \$60 and upward for sometime and it would go beyond US \$100."

This is what I am reading. Whether it is accurate or not, I do not know. This is an experienced reporter and this is his summary of the whole function which was held by the 1,500 party supporters to say thank you to Mr. Manning, which is all very admirable.

This is a forecast and it contradicts a forecast not so long ago by Lord Brown, Chairman of BP, who said that in five years' time, oil supplies would stabilize, or words to that effect. I think the figure he gave was something in the order of \$40 a barrel or less than that. I do not remember the figure. This is an oil man saying that, and an oil man who has a large interest in Trinidad and Tobago in terms of prospective oil and actual gas production.

Mr. Vice-President, there is no boom, according to our Prime Minister and buoyant prices. So does that mean no bust? So, if that is so, all we would have are sunshine days. So, Mr. Minister in the Ministry of Finance, do we not need to

save dollars for a rainy day then? After the announcement of the Draft Heritage and Revenue Stabilization Fund legislation, there was an announcement about that at the last Cabinet briefing. These are all from that one article. The one about saving for a rainy day comes from the *Express* newspaper, the day after the Cabinet briefing.

So, there we are, on the one hand, we have our Prime Minister saying, do not worry, be happy and everything is going to be all right, and then we have the law which I am looking forward to seeing coming to us which is the Heritage and Revenue and Stabilization Fund which, I understand, according to the newspaper, would be fashioned after the Norwegian model.

I think the Norwegian Petroleum Fund now lies somewhere in the vicinity of one trillion Norwegian kroners. I think a kroner is about the same—I stand corrected—as a TT dollar. That is what we are looking at in a fund in Norway; one trillion dollars; TT dollars equivalent, as against our \$8 billion, which is what we have, at the moment, in our Interim Revenue Stabilization Fund.

### 6.30 p.m.

So there we are. That is where we stand in those terms and I do not know whether that is to make us feel happy or what, but this shows there is going to be no restraint on spending, which is unfortunate, from my point of view.

If I go back to the *Express* on the next article that caught my eye, on page 10. It is Mary King, picture and all, “Agriculture, the cutlass industry”. When I first saw the headline, I said well it looked like our Mary has joined the “Trini” colloquialism or vernacular. Maybe that is what I was seeing there but “cutlass” in fact is spelled correctly and I was seeing no “l” in the word. [*Laughter*] [*Interruption*] Not cutlash either, a word without the “l” in it. So I do not want to be pulled up by the hon. Vice-President of the Senate. I would say that this looks more like agriculture, the “ketch skin” industry. I cannot even say the other word which rhymes with “ass” and which spells like “ass”. Agriculture is a “ketch skin” industry and that is true to a large extent. Apart from being a cutlash, cutlass or cutlish, as some people would say, industry, it is also a “ketch skin”—I would not say the other word, which is how we would say it in the vernacular—industry. I think of all these poor farmers, food crop farmers, et cetera, who are in that situation; one flood and they are out. I know, because I come from Aranguez. I was born and bred in Aranguez and my father made his



living in that way; planting food crops. They did not call it agriculture; they called it gardening at that time.

So this is what I am saying here, I agree with what Sen. Mary King has written in this article. I have read the article and I note that other people are saying the same thing. We have to cut food prices; we have to get into agriculture and do it in a big way; and that is from TTMA and from the Chamber or even DOMA. I do not know whether DOMA is going to go down to Caroni and wherever to do some planting also; that would be a good idea on their side to do that. So, agriculture, I am hoping to see more in a budget.

When I look at what agriculture's budget is, both recurrent and worse yet, development each year, it is to me pathetic; it seems to me no commitment to agriculture. So when we talk about rising food prices, rising import food prices, we do not have any import substitution here, and somebody today was talking about the cassava and the dasheen. I think Minister Montano at one stage had talked about it too, but he did not follow it up really. I hope you eat a lot of it, hon. Minister because I like the cassava and the dasheen too.

That was page 10 of this article and if I go now to the next page, page 11, William Lucie-Smith; I think Sen. Dr. Gopeesingh read extensively from this article.

**Sen. Dr. Saith:** [*Inaudible*]

**Sen. B. Ali:** Sorry? You saw it today? Okay, well you are Minister of Public Administration and Information and Minister of Energy and Energy Industries. What I would like to do is to talk to what they have; it is a little statement plucked out of the whole article which says, "Take a break from the mega projects and tackle the simple things that will have a larger impact on the people of Trinidad and Tobago".

That I think is very telling and in the text of his article he is talking about a number of these areas where there is lack of performance, justice, security, education, health care and infrastructure. I would just like to deal with infrastructure and specifically the public utilities.

While we are planning all these huge investments in generation facilities, we have done little to upgrade distribution systems in this country. If I may quote from page 27B of the *Sunday Newsday* of August 27, 2006:

"Julien: Zero tolerance on blackouts"

That is apparently Prof. Julien—who has been my friend for sixty years, so we are good friends from school days—speaking at a 44th Independence Anniversary celebration at a Public Utilities breakfast function. I believe the word "blackouts" is not the correct word; and I am sure Minister Saith would agree with me that it should be "zero tolerance on outages" and not "blackouts".

**Sen. Dr. Saith:** We would leave that for the budget speech.

**Sen. B. Ali:** We would leave that for the budget speech? I know we might do, but I am just saying and I am going to continue a bit into what is happening in that field. In this particular article Ken Julien made the suggestion about zero tolerance on electricity outages in this address I was speaking about:

"He said..."

I think there is a bit of misprint there—

"like WASA, there is much water, little water and drips of water in the taps at times. This he said, could be accepted by consumers for a time, but with electricity this should not be the same as most people depend on electricity for their refrigerator which is essential for storage of foodstuffs; use of other electrical appliances like televisions which most people use to relax and lights for the house at night-time. These outages cause much stress, inconvenience and losses to commercial, industrial and home owners."

So this is an article and a comment by a former chairman of the Trinidad and Tobago Electricity Commission. He had been the chairman for a very long time. I would like to say that in the mid-70s when he was the chairman of Trinidad and Tobago Electricity Commission, and in the process of the commissioning function of the first leg of the Point Lisas power plant facility—what we now call PowerGen—he did say that the days of outages were over and I do not think he has ever lived that down, because outages are not over. If he had said power outages from the point of view of power generation, he would have probably been right. But then the downstream side, transmission and the distribution are the areas which give a lot of problems. I know we have been on a very tight line from the point of generation capacity and I know they are making good by these additional generators at the PowerGen plant in Point Lisas. So, generation-wise we should be okay, but I think our distribution system is very, very fragile. I say so advisedly because if you get a little blow everything goes off, and I shudder to think that if we really have a disaster of even moderate strength, what is going to happen. But more than that, the consumers are frustrated in many cases by the

number of outages that take place and people are getting to the stage now where they just accept it happening.

I speak to two particular areas, in fact. Cascade was one area and I think Minister Howard Chin Lee might want to listen to me about St. Ann's power supply, and this is Sydenham Avenue and I think you know about around there. My information is that during the month of June there were eight outages in that area, and one never knows what is the cause and one never knows if they are going to come back. If you have eight outages in a month it means that you have recurring problems.

**Sen. Chin Lee:** My fridge spoil.

**Sen. B. Ali:** I did not hear your comment, Minister. To date, in August, there have been six outages, so we still have two days to go. I do not know whether there has been any since I left home. I told that person that Mr. Chin Lee sits in my Senate and I would address that to him particularly, and he should do something about it. Because this person has been to T&TEC and RIC and this is why this person is keeping this log of all the outages.

I know for a fact the same thing is happening to us in Maraval. Last Monday evening I went home and there were lights, but the lights had been off for a short period. The only reason I know is because all these appliances were flashing, so I have to walk around and restart all things—I am the technical person in my family. So, there is need for some serious maintenance work; light upgrade work in that sector. I think we really need to concentrate on putting some money in there rather than in the big projects. I am not saying to stop the big projects, but you find the money to spend here. WASA has been described by the Prime Minister as a multi-billion dollar headache.

**Sen. Dr. Saith:** On a point of order, Mr. Vice-President. While I appreciate the fact that the Senator is seeking to draw to the attention of the Government and others some of the problems he faces with all the utilities, I have to refer to section 35(1) of the Standing Orders, which talks about relevance to the matter before us, and I am sure when the debate on the budget takes place next, he would have ample opportunity to deal with it. I ask for your actual ruling on the matter.

**Mr. Vice-President:** Sen. Ali, I was listening and for a while I said let me give some leeway, but I think you should return to the gist of the matter being debated. I think you are straying very far.

**Sen. B. Ali:** Thank you, Mr. Vice-President. I am saying all of this in the context of where and how we are spending money, and this is what is causing all the inflation; all the big spending that is taking place. In fact, I was going to say when I am talking about this—

**Mr. Vice-President:** Sen. Ali, on the last Bill that was debated in this Senate when I was in this Chair, I advised Members to avoid going over what was gone over before. Clearly, you have done some of that and I would prefer if you do not persist.

**Sen. B. Ali:** Thank you, Mr. Vice-President. I do not recollect any of this happening, maybe it was while I was on vacation from the Senate. I would yield and say okay, I would wait until the budget debate, but still keep it in mind that WASA and the roads, et cetera, that those things have a better pay out.

What I wanted to say really, Mr. Vice-President, for every million dollars that you spend on maintenance, you are spending money wisely and you are going to get greater satisfaction out of that; better value for money. That is all I am saying and I do not think, quite frankly, that is irrelevant to the debate, where we are spending billions of dollars, et cetera. I am only talking about this for every million, I would not even say for every dollar, but for every million, because we are talking that language.

I have one matter, which relates to moneys that have been put into funds, and I hope I would not be ruled irrelevant on that because we do not ever get another opportunity. This relates to a large fund under Variation of Appropriation Bill, June 06, 2006; when the Ministry of Finance—the person who is responsible for the item before us today—had an appropriation of \$2.262 billion, and I understand, of course, that \$600 million of that is going into the Stabilization Fund, but a large amount of that was going into the Infrastructure Development Fund, \$750 million.

The question I have to ask relates to all of this, the amount of spending. Now that all of these projects are delegated to the special purpose companies, what is the status? Because on that date, June 06, hon. Minister, if I may address you, you said you were doing the review for the next budget. And this review today reflects the requirement that is contained in the Central Tenders Board Act and consistent with our responsibility on the exchange, under the Exchequer and Audit Act, which requires that before projects are considered for approval or expenditure funds must have been approved by the Parliament. This does not mean that moneys would actually be spent as we have seen the results there.

My question relates to all of these enterprises: Infrastructure Development Company, Education Facilities Company. How does this money get to them or are they drawing down from the fund into them, and how are they accounting for them? I think the subject of accountability was mentioned already today and I have a concern that we do not have to wait until the annual reports of these companies come out. So what really is the method by which these funds for example, which are put into the coffers there, \$750 million. That is the Infrastructure Development Fund; it is now \$3.05 billion. That is a lot of money, so how do you spend it.

I have one final matter relating to these companies and it relates to a statutory corporation, which is the Trinidad and Tobago Housing Development Corporation, which also has a large amount of spending; they are building everywhere. I have a simple question to ask. Section 29(1) of the Act passed last year:

- “(1) Subject to subsection (3), the Corporation in pursuance of its functions, is exempt from the Central Tenders Board Ordinance.
- (2) The Board shall, subject to the Minister's approval, make rules relating to the award of tenders and contracts and those rules shall govern the conduct of the award of tenders and related matters.
- (3) Until the rules are made under subsection (2), the Corporation shall follow the procedures detailed in the Central Tenders Board Ordinance.
- (4) Rules made under this section shall be subject to negative resolution of Parliament.”

And this is why I am bringing this to the notice of this Senate that I have not seen and I do not know if anybody has seen, and I want to know whether in fact those rules are there and whether the TTHDC is operating under some rules or are they still under the Central Tenders Board Ordinance.

Thank you very much, Mr. Vice-President.

**Sen. Raziah Ahmed:** Mr. Vice-President, this is such a difficult hour at which to speak for the poor people of my country. I would not bore this Senate with fancy terms like open market operations, repo rates, non energy fiscal deficits, headline inflation and core inflation because these words mean nothing to

some 30 per cent of our population at least; they mean absolutely nothing, because these are the poor people.

I was extremely disappointed to hear the worthy Senator, the hon. Danny Montano try to equate the possession of a cellphone with wealth in this country. It is such a contempt for the poor. People have cellphones in this country because it is a personal security tool; that is why we have cellphones. It is not to flash. [*Laughter*] No, for those of us who have a family and who believe in the concept of the family, we have to inform our families about where we go; when we go, how we go and when we are reaching home.

To get back to what has been described in the Central Bank Monetary Policy Report, as chronic excess liquidity, which has resulted in extreme hardship for my brothers and sisters and to reference the oblivious attitude of the hon. Minister to say that there is no poverty in this country because everybody driving motor car. What a contempt for my poor brothers and sisters in this country! People who catching their "nennen" to put food on the table! Where are we living? Or is it that we are so thrust into power and position that we have become blind to my poor people, my people?

Let us talk about CEPEP; you referenced CEPEP as employment; wow; selective employment. A whole section of poor people in this country was not given that kind of welfare employment opportunity, because CEPEP is for a selective group of people. Welfare housing for my poor people.

**Hon. Senator:** "Who is your poor people?"

**Sen. R. Ahmed:** The citizens of this country that you have become oblivious to. You do not even know who they are. Mr. Vice-President, once more they have demonstrated that they have lost touch with the reality; they do not even know who the poor people are; they are living in their lofty towers. [*Desk thumping*] The Prime Minister himself said that he was so satisfied with his job; wow. Thirty per cent of the people, according to the experts, are struggling to put bread on the table; living in run-down communities; bad roads and yet we have come before this honourable Senate to borrow—what is the percentage. Somebody was an expert on working out percentages. To move from \$2 billion, according to the document here, to 15 billion; what is that percentage increase? Not 2 or 3 per cent as was quoted.

**Sen. Dr. Gopeesingh:** 750 per cent.

**Sen. R. Ahmed:** Let the A-grade mathematics person do that; to come to this mammoth percentage increase in borrowing capacity. There was some talk about

employment rate; oh, we have managed it and so on. Page 12 of the same report says that in the manufacturing sector, 3,200 jobs were lost. Employment in agriculture; one of the reasons put forward by the hon. Minister for why we have problems today with food prices; employment in the agricultural sector—*[Interruption]* I want to apologize for the discourtesy of the hon. Member on that side who is disrespecting the Opposition and the discourtesy of the others who are disturbing this contribution. I wish to apologize for them, Sir. Employment in the agriculture sector, lost 1,000 jobs; Caroni (1975) Limited, 10,000 jobs and about 40,000 people with no income. On page 14 of the Monetary Policy Report—*[Crosstalk]* Mr. Vice-President, once more I apologize for their rudeness.

**Sen. Dr. Saith:** Mr. Vice-President, on a point of order. I wish to apologize for moving a point of order, but again, I refer to Standing Order 35(1), relevance. Not only relevance but repetition, and I apologize for that.

**Mr. Vice-President:** Hon. Senators, we are getting to a point where I am beginning to feel we are taking things a bit too lightly. I would not like anybody to take the proceedings of the Senate for granted. Therefore, I would prefer if we do not have these clips going back and forth, please. Senator, could you please stay as close to the point as possible, because honestly, we are getting late into the night; we have another Bill to discuss and we prefer if we stay as precise and concise as possible.

**Sen. R. Ahmed:** Thank you, Mr. Vice-President; I am grateful for your intervention. Everything that I have said has come directly from the Monetary Policy Report and that is what we are talking about, Sir. On page 14 of this report, the non-oil fiscal deficit is quoted as 56 per cent higher than in the previous year that was reported, October 2004/2005. The majority of this contributed to increased liquidity in the domestic financial system. And is that not what this debate is about, increased liquidity in the domestic financial system?

In response to the concerns and on the statements about the foreign exchange market, the April 2006 report speaks about a sustained rise in capital outflows; it speaks about a high level of foreign acquisitions and foreign currency bond placement by external borrowers, and it speaks about capital flight related to socio-political uncertainties. We have come before this Senate to borrow more money to create more liquidity; to create more capital flight, related to socio-political uncertainties which have not been corrected.

Mr. Vice-President, I have listened to everything that has taken place today and what I am seeing is that this is equivalent to a situation gone bad; of runaway inflation; too much liquidity in the system, and that is not being translated back to the small people who are trying to save money because there are almost negative

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returns. The stock market in the same report; the Mutual Fund Market; Income and Growth Markets; very low returns, almost negative, in fact negative returns in some cases, and we are creating T bills for purchase by institutions and we do not have any kind of returns filtering down to the small investor who wants to buy some mutual funds; who wants to invest in income and growth units. And we have come to borrow a huge percentage more than we have been accustomed to borrowing, that has been approved.

We are saying that you know what, “the horse get away because the door break down, but hear what, let’s just buy more horse. We are not going to fix the stable, the gate, the door. Let’s just buy more horse; let’s just borrow more; let’s just push more money into the system”. Do you know what this does, Mr. Vice-President?

**7.00 p.m.**

It creates more money for consumption. The people, who are getting all the benefits of the Government’s spending, which is excessive, are consuming it according to the report; consuming to the extent that the Central Bank Governor has listed in this document the required policy responses for the prospects.

**Hon. Senator:** What page is that?

**Sen. R. Ahmed:** On page 9 of the report, "Short-term Outlook". The challenges are to contain inflation and to dampen consumer credit. The required policy responses are: fiscal restraint, tightening monetary policy and wage containment. So we have a situation where we have too much money in the system and that goes with inflation; we have spiralling food prices and construction prices and the recommendation from the Central Bank is wage containment. How are we going to live if the prices continue to go up and our wages are frozen?

[MADAM PRESIDENT *in the Chair*]

Is that a prescription for robust economic growth? Or is it that somewhere inside of this fancy formula, there is an artificial system that is being created? It follows that if there is an increasing lending rate in the commercial banking sector, the banks should be willing to pay more for my little bit of money, or in the case of the fellows on the other side, for their big sets of money. The banks should be willing to pay more, but yet people who are saving, and the people who are saving in any economy are the people who are supporting long-term fiscal development of the economy. The people who are saving their little bit of money



in their pension plans, in their medium-term insurance plans and in all the various savings plans, they are the ones who are creating real fiscal long-term development in any economy. Yet we have a system where prime lending rate is high but they are not willing to pay a higher rate of return to those people who want to save money.

So people who put money into mutual funds, what happens, negative growth. People who put money into the stock market—listen to what it says on page 8 of the report. In 2006, the stock market continued to decline with the composite index falling by 10.2 per cent during the first quarter; people who are trying to save money. The mutual fund market.

**Hon. Senator:** Unit Trust.

**Sen. R. Ahmed:** The Unit Trust, yes, that is the primary example of mutual funds. In the mutual fund market, income and growth, terrible, horrible, so there is no real theoretical relationship between increasing lending rates and rates of savings; so it is an artificial system. And this liquidity that is going to be flooded into the system is not coming to the people who are going to save it, it is going to the people who are going to consume it and when they spend it, it is the sector that is buying the foreign exchange and exporting it.

So apart from the fact that the socio political circumstances have led to the flight of quality out of this country, now, we are having the flight of capital in terms of foreign exchange. It is a truism that you cannot go to the commercial bank and buy US \$1000 if you are travelling, it is just not available. It is just not available; you have to come back tomorrow or the day after or the day after.

So, Madam President, yes, we have Bills before us and when traditionally we were happy with \$2 billion, now we want \$15 billion. I am saying to you, Madam President, that if you have to move from \$2 billion to \$15 billion, that instead of giving the old age pensioners \$1,500, you should take them up to about \$5,000, because there is something about the old age pensioners that we have to know; it is called long-term care. These people are not only sick and old, but they have needs that are peculiar and needs that we, as young people who can move around and so on, do not understand. So, if we are asking for a movement from \$2 billion to \$15 billion in one instance, then the multipliers must permeate the rest of the equation.

You cannot just give them a little \$200 and expect them to be happy. You are borrowing the money to do just that; borrowing the money for Government spending. So whom are you going to spend it on? It is time that provision be made by the Government of the day to take care of long-term expenses for those

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persons who need it; whether it be in the form of subventions or whether it be in the form of deductions or credits from the tax scenario. So, what I am aiming at, is to try to discover exactly what is going to be done with these billions of dollars that would be borrowed as Treasury bills and which really ought not to be sitting gathering cobweb in any institution. Am I right? The thinking perhaps has not reached that far, Madam President.

So, we have non-oil deficits becoming higher and higher. We have a liquidity system that is just out of control, so that is the reason we cannot get a better rate of return on our small deposits; then we have a massive mopping up operation for some kind of oil spill.

I want to close by trying to respond to this concept of a diminishing natural resource that some of us seem to think would last forever and according to the last contribution unlimited amounts of oil and gas that would buoy up the economy. Madam President, what type of gas are they talking about? Is it something that the doctors call flatus? I do not know. Sometimes I wonder if Vision 2020 is really the date when all the gas and oil would reach negative returns and that is why it is so significant to my friends on the other side.

So, what are we doing with our natural resources? What are we doing with the foreign exchange that is coming in from that? Why are we borrowing more money for Government's spending and why are we creating money to put in some place to come to the Parliament to ask to use it? Creating a higher liquidity situation intensifies inflationary pressures, spiralling prices, depressing the poor, increasing poverty in the entire community and they have demonstrated how oblivious they are to the poor.

Madam President, I want to thank you for this opportunity to contribute at this late hour and to urge you to use your good office to recognize that there are poor people in this country who are crying out and who are looking at these people who are just spending our money. You know there was a philosopher, a social commentator, a fellow by the name of Bob Marley, who put it very nicely in song. I cannot sing, but this is what he said, when he looked at what the Government of his day was doing. He put it into song and he said:

"And old pirates, yes they rob us, [*Senator sings*] sold I to the merchant ships,  
minutes after they took I from the bottomless pit."

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

**Madam President:** Members, I have been sitting here wondering if I was listening to a debate on the budget. Senator, if you are going to speak after, I really hope you are sticking to this Motion before us and Senator, singing is not allowed in the Senate.

**Sen. Brother Noble Khan:** Thank you, Madam President, for allowing me these few moments. I know it is a special occasion for what I would like to do and I crave your indulgence before I get into the meat of what we are about and that is to give two small quotations on the passing of—I know the matter was here before but forgive me, I was a bit late—the late Mr. Noor Hassanali. That is to give two quotations from the Holy Qur-an. As you all know he was a Muslim and he lived that life and as far as we are concerned he did it well. My own view is that he was a very humble person and he always tried to help whoever he came into contact with. The quotation is:

(i) [*Arabic spoken*]

Surely we are God's and to him shall we return.

This is a statement which Muslims usually say when they hear of any unfortunate incident or anyone who has passed away.

**Madam President:** You would have to write that for the reporter, please.

**Sen. Bro. N. Khan:** Yes, after we could. The other one is a quotation from the Qur-an too.

[*Arabic spoken*]

I would give a translation of what is in the book here.

"In the name of God, the Most Merciful, the Beneficent:

To the righteous soul will be said,

O, (thou) soul,

In (complete) rest

And satisfaction!

Come back thou

To thy Lord well pleased (thyself),

And well-pleasing

Unto him!

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Enter thou, then,  
Among My Devotees!  
Yea, enter thou  
My heaven".

Thank you, Madam President. I know you are a very spiritual person too and indeed I had expected that you would have given me the permission. Thank you again.

What is before us that I know we have heard much talk, many ideological talks and what have you. I too would like to add my bit as a layman because it does bear a bearing to what I have said many times in the Senate here. When this came and I looked at it, my mind went back to some great Caribbean people as far as the hard core economics is concerned. My mind went back to George Beckford; Trevor Monroe; Davidson; C. Thomas; William Demas who himself was a Governor of the Central Bank, one of our foremost Caribbean economists; the Hon. Arthur Brown, some of us might not know him, but he too was a Governor of the Central Bank in Jamaica. Even at that time for some information, you could have lived in Jamaica for one month on \$150 Jamaican. Also my mind went back on Mr. Ainsworth Harewood, who recently was Governor in our own Central Bank; Allister McIntyre; Norvan Girvan; you have heard of Mr. Frank Rampersad; Mr. Frank Barsotti who are our own people, Trinidadian and Caribbean people.

Many of these people whom I have mentioned were the first people who faced the concept of Central Bank in the Caribbean. I was always a bit suspicious or very skeptical about using techniques that were outside or developed outside of "Third World Countries", of which we still happen to be part at the lower end, when we think in terms of economically sound countries, we are still at the lower end. And although we may have a surfeit of money pumping now, one would think that still exists, particularly, with the systems that we are operating and it is with this that I would like to think in terms of what we could look upon or take issue with, so to speak.

For here we are developing and speaking very highly both from our Minister and some of the contributors of techniques that are very applicable to the more developed economies and we have adopted these and we use them in small open economies. Over the period of years, have these developments that we have brought about delivered the goods? Are we using techniques that are not relevant to ourselves? Are we using things or methods or what have you or systems that are not relevant? Or, on the other hand, do we not understand them so that we do

not apply them properly? You could work around the matrix and see, but the end result is what many of the speakers here have echoed. The end result is that the people at the lower end do not benefit because if you are moving money around and every time money makes a spin somebody creams off and even the Central Bank would be creaming off in these transactions that they would be making with this high increase. Hopefully, some of that would come back to our Consolidated Fund. This is where the surplus would come, but in the meantime when the mechanics is talking place at the Central Bank, it is a Central Bank affair, that is the trading in what we referred to as the Treasury bills and Treasury notes.

So, there I would leave that as the major point which I would like to leave with us here today. You are borrowing, whom you are borrowing from? Who is getting? Who benefits? I cannot see that within the system if it is reaching down to the majority of people who it is supposed to help. The question of the excess liquidity, we have heard them speaking here about the monetary policies, the fiscal policies, and apparently, what has emerged is that there appears to be not a sort of a symbiotic relationship between the two policies, so to speak, handled by two different institutions; the Government on one hand, the Central Bank on the other hand and who has the overflow of it, or the overview or the overarching directions of it. Is there need to watch this? Is one holding back and one going forward? You know there is the eternal picture of the two donkeys pulling or when they pull together what happens. These are some of the things that come to my mind.

Now, on the other hand, you would find that possibly inflation may not necessarily be bad. This is a statement all of us are familiar with, the extent to which we allow it to go out of control as they say. But who is to say so, or when, this becomes evident? These are some of the things that would involve the question of a system, the question of the men who are operating the system, how sensitive they are to it; and when is the right time to come in and what is the right time to go out. Well, we could come here and speak and express our views—I think that is what we are here for—but I do not think that we are in the position to really take those sensitive decisions or to be aware of when the need for those sensitive decisions should be taken. But again, the responsibility must rest some place and I think to a great extent it is in here and this is where the question of how we go about that—it seems to be almost an open ended question. But, on the other hand, there is the question of so much money around as we have heard it said, we are playing around with the figures. We have heard that one, it is said that for over six or seven years when the last government was in power, this

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present Government has money. All the money that they had for that period of time this present Government has that within this one-year period so to speak. If I have it correct, this is the impression I got.

Within a longer period, one Government has that said sum of money in a shorter period. But I guess this is the test of government and governance on how you run it. But as I have said before, the question of being online with your systems and I think this is one—I have not seen any evidence of it over the period of time that I have been here that there has been any cogent attempt to address this question of providing a system which would definitely be effective in a situation such as we anticipated. This is something that exists and we know it exists continuously, and particularly, in a situation where we have had these substantial inflows. This question that the need for this increase in the Treasury Notes and the Treasury Bills, that \$20 million that we are setting the pattern for, is because of these inflows and this situation that we find ourselves here with strong inflows coming, spending taking place and the high excess liquidity coming to bear. This, I think, is where the monitoring function which is a function of the Central Bank that would be monitoring and operating those whole systems as against on the other hand the Government. If there is one thing, it seems to be more than just a tap on the hand on what is before us, but again, if you are having plenty fluids, you must expand, you must leave that room for it. This I think is again a sensitive area. If we had a proper monitoring function, I think that possibly we would have been able to come to grips with the point where the excess liquidity could have been curtailed.

We have known we would have that cost push and the supply demand and all these things and I would not go into that; we had much of that explained in different forms. But I would definitely like to see in time to come that special units be put up, or provisions be made, perhaps at the universities, perhaps in the Ministry of Finance in their specialized departments, in the Central Bank, that there be sufficient monitoring placed. I suspect that even in the business sector which has a great input into this because they would be terribly involved, the banks particularly, in dealing with this question here and they obviously, their money is involved, they might be very particular. The question again, being sensitive to when we see these signals coming, how close we go to the edge. So, I must say as far as this is concerned, the support for it I think it is pretty obvious because if you are expanding, there is need to expand in all areas; but in this expansion, the question of monitoring so that you could get the best out of it still leaves much to be desired.

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

**Sen. Angela Cropper:** Madam President, thank you. I rise also to contribute a few points and comments to the Motions that are under debate. I am sure that I do not need to assure you, Madam President, that my points would be few and quite straightforward.

The purpose of the Motions before us in my view is quite evident on the face of it and has been well explained also by the Minister in his introduction. The Motions are part of the contractionary monetary policy of the Central Bank to mop up some of the excess liquidity in the system which is itself one of the driving forces of the inflation which we are experiencing.

We certainly have had long advice that this was going to be one of the outcomes of the pattern of expenditure and of development that we have been seeing recently, not only from the IMF and the Central Bank and our own eminent economists in the country, but from ordinary citizens as well. So, given the purpose of the Motions, I am very happy to support these Motions today, because I think that it is a very judicious act by the Central Bank given the state of inflation in the country.

Having said that, however, I do feel that as Sen. Mary King has explained, that monetary policy has to go hand in hand with fiscal policy. They are, in fact, complementary in terms of the management of the economy and one would have expected also therefore, to hear Sen. The Hon. Enill in introducing the Bill, speak a lot more about what the Government intends to do on the fiscal policy side. To his credit, he did refer to some of the measures that are in train or are going to be undertaken in the context of fiscal policy.

I find it quite remarkable that in that explanation, the Senator did not feel it necessary to talk about the Public Sector Investment Programme of the Government, especially as it is not only very high, but a large majority of that expenditure is in non-tradable goods and services. So, that level of expenditure has the effect not only of contributing further to the inflationary trend, but it also does not create some of the solutions that are necessary to reduce and arrest the inflationary trend. So, I think there is room there for more explanation, more rationale, and more action and more policy decisions and directions from the Government and from the Minister.

I would also like to say that the Minister in giving the rationale for the level and pattern of inflation that we have been having, cited extensively the part that food prices have played over recent years in that pattern of inflation. And to quote

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him this evening, he said, "the increase in food prices played a major role in inflation since the mid 90s, and our experience has been that is double that for other Caricom countries with fruits and vegetables showing an especially high rise since 2005".

Madam President, in addition to monetary and fiscal policies and in addition also to looking at the pattern of public sector investment that the Government has, we also need to look at economic policy and especially the economic policy relating to our domestic production sector and within that, our agricultural sector. It is not new that in 2006, we are seeing that our agricultural policy and our agricultural sector are in shambles. The evidence of that has been there for a long time, and I think perhaps one of the first things the Government might do in trying to address the inflationary trend is to actually put the agricultural sector in competent hands. I have to say that in this regard, given what we have been experiencing and given the 26 per cent rise in the price of food over the last year at the end of July 2006, it does not seem that the Government is sensitive enough to the way in which our agricultural non-policy is contributing to that inflationary trend and reducing the value of disposable income of citizens in the country.

Sen. Montano, this evening spoke about people having two jobs; that there are so many jobs available in the economy now that many people are working at two jobs. I really questioned the premise as to whether people might work for two jobs or seek two jobs simply because jobs are to be had and whether or not people are seeking two jobs simply because they can no longer make ends meet on one.

So I think perhaps Sen. Montano might want to return to some of the premises in his contribution here this afternoon in which he was trying to suggest to us that the economy is so buoyant, unemployment is at an all time low, people can get jobs very easily and in fact so easily that most people are now working at two jobs.

### **7.30 p.m.**

Sen. King has made an analysis of the economy and some of the fundamental causes of inflation. I simply want to endorse what she has said; it was an analysis that I would also make. I have also been in the position of endorsing a similar analysis that Sen. King made on a previous occasion in the short time that I have been in this Chamber, in the supplementary budgetary provisions for this year and last year. We have had the same kind of analysis. This afternoon she asked the question, "Who listens?".

I want to also join my voice to that question, "Who listens?". I often say to friends and colleagues who ask me about my experience here that speaking in the Senate sometimes feels like speaking into a black hole; it just disappears. One does not



know and have any resonance to the things said here and the analyses made on the issues of policy, development and fiscal and monetary management in the country.

I think the action taken by the Minister on behalf of the Central Bank is very judicious. It is too little and too late in the process, but, perhaps, better late than never. We have to begin somewhere in trying to manage the economy better and address the inflationary trend that we are experiencing. We have also recognized that many of the comments made here this afternoon are comments that one might anticipate would again be made in the context of the budget. One can only hope that some of the points made would still be taken into account in terms of the rationale that would be presented for the budget and the budgetary measures to be presented to us later on and that, perhaps, we are not destined to repeat it all over again, not only in this year's budget debate, but in subsequent motions and bills that the Government would bring.

I do hope we are not speaking into a black hole and that somebody is listening somewhere and we would see the evidence of that in due course.

Thank you.

**Sen. Dr. Shastri Moonan:** Madam President, I want to restrict myself to the premise laid by Sen. King in her contribution and reconcile it to what the Minister, who spoke on behalf of the Minister of Finance, has not said. It is as follows: The collection of taxes, which is one of the aspects of public finance, is based upon fiscal policy. Afterwards, the allocation and distribution of that money are also part of the fiscal policy. The incidence upon the distribution of that is also based on fiscal policy.

It is the differential incidence of that whole mechanism which is part of fiscal policy and it redounds to monetary policy; so you have two things taking place in the economy, at this time, while I am talking and Sen. Montano is wiping his eyes. [*Laughter*]

On the monetary side, you have monetary management, you have monetary policy and, most importantly, you have the monetary base. Without the base which is the basic resource that is converted into money, you cannot have an economic system. So when both systems come together, you have monetary management. How does the monetary management play out? It plays out with the level and term structure of interest rates.

I started my career as an economist in the Ministry of Finance many, many moons ago. Sen. Dr. Saith accused me one day of being blind, I am saying now

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that he and his Government are blind, and I would prove that. [*Interruption*]  
[*Desk thumping*]

**Sen. Dr. Saith:** Madam President, I do not recall ever referring to my good friend, Sen. Dr. Moonan, as blind. That is not my style and I cannot remember that. He probably is mistaking me for somebody else. [*Laughter*]

**Sen. Dr. S. Moonan:** If I am mistaken, I would withdraw, but as far as my memory serves me, it is impossible to withdraw at this point in time. [*Laughter*]  
We would have to see what the *Hansard* says.

**Sen. Mark:** Do not worry with them.

**Sen. Dr. S. Moonan:** The important point, Madam President, is that you are going to lift this ceiling, because all of it is premised upon a money illusion based on petroleum prices. Those of you who are old enough would remember what happened on April 09, 1986; oil came to \$9 a barrel. In any cyclical industry over time, it moves in that fashion. It is sometimes high, it is sometimes low. The important thing about the ceiling is that when money is collected, do not think that it remains in a lid somewhere in the Central Bank and not then used. The point of monetary policy, the objective, is the availability of credit. When that works itself through the economy, it is then mixed with the term structure of interest rates. With the combination of both, you have the availability of credit within the economy.

As a condition precedent, while that is happening, you have the rate of change that is taking place. When you determine the rate of change, that would, again, impact upon the interest rate. At the same time, the collection mechanism on the fiscal side is working and you would have, either what we have in this economy, instability in income and prices or instead of the economy working towards stability of employment and prices, you would have escalating prices. So all that is being done to lift the ceiling on borrowing would be counterproductive, as you would see one, two or three years from now.

The Minister of Finance should have shown us on this side what that rate of change in the money supply would mean to the economy and to the people of Trinidad and Tobago. We would then see whether, on that basis, there is the eradication of poverty or, as we have seen in this country, the escalation of the poverty rate. [*Desk thumping*] So your policy is counterproductive to what you want to achieve. You should go back to the drawing board and look at your equations. [*Desk thumping*] Upon looking at your equations, you can come back and ask us what next to do rather than abuse the constitutional process saying the

“eyes have it”. It is your intelligence that has it and no more. [*Desk thumping*]  
[*Laughter*]

**Madam President:** Senator, speak to the Chair and not directly to the other Bench.

**Sen. Dr. S. Moonan:** I beg your pardon, Madam President, it is my inexperience.

**Madam President:** I know that, that is why I am telling you.

**Sen. Dumas:** Your innocence.

**Sen. Dr. S. Moonan:** Somebody said innocence, I agree with you. [*Laughter*]

Madam President, in terms of monetary management, what is the manifestation of this? The second point the hon. Minister in the Ministry of Finance should have made was what the elements were in their monetary management and what they have achieved in terms of employment, not only in terms of human resources, but in terms of the mobilization of the physical resources. Not only that, it is also the combination of the human resources with the physical resources and the rate of extraction. The rate of extraction of the gas is outside most of the people within the economy, except those involved in the oil and gas industry directly. So from those points of view that I have expressed, I would say that you should defer this; although I may not be heard, but maybe in a year or two when we have a UNC government—[*Interruption*] yes, I challenge you to that—[*Interruption*]

**Madam President:** Senator.

**Sen. Dr. S. Moonan:** Madam President, I beg your pardon yet again. [*Laughter*] [*Crosstalk*] I would say to sentence me one year from now when I would be on the other side together with my colleagues. [*Laughter*] [*Desk thumping*] Some people are working for W. J. Smith, a famous locksmith.

The important thing is that when we take the monetary and fiscal policies, we notice that the Government has no vision and it is blinded maybe by what it calls 2020; certainly not a vision.

Thank you, Madam President.

**The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):** Madam President, I wish to thank the last speaker for his very esoteric and erudite

contribution. [*Desk thumping*] I would like to thank Senators, as per usual, for all the contributions made.

Why are we here? In the year 2000, this economy existed with about a \$50 billion capacity of the gross domestic product (GDP). At the end of last year, it had, in fact, doubled. If your economy doubles in a five- or seven-year period, there are certain other things that would have happened. Some of the things that have happened to us are as follows: Our revenue stream improved and, therefore, we were able to do a lot more for the country as it related to expenditure.

A lot has been said about the Central Bank report, so I would not go back to that, except to add what has not been said. Sen. Mark in his contribution said, from page 5 of the report I think, that a major factor underpinning the rising inflationary pressure has been the increase in government spending—that is so—and its impact on the non-energy fiscal deficit, that is also so. What he skilfully neglected to mention from the same report was that to compound the impact of government spending, bank credit to the private sector has also been increasing rapidly. In fact, private sector credit at the end of June was somewhere in the vicinity of \$27 billion; public sector credit, \$2.8 billion, with a total domestic credit of \$30 billion.

What are we attempting to do here? Basically, we are saying that there is excess liquidity in the system. What these measures are intended to do is for the Central Bank to intervene in these circumstances to control the level of inflation that has occurred, in some instances, as a result of the level of credit in place. Let us talk a little about the pet peeve of many commentators—government spending.

When this Government came into power, it said two things: one was that it was going to focus a significant amount of its resources on attempting to do one thing only, that is, to ensure that the citizens of this country had a better way of life. Those who talk about government spending and expenditure and big buildings, miss the point totally. Look at the budget in its totality and look at infrastructure spending. The infrastructure spending last year that we approved was somewhere in the vicinity of \$3 billion; that is roughly 10 per cent of the total budget. But people take the view that is how they must talk about government spending. Let me, for the record, say what the Government has been doing, where the government spending has, in fact, gone, and then those who speak could tell me where they would like us to slow down.

The profile of government spending is as follows: personnel expenditure, salaries and wages and all that to run the Government; debt servicing to deal with

commitments we have made as it relates to borrowing, transfers and subsidies. When one examines the transfer and subsidy elements of the expenditure profile, this is what falls out: In the year 2000, for example, the Government in terms of its current transfers, basically, allocated about \$3.2 billion. By 2005, that number had gone to \$10 billion; so Government spending has, in fact, expanded.

Here is where Government spends and somebody could tell me where we should cut it. It went to educational institutions, from \$400 million to \$773 million. It went to the University of the West Indies, the University of Trinidad and Tobago and grants to government secondary schools to ensure that the education of our people was taken care of. [*Interruption*] That is one.

**Sen. Mark:** How much money went to the University of Trinidad and Tobago?

**Sen. The Hon. C. Enill:** In terms of households, which is Public Officers' Pensions and Gratuities, at the end of 2005, \$1.092 billion; yes, the Government is spending; Old Age pensions, 2000, \$457 million; 2005, \$900 million; Social Assistance, \$86 million in 2000; 2005, \$155 million; Disability Grant, \$43 million in 2000; \$123 million in 2005; School Feeding Programme, maybe we should cut that, \$68 million in 2000; \$151 million in 2005.

Let us move on to some others: Infrastructure Development Fund, which is a fund that was set up to deal with some challenges in implementation. All it seeks to do is simply to come to the Parliament and get an allocation. During the course of the year with that allocation you can move money from project to project on the basis of that and at the end of the year you get a report to the Parliament; so that money is voted by the Parliament.

The Revenue Stabilization Fund, part expenditure, savings; our expenditure went from \$415 million in that regard to \$2.5 billion. I want to come back to that in a bit, because I want to talk about some differences between the boom and bust issues that some commentators speak about. Government Assistance for Tuition Expenses (GATE) was zero in 2000, now \$75 million; Regional Health Authorities, \$272 million in 2000 and \$1.1 billion at the end of 2005.

The Community-based Environmental Protection and Enhancement Programme (CEPEP), the favourite whipping horse of a lot of people, zero in 2000, by 2005, \$244 million; National Social Development, \$226 million; Petroleum Relief for Caricom States, as a consequence of the issues they had, \$298 million;

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subsidy, re. the resale of petroleum products, \$650 million; this year it is going to climb to \$1.3 billion; the Trinidad and Tobago Electricity Commission (T&TEC), \$122 million.

If you look at where the Government is taking licks for spending, in a real significant way, this number has gone, incidentally, to \$17 billion in 2006. So we have gone from \$3 billion in 2000, \$10 billion in 2005 to \$17 billion in 2006; this is all the allocations that we have made inside here. This kind of money circulating within the system has some challenges. *[Interruption]* *[Sen. Dr. Gopeesingh stands]*

**Madam President:** Would you take a question?

**Hon. Senators:** No!

**Sen. Dr. Gopeesingh:** Just a short question. *[Crosstalk]* He is trying to educate us. What figure do you have for the off budget allocations? That is what we are questioning. We have no problem with transfers and subsidies.

**Sen. The Hon. C. Enill:** The question of off budget expenses is a non-question. The reason is this: *[Crosstalk]* there are government companies which on the strength of their balance sheet could go out and borrow money for capital investment. That money is authorized by the Government within the structure of parliamentary limits set for borrowing. We have a state enterprise borrowing ceiling and if we need to go beyond that, we need to come here to change the ceiling, much the same as we are doing here.

The way the thing works is as follows: The Parliament sets limits by which the Government can conduct its operation and the Government operates within that particular ceiling. Whenever we have exhausted that, we come to the Parliament and say, "This is what has happened and we require that ceiling to change."

The question of off budget expenditure is not something that we do. In fact, this Government has taken a conscious decision that as far as expenditure is concerned we are going to put it on the books; in putting it on the books, it carries your expenditure up. So one of the consequences of putting all the expenditure on the books, for example, the \$1 billion for the Water and Sewerage Authority (WASA), as opposed to simply dealing with it in loans, is that the expenditure climbs. This is where you have a true understanding of what the cost of running this country is and what are the requirements for moving forward. Let me deal with the way we are operating the economy.

When you look at the profile of production during the last oil boom, the oil price was a significant portion of our revenue and, therefore, the country was subject to significant shifts in revenue if the price of oil came down. Today though, when we look at our revenue profile, we see that we are, in fact, a gas-based economy rather than an oil-based economy. You would understand that gas is a regional business, while oil is a global business. Where our gas goes, to the United States and other areas, the pricing for that over the long-term does not follow the same spikes as the oil prices. Therefore, to a very large extent, on the basis of what we see, we are able to predict with some certainty, what the future price is going to be.

We have taken the view that we would not spend all the revenue that we have received as a result of the monetization of those resources. We have taken a view that we would save some for two particular purposes. The first purpose is to ensure that should the price of oil fall, as indeed it would, that we have some cushion that allows us to move. So we would be coming to this Parliament very shortly with permanent legislation to deal with the Heritage and Stabilization Fund. The fund, as at the end of this year, would have some \$7 billion. That is a mechanism we have put in place which, if you take the argument to its logical conclusion and if we continue to save over the next 15 years, which is the extent to what the experts say, that if we do absolutely nothing, our oil and gas reserves would continue.

At the end of that particular period, we could expect that we would have a fund much along the lines of the Norway experience; that on the basis of the financial assets in that fund and on the basis of investment in that fund, it would provide revenue for us. Therefore, in a sense, if oil and gas revenues go, we have another source of revenue to sustain the expenditure in this country. That is the plan.

Madam President, while that is happening, we are taking the opportunity to diversify the energy sector downstream and there is a lot of discussion on smelter plants and so on. We are seeking simply to get involved in the aluminium business so that we get into the high end plastic business, which, on the basis of our research, we are told has potential for long-term sustainable new jobs within this economy. Therefore, we see that as we make the investments now and move further into those areas, we would change, certainly in the energy sector, the portfolio mix, the revenue mix. We expect that would redound to the benefit of all of us as we move on.

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On the other side, we recognize that the non-energy sector is something that we have to work on. Over the last 24 months, we have been engaged in discussions with the business community with a view to enhancing the capability and productivity of a number of sectors that we have identified. They include, among others, the services sector, the marine merchant sector and the film sector; there are about three more that I cannot recall. There is a significant amount of work going on in trying to put in place the environment that is required to expand those organizations or sectors and also to tie it in with what is happening on other sides of the economy.

For example, the University of Trinidad and Tobago is, at this point in time, training a number of individuals who would be the future entrepreneurs in manufacturing, because we recognize that the manufacturing sector, as we know it today, must change. There is absolutely no way that the manufacturing sector as it is now could change; therefore, we are focused on high end manufacturing, putting in place the required infrastructure, technology and human resource capability and developing that so that we could, in fact, compete.

Madam President, let me just deal with some issues that Sen. Mark tried to raise. The question of money going into the Consolidated Fund—the Government does not have access to money going into the Consolidated Fund. The Government has access to money approved by the Parliament. For example, when we come to the budget statement and we identify the various heads and approve them, it is only on that basis the Government has money. Once it goes to the Consolidated Fund or to balances at the Central Bank, we do not have any access to it. Therefore, in a lot of instances, we try on an ongoing basis annually to follow a fiscal policy regime that states the following: We would continue, on an ongoing basis, to run surplus budgets. That basically means we would always be spending less than we receive and insofar as additional revenues are concerned, we would, in fact, save it.

Sen. Mark talked about the fact that the International Monetary Fund (IMF) never had a news conference. My information is that in the year 1998, the IMF held a news conference similar to the one that I did. I guess at that time he was not in government, although his party may have been, because he did make that point.

**Hon. Senator:** He said that it was not true. [*Crosstalk*]

**Sen. The Hon. C. Enill:** The fact is this, while there has been a lot of speculation, leaks and hearsay by those who should know better, but pretend not to, about the IMF's visit—[*Interruption*]



**Madam President:** Could we have some quiet please?

**Sen. The Hon. C. Enill:**—we thought it prudent to bring the entire press corps to meet with the IMF so they could engage them and deal with any issue they thought the IMF should deal with. The problem, of course, was that the thing did not work quite the way they had anticipated, because what did the IMF say? The IMF basically said that you have to make choices with the resources that are currently available to you. You have to make a choice between investing and expenditure, because the population has a view that if you have a lot, a lot should be given to them.

If you look at what the Government has done insofar as its expenditure profile is concerned, the Government is seeking to do just that; to determine what is required to bring to the population a better quality of life so that it can enjoy the fruits of this economy. In order to do that, we live in a global environment, so, yes, there are some challenges that we face. We face the challenge of expansion; many of us never believed that this opportunity would come and, therefore, when it came we were not prepared at all kinds of levels.

This country like many others doing the same thing we are attempting, has had to go through the same kinds of experiences and has had to do the same kinds of things we are doing now. We are going through a cycle where, as the issues arise, when we think that they are sufficiently dealt with, we would respond and, contrary to popular opinion, this Government does, in fact, listen, but it is whom we listen to. We listen to the citizens of this country. We listen to those who are in need. We listen to people who have real issues and who have real concerns.

**Sen. Mark:** So you do not listen to the Opposition?

**Sen. The Hon. C. Enill:** We listen, for example, to those in our society who could not, up until now, afford to take their children to school to have a good education. We listen to those who are old, infirm and are unable to see about themselves. *[Interruption]* We listen to those who in having to carry out the responsibilities of their mandate in providing goods and services for the citizens, required a decent—*[Crosstalk]*—required a quality of infrastructure that is consistent with the demands we are making on them and we intend to do just that. Madam President, would you protect me? Sen. Mark is being irrelevant as usual.

We are dealing with issues of supply side constraints as well, but we are doing it at a time when we have some global issues to treat with. With construction today, except for aggregate and cement, everything else is foreign and once China and India by policy took the positions they did, they created a global shortage in

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some commodities. That is part of the issue we are dealing with; a global situation that has arisen.

**Sen. Dr. Gopeesingh:** Not in construction.

**Sen. The Hon. C. Enill:** Those who do not know would always talk like that. [*Crosstalk*] I would say to Sen. King [*Crosstalk*] and Sen. Cropper that maybe we have not engaged them enough so that they understand what the intention is and what the thinking is; that is something we should correct. We would seek to do that in a very short time. Our strategy really is to ensure that we do not make the mistakes of the past; to ensure that as we have said, in the shortest possible time and, certainly, by the year 2020, this society as we know it would no longer exist in the way that it does, but would be significantly different in terms of what it offers to our citizens, both in terms of the quality of life and all the things we are trying to deal with.

I hear statements like, "The standard of living is falling" and "We have a poverty rate of 30 per cent." The last time we did a Survey of Living Conditions was in 1992. The unemployment rate at that time was 15 per cent; the GDP rate was \$23.1 billion and the poverty rate was 30 per cent; that is what we are dealing with. Today, the GDP is about \$117 billion. The unemployment rate measured in the same way is 6.9 per cent and I do not know what the poverty rate is. I would know that by the end of this year, because we have just done the survey.

**Sen. Mark:** The unemployment measure has changed; you are misleading the Parliament.

**Sen. The Hon. C. Enill:** I want to address what Sen. Bro. Khan said about creaming off the system. There is a cost to mopping up liquidity and the Government bears that cost. The fact of the matter is, we are trying to damper private sector credit and consumer spending. The way we are going to do that is by going into the market, absorbing a significant amount of liquidity in the system and parking it away so that it does not continue into consumer spending. It is consumer spending, by and large, that is creating the ability for some in our society to get the kinds of mark ups that we get. I could tell you from the revenue numbers; I can see what is happening.

We have a situation that Sen. Dr. Gopeesingh talked about, where our citizens are paying twice what they would pay if they go to another Caribbean country for the same goods and services. Do you know the reason for that? They could afford it.

**Hon. Senator:** Ooh! [*Crosstalk*]

**Sen. Mark:** That is a simplistic approach.

**Sen. Bro. Khan:** Tourism, tourism.

**Sen. The Hon. C. Enill:** Madam President, I do not know who could expect what from me. I am simply trying to explain government policy in the context of what I see.

**Sen. Mark:** It is better you try and fail.

**Sen. The Hon. C. Enill:** The matter before us today is to raise the ceiling for the Central Bank to continue to do what it is required to do as it relates to monetary policy. [*Interruption*]

**Madam President:** Sen. Mark, please.

**Sen. The Hon. C. Enill:** Fiscal policy by this Government is clear to all. The Government is going to continue to run surplus budgets. The Government would continue to spend less than it earns. The Government would continue to look at areas that would benefit the majority of citizens, all with the intention of making a better way of life for our citizens. Those who do not agree with that, would have an opportunity to go to the population and make their case in the not too distant future, but this Government would not and could not apologize for looking at ensuring that the people [*Desk thumping*] of Trinidad and Tobago are better educated, are taken care of in their time of need, are properly housed, have proper medical care, have better infrastructure and better job opportunities. [*Desk thumping*] That is something that this Government would not apologize for and this Government [*Desk thumping*] could account for where every dollar we receive goes.

**Sen. Joseph:** Every penny!

**Sen. The Hon. C. Enill:** Thank you, Madam President. I beg to move. [*Desk thumping*]

**Sen. Mark:** A forensic audit. [*Crosstalk*]

**Madam President:** When I have some quiet, I would continue.

*Question put and agreed to.*

*Resolved:*

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

**TREASURY NOTES  
(AUTHORIZATION TO BORROW)**

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

*Question put and agreed to.*

*Resolved:*

That for the purposes of promoting monetary credit and exchange conditions most favourable to the economy of Trinidad and Tobago, the Minister of Finance is hereby authorized to borrow such further sum or sums in Trinidad and Tobago, not exceeding in the aggregate five thousand million Trinidad and Tobago dollars or the equivalent thereof in any foreign currency or currencies, by the issue of Notes.

**TOBAGO HOUSE OF ASSEMBLY (AMDT.) BILL**

*Order for second reading read.*

**The Minister of State in the Office of the Prime Minister (Hon. Stanford Callender):** Madam President, I beg to move,

That a Bill to amend the Tobago House of Assembly Act 1996, be now read a second time.

I am aware that Senators have been here for a long time, therefore, I would not be very lengthy in laying the case before this Senate.

**Sen. Mark:** Go ahead.

**Hon. S. Callender:** This simple piece of legislation seeks to do one thing in clause 2 of the Bill, which is to amend section 33(1)(c) of the Tobago House of Assembly Act by deleting the word "five" and substituting it with the word "seven".

Section 33(1) of the Tobago House of Assembly Act states:

"The Executive Council shall comprise—

- (a) the Chief Secretary;
- (b) the Deputy Chief Secretary;
- (c) such other Secretaries, not being more than five, selected from among the Members of the Assembly as the President acting in accordance with the advice of the Chief Secretary may appoint."

It is important to note that on Thursday, September 22, 2005, the Chief Secretary of the THA in moving a motion in the Assembly for the increase in the number of secretaries made the point, and it is a point to which I subscribe, that the provisions of 33(1) restricted the size of the Executive Council to seven Members, while the scope, function and resources of the Assembly have been increasing significantly in recent years. Therefore, there is a need to increase the size of the Executive Council so as to ensure a more effective management of the resources and the delivery of services to the people of Tobago.

This simple amendment is also in keeping with a previous administration's Cabinet decision with respect to the provision of administrators in the THA. Creation of the position by the Cabinet then was in fulfilment of the requirement of section 73 of the THA Act, No. 40 of 1996, which states:

"Each Division of the Assembly shall be under the supervision of an Administrator who shall be of the level no lower than that of a Chief Technical Officer and who shall be the Accounting Officer of the Division under his supervision."

In submitting the Cabinet Note TA9813, dated July 20, 1998 on which the decision was based, the request to the Cabinet for the creation of seven positions of administrators was based on the fact that there were seven administrative divisions in the THA. Subsequently, on April 09, 1999, the Institutional Performance Division, now the Public Management Consulting Division (PMCD) of the Ministry of Public Administration and Information, of which my very good friend was the Minister—[*Interruption*]

**Sen. Mark:** At the time.

**Hon. S. Callender:**—in its comments indicated that there were nine divisions in the THA and he proceeded to name those divisions. It took a subsequent Cabinet Note in February 2003 to approve the creation of the two positions of administrators, whereby bringing the total of administrators to nine.

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It is important to give an example of some of the challenges the present restricted size of the Executive Council now faces. For example, there is in the THA a secretary with responsibility for tourism. I think all of us should be aware of the importance of tourism to the economy of Tobago. That same secretary is also responsible for transportation, enterprise development, settlements, labour and cooperatives. In exercising his functions, that secretary liaises with the Minister of Tourism, the Minister of Housing, the Minister of Works and Transport in relation to transportation matters, the Minister of Legal Affairs, in relation to consumer affairs, the Minister of Trade and Industry in relation to enterprise development, the Minister of Labour, Small and Micro Enterprise Development, in relation to labour and cooperative matters; all this by one secretary.

Another example is the Chief Secretary. The Chief Secretary is also secretary for education, youth and sport, public administration, State lands and information. This situation also happens in other areas. There is a strong view in Tobago that the Chief Secretary should only be Chief Secretary of the Tobago House of Assembly, but maybe this is for another time and for another debate.

There are other secretaries with multiple functions. It means at times it becomes particularly difficult and onerous on some secretaries to effectively carry out their duties, in addition to the areas of responsibility listed in the Fifth Schedule of the Tobago House of Assembly Act. If one goes to the Seventh Schedule, there are services to be performed and delivered in Tobago. If these services are to be performed and delivered in Tobago by other agencies, the THA and, by definition, the Executive Council, it would be as an oversight function and monitoring role.

The THA is also of the view that there are some matters, even under the Sixth Schedule, for which the Assembly has no responsibility, but the irony is that while the Assembly is not responsible for these functions, they are accountable to the people of Tobago. One such area is that of crime which falls under the Ministry of National Security. When there is an increase in crime and criminal activity in Tobago, Tobagonians have the tendency to call on the THA for answers.

There is another area which falls under the Ministry of Legal Affairs, particularly the Registrar General's Office, as it relates to the certificates of births and deaths, registration of companies and the major problem of land deeds in Tobago and the Real Property Ordinance, in particular. Whenever these matters arise in Tobago, the Assembly is called upon to account. Therefore, it is against

this background that the Government sees the need to increase the size of the Executive Council by increasing the number of secretaries in the THA from five to seven. Furthermore, effective management of the resources and the delivery of services to the people of Tobago could be done more effectively.

With these few words, I beg to move.

*Question proposed.* [Crosstalk]

**Sen. Wade Mark:** Take your time; we would be leaving in a short while; do not worry.

Madam President, first of all, let me welcome the hon. Minister of State in the Office of the Prime Minister with responsibility for Tobago Affairs. I think this is the first time you are visiting this honourable Senate. [*Desk thumping*] I welcome my colleague whom I have known for some years as a friend, as I have known my good friend—I cannot say "Stretch"—the hon. Minister of Local Government. [*Laughter*]

The policy of the UNC had been to grant to the people of Tobago full autonomy, within a federal structure, to run their internal affairs. [*Desk thumping*] It was our policy while we were in government and it is still our policy now. Had the people of Tobago been supported by the then PNM and my good honourable friend, when the THA Act, No. 40 of 1996 was debated in the other place as well as here, this amendment now before this honourable Senate would not have been here. The Chief Secretary would have had the power to deal with his business as he deemed necessary and not refer to the Senate or the House of Representatives. But, again, it was the PNM who voted against the measure. They watered down Act No. 40; they did not want to give the people of Tobago full autonomy to run and be in charge of their internal affairs and, hence, we are here tonight, as my hon. friend has indicated, dealing with this matter.

In the Tobago House of Assembly Act under section 33(1), as the hon. Member referred, it is a fact that in law the secretaries which the Executive Council or the Chief Secretary, in this instance, can appoint or select from among his Assembly men is limited to five. The hon. Minister of State in the Office of the Prime Minister is trying, through this amendment, to increase the number from five to seven and in terms of the overall council, from seven to nine.

I listened to the Minister somewhat intently. Apart from indicating to us that one or two of the secretaries' portfolio increased over a period of time, we did not get from him a comprehensive analysis of the scope, functions and resources that

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have now been increased. We understand, at this time, that the Tobago Executive Council has failed the people of Tobago. Incompetence reigns in that Executive Council. We would like the hon. Minister to tell us how increasing the number from five to seven would benefit the people of Tobago.

I would like him to tell us as well what is the relationship between the THA and the Cabinet of this Republic. It seems to us on this side, that even where the Cabinet of Trinidad and Tobago takes a decision to nominate an individual to go on some particular conference, you have the THA—[*Interruption*] We are talking about increasing the numbers; we are asking what the rationale is. What benefits would the people of Tobago derive from this? Already we are seeing evidence of incompetence and discrimination. [*Crosstalk*]

**8.30 p.m.**

Madam President, I refer you to an article in the *Trinidad Guardian* of Monday, August 21, 2006, page 13. It is headed “THA’s health secretary comes under fire again” and it reads as follows:

“More accusations have been levelled against the Secretary for Health and Social Services in the Tobago House of Assembly...”

And by the way, Madam President, may I inform you and this honourable Senate that the Tobago House of Assembly (THA) is made up of 12 Assemblymen headed by the Chief Secretary, four Councillors and a Presiding Officer and all the funds to run the Tobago House of Assembly are given to it by central government via parliamentary approval.

It continues:

“Last week, the secretary was accused by the local chapter of Disabled Peoples International of refusing to grant permission to Jason Clarke to attend the UN conference for disabled people in New York.

The conference is expected to come up with a convention regarding disabled people which will then be ratified by all UN member states.”

Madam President, this gentleman, Jason Clarke works for the THA, and he was recommended.

**Sen. Joseph:** What is the relevance?

**Sen. W. Mark:** They want to increase the number of secretaries and you want to know how it is relevant? Madam President, I am hearing murmurings.



Here it is the Cabinet of this country—and Sen. Dr. Saith can tell me if I am wrong—we have information that the Cabinet of this republic supported the nomination of one Jason Clarke to attend a UN conference and one Mr. Alington Spencer, Secretary for Health and Social Services rejected the Cabinet's decision.

Madam President, do you know that this gentleman was unable to attend the conference? Now you come to this Parliament to ask us to increase the number of secretaries where there is going to be an expenditure involved.

The article goes on further to say:

“County medical officer of health Dr. Mentor Melville said yesterday he, too, had been discriminated against.”

He is complaining in this article that the same Secretary of Health discriminated against him by denying him the right to go to a HIV conference in Mexico. So it seems to us that the money we are allocating to the people of Tobago through the Tobago House of Assembly is being used in a way that is not bringing value to the people, because if the Cabinet could approve this gentleman to go to a conference organized by the UN and a secretary could disapprove Cabinet's decision, I want to know who is in charge of Trinidad and Tobago at this time.

Madam President, I raise this matter to bring to your attention what we consider to be a very unnecessary development that has taken place in Tobago and I would like the hon. Minister of State in the Office of the Prime Minister to tell us what is the relationship between the Tobago House of Assembly and the Cabinet of this republic.

The people of Tobago were so incensed with the behaviour of this particular Secretary of Health that they raised their own funds in order to get Mr. Jason Clarke to the United Nations. Do you believe that, Minister Martin Joseph? Madam President, would you believe that the Cabinet had approved and they denied this gentleman the right to represent the disabled at a UN conference?

Madam President, as I am on the Secretary of Health, I would also like to find out from the hon. Minister whether the InterAmerican Development Bank (IADB) granted a Health Sector Reform loan to Trinidad and Tobago, which we understand was supposed to construct about seven to eight health centres in Tobago. Can the Minister tell us how many health centres have been built by the IADB via the Tobago House of Assembly?

**Madam President:** Sen. Mark, I think I really need to intervene at this point. I do not think we are debating the Tobago House of Assembly as such; we are simply debating raising the number of members. Please try to find a way to return to the Bill, I am begging you.

**Sen. W. Mark:** The point about it, we are not a rubber stamp Parliament and we are saying if you want to gain my support I want to know what the benefits are going to be. You cannot tell me you want to go from five to seven and you cannot justify why you are doing it, or what is the basis to go from five to seven. We are seeing the activities of certain secretaries and I am asking the question, what value will be added in terms of the people of Tobago if this particular measure is approved? We want answers.

**Sen. Dr. Saith:** You will get it in the closing argument.

**Sen. W. Mark:** No, no, you cannot talk about closing arguments here. You may leave if you wish, but you cannot tell me about closing arguments, you are out of place.

Madam President, may I address you?

**Sen. Yuille-Williams:** [*Inaudible*]

**Sen. W. Mark:** What is wrong with this lady? They are tired, Madam President. Do you know I was thinking about going for a short period, but she has given me some energy? [*Laughter*]

Madam President, we on this side of the Senate have heard the talk about an increase from five to seven secretaries and we have not been able to get from the hon. Minister what functions they perform. They want to increase to seven, and the hon. Minister should tell us what the five are currently doing and if two more are brought in, what will they be doing. [*Desk thumping*] You say it is a simple measure and you have not told us what these functions are going to be.

We would like to find out from the hon. Minister who is here what is taking place in Tobago and how will the increase of these numbers help the people of Tobago. How will it help the tourists who are under attack because of crime in Tobago? Will increasing the numbers on the executive council deal with crime in Tobago? I need the Minister to tell us that. What is happening with agriculture in Tobago? We need to know that because we understand there is a secretary with responsibility for agriculture. Is one of those five persons now a secretary with responsibility for agriculture? Tell us. We also want to know what this secretary does because we know Tobago is importing all its food from Trinidad. There is no agricultural development in Tobago, so what is the function of this secretary? What is this secretary doing in terms of food production for the people in Tobago?

Madam President, you would recall during World War II, Tobago was the food basket of Trinidad, but today Tobago is now dependent on Trinidad. Why? So there are five people doing what, and you are asking for two more, and you are saying it is late? Well, I will take you until 12.00 midnight. We want answers. Do not come and try to tell us that we must move on.

Madam President, hear what Reggie Dumas is telling us in a series of articles on the Tobago House of Assembly Budget 2006 and 2007 in an article dated August 14 in the *Trinidad Express*. We talk about education, there is a secretary for education. Is that secretary for education part of the Executive Council?

Mr. Dumas is saying in this article that Tobago footballers cannot spell the names of the teams for which they play. That is what Mr. Dumas is saying in the article. He is also saying that in 2005, CXC O level results indicated that only 19 per cent of Tobago students passed five or more subjects, while 24 per cent failed every subject that they attempted.

Madam President, if this education secretary is part of this Executive Council, that person is a failure and why must we support the addition of two more secretaries? What are they doing to improve the lot of the people? And the Tobago House of Assembly has been in office for over five years now. So what is happening to the people of Tobago? We are seeing where Mr. Reginald Dumas is telling us that the illiteracy rate in Tobago is extremely high. Twenty-four per cent of the youths failed, there is a population of 60,000 so that is about 1,000 persons taking CXC. That is saying to us that close to 300 persons are not obtaining full passes. So what are we being called upon to approve today? They want more secretaries, it will cost us more money, and how are the people of Tobago benefiting from this? That is all we ask. How will the people benefit? That is what we need them to tell us, not to grumble.

Madam President, the Tobago House of Assembly under the hon. Orville London seems to be swimming in money but it does not prioritize what it has to do. According to Mr. Reginald Dumas, in another article in the *Trinidad Express* dated August 18. He says that the Tobago House of Assembly intends to put on a dog show shortly at the Dwight Yorke Stadium. The Tobago House of Assembly does not have money to educate people in Tobago, but to put on a dog show, and you come here to increase the number of secretaries to put on more dog shows?

Madam President, Mr. Dumas says: "I do not know if we have gone to the dogs in Tobago, but we reach." That is what Reginald Dumas said in his article. Madam President, where are we going?

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Whilst in Tobago health, education, agriculture, fishing and tourism are all in trouble, when crime against Tobagonians and visitors alike is rising uncomfortably, is a dog show really a matter of priority? He does not understand. “And they dress up de dog and ting yuh know, with cutex.” And we have a Minister of State at 8.45 p.m. asking this honourable Senate to give him two more secretaries. To do what, Madam President? We have difficulties with this measure. [*Interruption*]

No, no, no. I am saying that in 1996 we were going to give the people of Tobago full autonomy and we would not have been here tonight. You all in the PNM stopped that and watered down the Tobago House of Assembly Act. [*Crosstalk*] I want the Tobago House of Assembly to have the autonomy to deal with its matters. “Not the PNM THA eh, I doh want the PNM THA under Orville London.” I think he should go home.

Madam President, would you believe after tourism in Tobago fishing is supposed to be the next major industry? And over the last six years, the European Union has imposed a ban on the export of fish and its products from Tobago to the European Union. [*Interruption*]

Madam President, I am being disturbed and before I do what I normally would, I seek your protection. Because you know I can defend myself in this Parliament.

**Sen. Dr. Saith:** You sound disturbed.

**Sen. W. Mark:** Madam President, I would like the hon. Minister of State in the Office of the Prime Minister to tell us what is happening with the export of fish and fish products from Tobago to other countries, particularly the European Union. We understand there was a ban for the last six years and nothing has been done by the Government of Trinidad and Tobago and the Tobago House of Assembly to facilitate the export of fish from Tobago to the European Union. That is part of agriculture and we want to know if one of the secretaries in the Executive Council is responsible for agriculture. I imagine my colleague will tell me that in a short while. We want to know the real story behind this.

We understand there are two assistant secretaries who were promised promotions by the Chief Secretary of the Tobago House of Assembly and this is pay-back time. So they are using the Parliament to give their partners a promotion. We want the Minister to tell us if I am wrong. We understand it is pay-back time. So they are wasting taxpayers' money, Madam President.

I have searched long and hard for the accounts of Tobago. Madam President, hundreds of millions of dollars we have granted and the last report that came to this Parliament was dated September 30, 2002. This Tobago House of Assembly has been in office for the last five and a half years, it has spent billions of taxpayers' dollars and has not accounted to the people of this country and you are asking for two more secretaries without any accountability?

Madam President, if you see the report from the Auditor General! There is lack of transparency. Imagine in the Tobago House of Assembly after five and a half years of PNM rule, it does not have an internal auditor. If you see irreconcilable statements here. I call for a forensic audit of the Tobago House of Assembly, that is what we need right now. I am saying we need to get proper accountability from the Tobago House of Assembly.

Madam President, if I did not get this report from you—it is from your office I got it yesterday because it is not circulated to any Member here, it is not in the library and they were just submitted. They are the 2003 and 2004 reports to the Auditor General. We have no way of looking at the accounts of the Tobago House of Assembly. So here is the Auditor General talking about deposits of \$6.9 million which could not be verified. Where the \$7 million gone? They could not verify where the money went and if one goes through every item it makes sad reading, but you come here tonight asking for an increase in the number of secretaries from five to seven. What for? For more corruption? For more mismanagement? So we can get another Auditor General's Report telling us that they do not have an internal auditor?

Madam President, do you know the financial rules to govern the operation of the billions of dollars that we give to Orville London and the Tobago House of Assembly have not been formulated and passed on for approval in this Parliament yet? So this Tobago House of Assembly under the PNM is running the THA without any form of accountability, no transparency, and no financial rules, and the people of Tobago are suffering. There is much corruption in that Tobago House of Assembly and, therefore, I think the time has come for a forensic audit into the accounts of the Tobago House of Assembly. [*Desk thumping*] I think we need that now. Four years and we cannot get proper accounts!

Madam President, I want to refer you to the Commission of Enquiry into the removal of material from the Scarborough Regional Hospital. I have never seen such nepotism and corruption as outlined by this Commission of Enquiry. This is what is said on page 69 of the report and the Minister comes here to tell us to increase the number of secretaries from five to seven?

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Madam President, we are being asked to approve seven secretaries. We do not know who the five are, we have to ask questions and we are hoping that when the hon. Minister responds to us we will get answers. If he had answered these things in advance, my skills would have been intact, but I have to use them.

According to Mr. Agard this report says:

It is not something that we would ever do, but this is the Tobago House of Assembly and this is a Tobago project so we treated that differently than how we would have treated it if somebody in Trinidad had asked us to include a firm on the list.

Madam President, this is in a report dealing with favouritism, nepotism and corruption by the THA under the PNM. We believe that the time has come when the Tobago House of Assembly must be given full autonomy, but we need it within a framework of accountability. It is corrupt within the framework that we have now. I am saying to set up the system in such a way where the people of Tobago will be able to run their own affairs. Coming to us for approval, we have to question and enquire into the operations.

**Sen. Dr. Saith:** Okay.

**Sen. W. Mark:** “No, you fed up, you go home, doh tell meh okay.” “Madam President, ah talking to you eh.” [*Crosstalk*] You are Bilaal Abdullah—

**Madam President:** Sen. Mark!

**Sen. W. Mark:** Okay, Madam President. “Be careful with me eh.” [*Interruption*] Madam President, I am being interrupted and I need your protection.

**Sen. Abdul-Hamid:** You see how I resemble him.

**Sen. W. Mark:** Yes, I realize that, you are his brother-in-law, a Muslimeen brother-in-law. [*Crosstalk*]

Madam President, we would like to know what steps are being taken by the Tobago House of Assembly to ensure that there is proper accountability for public funds. We would like to know if we increase the number of secretaries from five to seven how will it impact on the lives of the people of Tobago. We are not happy with what is happening in Tobago, there is much discrimination against the people of Tobago by the Tobago House of Assembly. “If yuh from DAC yuh cyar get no wuk.”

It is just like Trinidad, the PNM has carried over its sickness to Tobago as well. “In Trinidad if you are a UNC, no wuk for you.” “In Tobago is the same disease, if yuh not a PNM, yuh cyar get a job in Tobago.” How can they come to us in the face of that discrimination, nepotism, corruption and ask us to increase the number from five to seven?

We want accountability and I would not like in the future—I want to be honest with you—this Bill to come back. Let us give the people of Tobago the autonomy they deserve. This is something that a properly organized and well-run Tobago House of Assembly within a federal structure, with proper systems of accountability to the people of Tobago should operate. In such an instance we do not have to come to the Parliament to approve this, the people of Tobago through their Chief Secretary can do so and that is all I am saying.

The people of Tobago need to be given greater autonomy to run their own affairs in Tobago and I would like to ask my honourable friend from Tobago, the Minister of State in the Office of the Prime Minister to provide this honourable Senate with some explanations.

Another area on which I would like to get some clarification is when the Housing Development Corporation (HDC) advertises houses, it is for the people of Trinidad and Tobago. My understanding is that when the Tobago House of Assembly—and the Minister can clarify this point—advertises for homes, it is confined only to the people of Tobago and Trinidadians are not given an equal opportunity to apply for homes in Tobago whereas if we advertise, it is for the people of Trinidad and Tobago.

**9.00 p.m.**

We also understand that there is some level of discrimination by the Tobago House of Assembly. If a Christian group is having a concert, the THA will underwrite it; if a Hindu group or a Muslim group approaches the THA for sponsorship, Mr. Orville London says that they have no money. Why is the Chief Secretary of the Tobago House of Assembly discriminating against the citizens of this Republic? The people of Hindu descent are people of Trinidad and Tobago; the people of Indian descent are Trinidadians and if they want to have a concert in that place called Tobago, that beautiful island, why is the Tobago House of Assembly selectively giving money to Christians? I have nothing against Christians, but why treat people unequally? And the Chief Secretary of the Tobago House of Assembly has a lot to answer, and I would hope that the people

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of Tobago one day—and that would be very soon—would get rid of this albatross called the PNM that is around their necks as a yoke; get rid of them and I hope that would not—

**Sen. Yuille-Williams:** Let me just assure you—I have heard you speaking and I am sorry Sen. Dr. Eastlyn Mc Kenzie is not here, but I know that in Tobago there are two Hindu groups and I know that on each occasion that they have applied for assistance for Divali or whatever function they have, the Government of Trinidad and Tobago usually gives some assistance. In fact, Sen. Dr. Mc Kenzie stood up in this Parliament and thanked the Government for all that it is doing. So it is very strange to hear the Senator talk about discrimination.

**Sen. W. Mark:** I was very careful to say that I have learnt; if I am wrong, I am always prepared to withdraw. If the Minister has information that is contrary to what I have said, I am prepared to withdraw. I am saying that is the information that has reached me and I bring it to your attention and that of the honourable Parliament.

So we have no difficulty in giving the people of Tobago—not giving them; the people of Tobago deserve total autonomy within a federal structure. It appears to me that right now the PNM is running Tobago by remote control. The information coming out of Tobago is that they do not have the power they used to have under the Hochoy Charles administration and the present Chief Secretary in the Tobago House of Assembly seems to be a robot in the Patrick Manning administration in Port of Spain, and that is giving the people of Tobago a very negative image of the PNM administration. I would not be surprised that very soon the people of Tobago are going to turn, as they have done in the past, and will take their rightful place by retaking their island and putting it in the hands of people who care about the people of Tobago.

With these few words, I would like to pause and thank you very much for allowing me to speak. [*Desk thumping*]

**Sen. Brother Noble Khan:** Madam President, I rise to make a short intervention on what is before us. To my mind, it appears that there is an attempt being made within the administrative structure of the Tobago House of Assembly towards a forward movement. Because of the expansion, there is need for more people at the administrative level among the secretaries. I do remember, in my work experience, when the Tobago House of Assembly was created, I had worked in the establishment of the budget structure while I was in the Budget Division,



and continued having an input up to the time that I left somewhere in 1989, I think it was. That was my last budget. Indeed, it was a learning experience. It was, indeed, an enlargement for myself, spiritually. I always cherish those moments.

I first came in contact with Tobago way before that. I do recall in 1963 when they had the Flora hurricane, I had been over there with a very good friend of mine. We are still good friends. At that time his parents lived there. Well, they have since gone to the great beyond. I always considered them as my parents, according to our tradition. So there is a connectivity there that I always cherish and I always feel—and I have had the opportunity to express it, too—that if there is a noble person in the Caribbean, it is the Tobago person. I say this publicly, from my own feeling.

We are dealing with the governance of Tobago and even if we were to look at it from the historical background, we saw that Tobago was connected because of—for want of a better term—poverty. Those were the days of the British and there was a connection between ourselves, and where we are now is all history. But it struck me, while I was in Tobago, they were exploring for the gas, I stayed at the Orange Hill flats and in the evening I would go up to Mount Irvine and spend a few moments there and come back just before sunset. At that time they were flaring the gas; the exploration was taking place. Later on it came about that things happened, and we are at the stage we are in now.

On reflection, I strongly suspect—I do not have it as correct—that much of this vaunted gas that we talk about that is our heritage today—and when I speak of our heritage today, I speak about Trinidad and Tobago—is off Tobago. It is ironic that if that is so—I am not too sure if it is so—when Tobago came together with us—we are speaking about governance here. Forgive me if I am on this point but it is very relevant, that when Tobago became connected to Trinidad it was because they could not pay their way, so to speak, for want of a better term. But today, if that gas is really off Tobago, we see a complete reversal of the situation.

But even, as I mentioned to you, that there was a connection between myself and them, you always get a feeling of dominance assumed by the people of Trinidad—not all the people from Trinidad—that is extended. I would not go into that to show cases of how it went. Even in this House here in the past you got the feeling that it is more than a big brother thing. I strongly suspect that there was a reverse as far as a people looking to reassert themselves, because it was pretty recent where there were grandfathers who had passed through that. Even today, you get the feeling of that desire for holding tight, the reins, and I wonder if that is correct, even as we go forward in forging a society and building ourselves.

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Very often you hear it said that the Tobagonians have their own personality and treat them separately and you always had this feeling of a, sort of, psychological superiority coming from some of the people of our land, which still exists. I suspect that this may find expression, even as the small incremental approach to more say in the affairs of Tobago by the Tobago people. It may be so in the minds of Tobagonians. God forbid, but I do not think so, or if people perceive it that way.

Now, the world is moving away from that sort of thing and if we are to recognize what is taking place in the world, it means to say that we should have changes in the systems that we have. I visited Tobago when the Independent Senators were going about and looking at the Constitution, and what have you. Again, it was a beautiful experience to see the dignity, the expressions, the way people went about bringing their feelings to us. The question of whether people can run their affairs, I have no doubt about that. At least, within themselves they expressed that and they have proven it over the period of time. There are many people you could single out who have made great attempts and have been successful in affirming themselves in that way, as far as Tobago is concerned, and exploring that situation, and I think it is a great point.

One gets the impression, too, that we are on the threshold of going forward, as far as the Constitution is concerned, and the two islands are together in, what has been referred to as a unitary state, but, again, you have that psychological dominance. The whole system is from Port of Spain. And it was very sad and pathetic at times; it was hurtful at times to know what took place from the inside, in the relationship that exists as far as the transfer of money and relationships, and things like that. It even has an effect on me now as I remember this, because I was part of the system that operated.

I take it that with the flow of more money things are a little better; at least with the skills everything had been built up around, and you would have expected that you would have had some improvement. In the forward movement of any people, even in your own homes, there are ups and downs so one could imagine in a small place as diverse as it is, you would have problems and all of that, but not necessarily diversity or change is bad. It is towards this end I would like to think in terms that while we see a sort of give-out from five to three, or five to two or five to seven, or what have you, it seems like you—I like to use the term sometimes that when you are cooking and you use saltfish, or even cornfish, as you might say in Tobago; you take off the skin; you use the meat and throw away the skin. You get the feeling that that is the relationship between here and there.

It is all well and good to figure, well you give the population—they used to count it at 40,000, but I think it has gone up to 60,000. I do not know what it is, but you get that feeling that that is the way the relationship is. Maybe I might be thinking about 15 years ago that I know of, personally, and felt, personally, which I share with you, but I do not get the feeling that much has changed somewhat. It is true my children who grew up there and who at the time when they spoke to me about Tobago some few years ago, it left me crying when he said: “Daddy, it ain’t like how you know it.” The whole thing gone through; the old way; the social living; the young generation what it is like, he explained this to me. God help us, if that is so—I did not doubt him. He was honest. He was there. He was a young man among that and that was what took place.

So, again, social change is coming, but the question, as far as the Constitution is concerned and what we are dealing with here from a five to seven, one would think in terms that a wider scope should be had. I always feel that it should emerge from the people what they want, and not the foisting of something on people. I think this is one of the weaknesses of the constitutions we have had in the past and it seems that we are heading that way. The young people would not buy that. They may go with it, but they would not accept that. You are dealing with the soul of a people; you must allow the soul to grow and express itself.

So when we come today and think in terms of moving from five to seven, it flashed in my mind that in rolling dice, you might hear seven; you might hear 11; you might hear four. At four, they have a thing you call, a bar. This is on the ground we are talking about here, so one wonders, if as we move from five to seven, we are going in a better way. Obviously, it is an improvement, and I guess people may figure I am talking in an area they see as their own and it is difficult for other people to talk, but I share this in honesty. I have friends—not biological family—and we shared our problems at a personal level. I share these thoughts so that when the time comes for Constitution, the three to seven, which is a sort of incremental towards a part of what is supposed to be better, will definitely allow for a greater participation and a greater recognition, as one former Governor General and President said, “side by side”; that that would be recognized in our Constitution and, more importantly, put into practice.

Thank you, Madam President.

**Sen. Clyde Adams:** [*Desk thumping*] Madam President, other Members of this august Senate, I consider it certainly an honour to be here today to contribute on this very important Bill. Equally important, though, to me, is the fact that I am given an opportunity to speak on this Bill with no strings attached. I want to

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establish that. I, Clyde Adams, from Tobago, am given the opportunity to speak on this Bill and I know the press likes to embellish things, so I am going to say it again. I am going to speak on this Bill with no strings attached, as a Tobagonian. Some people who know me would tell you that I would rather say I am a Tobagonist than a Tobagonian.

With careful consideration of the contribution of the hon. Minister, if I were in another place and he was sitting closer, I would shake his hand and say “amen”, and I would say to him, I will continue where he left off, because there were potent things that he said that we need considering. As I said, Tobago is a growing community and in whatever we do, we must consider that we must go forward; we must take all steps that are necessary to ensure that we go forward.

In passing—I cannot allow this to slide—my good friend, Sen. Bro. Noble Khan, did make an observation and stated that Tobago was connected some time before because of poverty. I want to correct that, because my children may be watching this sitting and I want to—

**Madam President:** Senator, would you give way to Sen. Bro. Khan?

**Sen. Bro. Khan:** What I meant to say, if I did not really say it—of course, we have the record—was that the coming together of Trinidad and Tobago was because of the economics at the time and the government of Tobago, under the British, could not have paid their way so they found it easier to put us together. That is how I meant it. That is how I understand it to be.

**Sen. C. Adams:** I understand, Sen. Bro. Khan. I hold the view that you were not malicious in what you said, but I just wanted to make the correction, that in 1889 when we were placed together, it was because the Crown in Britain felt it was more economical to have two being governed by one, than have us as proud Tobagonians, continue our affairs. So I just want to put that into perspective.

In addition to what was said before, we must understand that it would be necessary to have an historical perspective of this matter before us. I know quite a number of us—we have had a long day and it is easy to say: “You are irrelevant; let us get on with it because I need to go home”—but it is important that we have a general overview of the historical circumstance of where we are today so that we can appreciate where we want to go. It is said that those who forget their history are destined to suffer terrible consequences because of their forgetfulness. We are drumming this into every Tobagonian; all persons who choose to make Tobago their home, so we would never go back to where we were.

I recall in this august Chamber in 1977, as a young man I sat in that gallery and listened to the passionate debates that took place here when the Bill for internal self-government was brought to this House. That Bill was brought by the Member for Tobago East, Mr. ANR Robinson, and I would not bore you by going through all the trappings of it. Suffice it to say, the joint select committee of Parliament recommended internal self-government for Tobago within the unitary state of Trinidad and Tobago. Unfortunately, it took three years. It was not until 1980 that the first Act came into being, Act 37 of 1980, representing the Tobago House of Assembly. It was instructive at that time that the President of the Republic, His Excellency Sir Ellis Clarke, reminded Trinidad and Tobago that Act 37 of 1980 should allow Trinidad and Tobago to walk side by side and not one behind the other.

It is important that we remember these issues because in the framework of going forward, in determining whether there is any justification in increasing the size of the executive council, we must know where we were and where we want to go. We must also determine whether those who were given the mandate to govern are, in fact, discharging their duties well. It is important that that is done. You see, after that, and after all the frustrations of that Act and how we were treated from 1980, it was necessary to come before this House again with Act 40 of 1996.

As one Senator said, we should not have been at this stage; we should have been further on. But I want to place on record, as a proud Tobagonian, that it was at the committee stages that the current Chief Secretary, in my view—and I underline, in my view—was instrumental in preventing us from getting more autonomy than we now have. I am saying now that since the corridors of power rest, and the institution of the Tobago House of Assembly is in the hands of that same person, we have to be mindful that we all are aware as to what his responsibilities should be and should constantly remind him as to what his obligations to the people of Tobago and Trinidad should be.

So I am taking this opportunity to bring before all of us, because very often people in Trinidad would sympathize with what is happening in Tobago but sometimes you may not have all the facts that are available to allow you to make a considered and a good judgment. You see, after Act 40 of 1996, we still suffered. And it was through that Act we had to trigger, what is considered the Dispute Resolution Commission. On the basis of that, we are getting the fruits of that labour today, where the budgets in Tobago can be predictable. So at least we are supposed to have 4.03 per cent of the national budget. With that in mind, quite a

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number of Tobagonians had wonderful expectations and we said: “We were not getting money before; we are going to have some money now.” And fortunately—I would not say, unfortunately—the people decided, and a new set of people were there to manage the affairs.

But I am going to let you know how they have performed so that you can determine, or form a reasonable judgment as to how reasonable it would be for all of us to say we must increase the number of secretaries. In the absence of that, I am suggesting strongly, that we all would be groping in the dark and I do not want that. It is necessary that when we would have left this august Chamber, we should be in a position to say we studied the subject well; we have done our best and we know that Tobago would benefit from our actions.

Let us examine the various portfolios and how they perform, and I want to offer you for your special consideration, the Secretary for Works and Infrastructure; what is happening. I think, in my opinion—I underscore “in my opinion” so you would not take me to task; it is my opinion—some people are taking some of the injunctions of the Act very seriously. In fact, part of the Tobago House of Assembly Act suggests that the secretaries in the House of Assembly must have a very good and cordial relationship with the Ministers concerned, and I agree with that. It further went on to say that at some point in time they can establish a Memorandum of Understanding so that they can do work together. But I am getting the impression that in Tobago, at this time, nearly all the secretaries have taken that so seriously that they have abdicated their responsibility and given it to all the Ministers in Trinidad.

Look at it. You travel from Crowne Point to Charlotteville and you would wonder whether, in fact, there is a technical team in Tobago with engineers in the Works Department, because the roads are in deplorable conditions. You travel on the road and you would believe that we have no access to metal or asphalt in Trinidad or elsewhere, because of the conditions of the roads. You look at the health and social services. As you have said, we should not be repetitious here because I heard someone mention it, but I want to establish a position in that respect. The state of our hospital is very deplorable. While we are considering improving the executive council, those who are now conducting the affairs of Tobago in that respect must do justice to their portfolio. And if it is that this honourable Senate should take a view on that to ensure that it is done, certainly my short sojourn here would not be in vain, I hope.

You go to the hospital; pray that none of you here—well, the Tobagonians that are here, I know we are very strong; I am not saying that strong, but we will

be at home. But pray, please, do not get ill while you are in Tobago under these present circumstances. Unless you have a helicopter to come from Trinidad to bring you here, you would be in a lot of problems. That is the daily position that is placed before Tobagonians and they have to live with it. What is the Health and Social Service Secretary doing? I am not going to say he is not doing anything. I can afford to tell you he is doing precious little. I can tell you that, because you see what is happening.

One day I was speaking to someone and they challenged me. They said: "Listen, what is the Secretary prepared to tell Tobagonians and Trinidadians about the incomplete structure at the hospital?" He is saying precious nothing. And by extension—I am going to come to that later—the Chief Secretary bears full responsibility, and should bear full responsibility, because all those persons under his charge, he is supposed to ensure that they discharge their responsibilities for, on behalf, and for the benefit of Tobagonians and Trinidadians who are there. Some Tobagonians were even suggesting that because of the experiences of their recent past, future health secretaries should never be allowed to have Christmas parties around swimming pools, especially if they have alcohol. I am saying some people are saying that. I am just saying what some people are saying. I am saying that to tell you that people in positions must take their charges seriously, and serious Tobagonians that we are now, would ensure, especially as we debate or speak to this Bill, that we settle for nothing that is not to our benefit.

**9.30 p.m.**

I go to tourism. I will not bore you with all the other trappings. I am going to take it quickly. I would be so happy if the Minister of Tourism, Sen. The Hon. Howard Chin Lee should pay very rapt attention to this, because the net return from the tourism dollar will certainly be in good stead for Trinidad and Tobago. If you leave it to run away like a crazy horse, it would be difficult for you to bring it back.

Listen to what was my experience. After much labouring from since in the 70s—my good friend, the Minister of Local Government and I, were involved in the marches from Scarborough to Pigeon Point when we were younger. We thought that the day was going to come when Tobagonians would benefit from Pigeon Point and enjoy the beauty of the beaches without that pressing cost that we were accustomed to. I want to tell you my experience a few weeks ago. I said it at another place and they doubted it, but I kept evidence of my payments.

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You would recall that very recently, Pigeon Point was acquired from another company and the premise of the acquisition was that you would bring the beautiful resort to the people. That is what was said. On that—I would not say fateful morning—revealing Sunday morning I entered the premises of the Pigeon Point Resort and was told that I must pay \$18. I had no problem with that because the previous owner was charging \$18. If I want to go there to enjoy the beauty of the beach, I said, maybe, the \$18 will help in defraying some of the cost. I believe that you should not give away everything for free. In this case, I was prepared—since the previous owner was charging \$18—to pay my \$18 to go in.

I was shocked. When I got into the resort I parked my car in a place where the coconuts would not fall on it. The sun was very hot and I thought it would be nice to go in one of the niche thatched huts. When I went to use the hut I was told that I have to pay \$25. This is what is happening, Sen. The Hon. Chin Lee. I was called upon to pay \$25 to use the shade of the hut. I said, “Well, I prefer to sit in the sun. Let me have one of those chairs.” They know me well. They said, “Mr. Adams you have to pay \$10 for that chair.” I could not take it. [*Interruption*] That is not Store Bay. It is Pigeon Point. It is not the same thing. If you say so you better change it.

I could not take that insult so I looked for management and had a discussion with them for over one and a half hours. I presented my case. I said, “What you are indeed doing here, I am going to report it. You are conducting an unlawful act.” Some years ago an old man in Tobago taught me logics. If I was paying \$18 before to McAl and he was allowing me to use the bathroom, the huts and chairs and now they were telling me that I have to pay \$18 to come in; \$25 for the hut and \$10 for the chair, it means therefore, by deductive reasoning that I was paying \$18 to bathe on the beach. That is unlawful.

Minister, I am bringing this to your attention so that you can rescue that department of tourism in Tobago. I am saying all that to let us know that it is important. As much as we want to increase the number or improve the size of the Executive Council with all authority and responsibilities attached, the time has come when we should not sit here, be silent and allow things to go anyhow in Tobago.

What impact is the Secretary for Tourism making in terms of the domestic tourism that must be fostered? None whatever! You hear cries day and night about the problems of the airlifts. Oh! We might be losing so many seats this year. They are not telling Tobagonians how much the Assembly is paying to have those airlifts, but they are telling us that we are going to lose more. We want to see as the spirit is here today, the Executive Council enlarged. It comes with a



mindset that we want to know more about Tobago. In Tobago we want to see a system set up to allow more Tobagonians to visit our shores. The more people from Trinidad visit our shores in Tobago, the more understanding there would be. This will augur well for better governance in Trinidad and Tobago. Minister of Tourism, that is a challenge that you will have to undertake.

Agriculture. I am not going to go down the road of one writer who says that agriculture has gone to the dogs. He may suggest that we are the other part of it. All I will say is that the Division of Agriculture may have a splendid opportunity to be innovative and succeed. What have they done? They do not have any proactive plans for Tobago. We want to see Tobago become a breadbasket again. I am not going to be selfish and myopic to suggest that we want to feed Trinidad. If we feed Trinidad we would be happy for that. I can assure you that Trinidad is benefitting from us in many other ways such as oil and natural gas. We want to see the Division of Agriculture set up a system so we can feed ourselves.

Madam President, I come to my dear Chief Secretary because he is the head honcho. He is the head man. If my dear Chief Secretary must have his way through this Bill, he must lead by example. In questioning his ability to lead by example, I would like to place my enquiry on record in this honourable Senate. Firstly, section 32 of the House of Assembly Act says:

“On or before 30<sup>th</sup> April in each year, the Chief Secretary shall present to the Prime Minister, a report reviewing the activities of the Assembly during the year ended 31<sup>st</sup> December immediately preceding.

(2) Within one month of receipt of the report, the Prime Minister shall cause a copy of that report to be laid before Parliament.”

I like logics and to look into the archives. I am yet to find in our very recent past any report laid by the Prime Minister in this Senate. If by assumption no report was laid by the Prime Minister—I am only assuming because there is an assumption that the Prime Minister is an honourable man—I am holding the opinion that no report was given to him. If there is something to the contrary, Tobagonians would like to know. If he has a responsibility and an obligation to perform in a certain way and he fails to do that, how can he inspire the men and women under his charge? I wonder.

I will go directly through you to the Chief Secretary, Madam President. I know he will listen. He will hear by the morning. Is the Chief Secretary prepared—

**Madam President:** Would you give way?

**Sen. Dr. Saith:** It is actually a point of order. The Chief Secretary is not in the Senate to defend himself. The question that the hon. Senator is raising could be raised more appropriately in the Assembly when they are debating their matters. I think that it is unfair to the Chief Secretary to be at this level and have questions posed such as he is posing. I suggest that these questions could easily be dealt with—obviously he has people in the Assembly who can raise them for him. [*Interruption*] No. It is unfair. It is not what we are debating.

**Madam President:** Please, will you give me a chance? The point of order that Sen. Dr. Saith is raising is I suppose, imputing improper motives or maybe to someone who is in—if we were to go to Standing Order 8 where the conduct of Members of the Senate and the House of Representatives and I suppose in the case, the House of Assembly should not be brought into disrepute.

Senator, I suggest that you stick to the Bill and skip over any kind of negative comment or suggestion of the Chief Secretary and leave that as suggested, for someone else to raise in the House of Assembly.

**Sen. C. Adams:** I thank you very much, Madam President.

I want to refer to Sen. Dr. Saith's observation. I am not saying anything disparaging about the Chief Secretary. As I said before, he is my dear Chief Secretary. I respect the institution. All I was wondering as we deliberate and come to good judgment as to the merits of increasing the size of the Executive Council, some of the responsibilities that he has to discharge whether he is doing it. I am not saying that he has done them. I went on to suggest that by tomorrow morning he will hear me and go or cause somebody to go on Radio Tambrin to say that it is not so and I would be comfortable. I did not take a position to make any disparaging comment or exercise any malice. I do not exercise malice to Tobagonians. We are all Tobagonians, strong and free. I uphold the hands especially if they are given a charge to lead, but at the same time I want to see them do the job they have to do well.

I would have thought it a reasonable undertaking to perfect or correctly act, or have fully implemented than to ask for more. I am saying that we have a Tobago House of Assembly Act 40 of 1996. Reason would have suggested that with the document we now have, efforts would have been made at some other time and Members present who are anxious to contribute would have taken the responsibility to ensure as guardians in this honourable Senate, that the Act was perfected and caused to work well. Those who choose not to allow it to work well, you would pull them up. This is not to say I am going to hold it. I want to see the best for Tobago.

Since the Chief Secretary is also the Secretary for Education and Energy, no disparaging, I am talking about the responsibilities because you are going to talk about the responsibilities of secretaries. When you create secretaries for the Executive Council you do not create them and have them in a vacuum. They must do something. In this instance, my dear Chief Secretary is also the Secretary for Education and Energy.

In discharging his responsibility for energy, will he be kind to tell Tobagonians about the energy resources located in Tobago? This is not disparaging. Is he prepared to tell us what he knows about the arrangement with Petro-Canada? I do not know if Sen. Dr. Lenny Saith would want to say something about that because he is the Minister of Energy and Energy Industries. Is he prepared to tell us about Deminex or any other foreign energy company that is operating in Tobago? I do not know. Tobagonians would like to know. He is our Chief Secretary and the Secretary for Energy.

I hope that as the facility is in Trinidad where Trinidadians can see the proceedings of this Senate on Channel 11, some provision would be made so that Tobagonians can see the proceedings of the House of Representatives. If the Minister of Energy and Energy Industries answers, if he cares to, everybody would hear. Everyone would feel empowered. If he chooses not to answer they would say that he knows the answer but he did not say anything.

To whom much is given much is expected. Charity begins at home but must not end there. As we come to the Senate asking for two more secretaries, this is critical, I am aware that the Minority Leader has to use his home as an office. This is a shame. In Tobago, the secretaries live nice to some extent. Each secretary has a personal assistant; a communications specialist and personal advisor. The Minority Leader who is part of the government process has to conduct business of the office at his home. This must be corrected. I suggest that as we approach and think about improving and giving more latitude to a wider executive council that special consideration be given to correct this ill. [*Desk thumping*]

I am sorry that my good friend and mentor, Sen. Dr. Eastlyn Mc Kenzie—if she were in the lecture room, she would tell us that social beings as we are can learn from two primary ways. They are by precept and example. The present THA Executive Council can learn by the examples of their predecessors. If that is the easiest way for them to learn I am willing to remind them.

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The previous Executive Council with the little funds and limited number of secretaries was able—[*Interruption*] My good friend, I like to speak accurately. You are saying “we”. The hon. Minister is reminding me that he is part of the process. I must say like him. I am going to say “we”.

The predecessors were able to do quite a number of things. I want to place on record some of the things that were done with the limited number of secretaries. In the process of planning we were able to complete a 15-year development plan which is a worthy instrument for planning. I must commend my good friend, the Minister of Local Government. I must place on record that he was part of that process of compiling this with other Tobagonians to ensure that there was a document for future planning for Tobago. We were able to do that. They were able to set up a policy research institute for graduates. The Minister of Local Government was also a part of that. He was well trained. [*Desk thumping*] You have quality in this Senate. [*Desk thumping*] He is a Tobagonian. We were able to complete the first survey of living conditions in Tobago. We had the preparation for the Tobago Register of Businesses. There are many things we were able to do. We were able to stimulate the growth in business.

It is important. I do not want to weary your patience any longer. It is there for the records to show the achievements that were made before and the vision of Tobagonians as translated by the institutions that were set down. I believe that if and when the time comes, we can if given the opportunity again, with responsible people, secretaries at that, continue to take Tobago forward. Those who know me well will agree when I say that I have always given my fullest support to the Tobago House of Assembly as an institution. Today will be no different. I will support the motion presented by my good friend.

**Sen. Jeremie:** The Bill.

**Sen. C. Adams:** The Bill. I am learning. You must teach me with a certain level of—not to be too abrasive. [*Interruption*]

I will support the Bill with only a minor amendment. The word “two” must be removed and would read only secretaries. In Trinidad, the Prime Minister in constituting his Cabinet is not restricted by statute or legislation. Circumstance would dictate how many persons he is privileged to use in his Cabinet. As an institution as the Tobago House of Assembly, the Chief Secretary must have that privilege of determining by circumstance how many secretaries he must use. We should never come back to this Senate to ask for an increase. Allow the Chief Secretary, through the changing of this Bill, to state that he would be at liberty to have secretaries as part of his Executive Council.

Before I take my seat, my friends, as we approach another anniversary of Independence I want us in Tobago to feel as free as we are here in Trinidad with all the privileges offered in terms of whatever legislative agenda there may be. I take this opportunity to offer best wishes to all. Let peace prevail in this land. Let respect and tolerance be your guide.

My friends in Tobago, long live the people of Tobago and long live the people of Trinidad. May God bless this country. [*Desk thumping*]

Thank you.

**Madam President:** Before I call on the Minister to reply, I congratulate you, Senator, on your maiden contribution. In the committee stage you can move your amendment.

**The Minister of State in the Office of the Prime Minister (Hon. Stanford Callender):** Madam President, like you, I congratulate the Senator on his maiden contribution. I want to begin with some of the comments he made. I will be very brief. Although he indicated that he was not taking sides I had to remind him that he must say “we” when it is necessary to say “we”. I understand the passion with which he spoke. Here is a man who was in the bosom of a political organization in Tobago that controlled the lives of the people from 1980 until they were ceremoniously removed in 2001. In 2001, the goodly Senator was a candidate. The goodly Senator was also chairman of the Tobago RHA of which he had to be dismissed. I understand the passion and I have no problem.

**Sen. Adams:** My point of order is that truthfulness must prevail in this Senate. If I am here and I know that something is untrue it is my responsibility to say it is untrue. I want to correct my good friend from Tobago. I consider you an honourable man to let the Senate know that I was not dismissed. Please correct that.

**Madam President:** Of course it was not a point of order but he was also disturbed by what you had to say. I suggest that you get back to the point of replying to the Bill and leave personalities out of it. [*Desk thumping*]

**Hon. S. Callender:** Thank you, Madam President. When things are said in this honourable Chamber they must be said in totality. While I appreciate the fact that the Senator spoke about the things they did, I was waiting to hear that they also did things like Ring Bang, ADDA and stuff which left the people in Tobago in shock and horror. I could only anticipate that is the reason they were put out of office in Tobago. That is why, with all due respect to the Senator, I have to make these comments.

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**10.00 p.m.**

Madam President, the Senator's sole comment on tourism was the issue at Pigeon Point, and I thought the goodly Senator would have congratulated the present administration and this Government for the acquisition of Pigeon Point which is a milestone in the history of the people of Tobago. I thought he would have said when they were in office the occupancy rate of tourism in Tobago was 17 per cent; a number of hotels were on the verge of collapsing, and I thought the Senator would have congratulated this present administration for the tremendous turnaround in tourism.

The goodly Senator spoke about local tourism, and I thought that the goodly Senator would have complimented the administration for the transformation that has taken place with sea transport; that has caused to be increased almost 200 per cent of locals travelling between Trinidad and Tobago. [*Desk thumping*] I had hoped that the goodly Senator would have really placed all the facts before the Senate. But, I would leave my good friend from Tobago for a while, because there would come a time when we would deal with these issues in Tobago. [*Desk thumping*] Therefore, I just want to make a brief comment.

The goodly Senator, my friend from 1991 in this same House, Sen. Mark—I really thought that with age and experience Sen. Mark would have changed. I grew up in Tobago among old people and they would say, “it is like throwing water on duck back.”

Madam President, I came to this honourable Senate with a simple amendment “to increase the number of secretaries from five to seven.” Sen. Mark took me all over the world and dealt—and when he started, he said that his administration wanted to give full autonomy to Tobago and, therefore, I thought that he was saying that to support the simple amendment to the legislation. I was disappointed, but then, I should not be.

Madam President, with respect to Sen. Bro. Noble Khan, I just wanted to indicate that the number from five to seven is not an imposition by the Government. It came about because the Tobago House of Assembly passed a motion in the Tobago House of Assembly making that request. So, the Government is seeking to adopt the motion and seeking to do the necessary amendment to this simple piece of legislation.

Madam President, I know that it is getting late, and with these few comments on this simple piece of legislation, I beg to move.

*Question put and agreed to.*

*Bill accordingly read a second time.*

*Bill committed to a committee of the whole Senate.*

*Senate in committee.*

*Clause 1 ordered to stand part of the Bill.*

*Clause 2.*

*Question proposed, That clause 2 stand part of the Bill.*

**Sen. Adams:** Madam Chairman, I would like, instead of having the word, “five” substituting for the word “seven” that those words be left out.

**Madam Chairman:** How do you want it to read then?

**Sen. Mark:** In other words, it means under 33(1)(c) “such other secretaries selected from among the Members of the Assembly” rather than seven or five. That is the amendment he is attempting to propose. So you give the Chief Secretary the flexibility.

**Sen. Jeremie:** The Government cannot see its way to accepting that for the reason that what we are acting on is a motion which comes from the Assembly. We are not an imperial Mugabe-style government, and we do not dictate to the people of Tobago. The people of Tobago have sat and deliberated on this question, and what is before us is the result of their deliberations.

**Madam Chairman:** Therefore, Mr. Attorney General, you are saying if any change has to be made, it has to be made in the House of Assembly?

**Sen. Jeremie:** That is the competent body, Madam Chairman.

**Sen. Adams:** Madam Chairman, I get the impression that this body is an ultimate authority and since it is an ultimate authority, the Assembly is sending that document here for us to accept or reject. In the process of that, I believe one would still have an opportunity to amend or change as this body sees fit. So to suggest that it has to go back and then they would send it back, I do not see it that way.

**Sen. Jeremie:** Our position is, I have stated it, while we may have power to accept or reject, we respect the democratic will of the people of Tobago as expressed in the Tobago House of Assembly which is the governing institution in Tobago. We would do absolutely nothing in this place ever to suppress the will and rights of the people of Trinidad and Tobago.

**Sen. Adams:** Would the Member for Tobago West be prepared to say [*Crosstalk*] you improve—

**Mr. Callender:** In addition to the observation made by the Attorney General, a point I did not make in response to your contribution, earlier this year the THA appointed a committee of its members including the minority leader to look at the entire Tobago House of Assembly Act, so that is another issue. It is anticipated that all these issues would be dealt with again, in an overall review of the Tobago House of Assembly.

**Sen. Adams:** I am suggesting to you, hon. Senator, that since you have the responsibility as you took the responsibility to pilot the Bill here, it suggests to me that you have certain authority vested in you. It may be that the Assembly may have had an oversight just as how they are having some persons look after the Act again. Are you saying you are going to deprive Tobagonians at this time that opportunity to have the Chief Secretary have his way in this regard?

**Mr. Callender:** I am supporting Tobagonians with respect to a motion that was approved in the Tobago House of Assembly.

**Madam Chairman:** Senator, are you going ahead with the amendment?

**Sen. Adams:** I would like it to stand.

**Madam Chairman:** You have to actually go to the Act. It would read:

“such other Secretaries selected from among the Members of the Assembly as the President acting in accordance with the advice of the Chief Secretary may appoint.”

So you would be deleting the words, “not being more than five”.

*Question, on amendment, put and negatived.*

*Clause 2 ordered to stand part of the Bill.*

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

*Senate resumed.*

*Bill reported, without amendment, read the third time and passed.*



*Adjournment*

*Tuesday, August 29, 2006*

**ADJOURNMENT**

**The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith):** Madam President, I beg to move that the Senate do now adjourn to Tuesday, September 05, 2006 at 1.30 p.m., at which time we propose to debate the Law Revision Act, followed by the Bill to provide for the implementation of the Revised Agreement establishing the Caribbean Court of Justice Trust Fund.

*Question put and agreed to.*

*Senate adjourned accordingly.*

*Adjourned at 10.13 p.m.*

**WRITTEN ANSWER TO QUESTION**

*The following question was asked by Sen. Wade Mark.*

**Immigrants  
(January 01, 2002 to October 31, 2005)**

33. (a) Could the hon. Minister of National Security provide the Senate with a list containing the names and citizenship of persons who entered Trinidad and Tobago legally during the period January 01, 2002 to October 31, 2005, but have not departed within the time allowed by the Immigration Authorities?
- (b) Could the Minister further indicate what steps, if any, are being taken to apprehend and deport immigrants who have overstayed their lawfully permitted periods?

*The following reply was circulated to Members of the Senate:*

**The Minister of National Security (Sen. The Hon. Martin Joseph):** According to Standing Order No. 18(4) of the Senate Standing Orders (2001), a Minister may decline to answer a question if the publication of the answer would in his opinion be contrary to the public interest.

In this regard, the Minister of National Security declines to answer Senate Question No. 33 of the 2005—2006 Session of Parliament raised by Senator Wade Mark on November 18, 2005, as the Government has deemed the release of information contained in the response to this question inimical to the security of the State.