

Acting Arrangement

Monday, October 16, 2006

SENATE

Monday, October 16, 2006

The Senate met at 1.30 p.m.

PRAYERS

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

ACTING ARRANGEMENT

Mr. Vice-President: Hon. Senators, I wish to inform you that the President of the Senate, Sen. The Hon. Dr. Linda Savitri Baboolal is at present acting President of the Republic of Trinidad and Tobago for His Excellency the President, Professor George Maxwell Richards, T.C., C.M.T., Ph.D who is out of the country.

During the absence of the President, the Vice-President of the Senate will preside over the sittings.

SENATOR'S APPOINTMENT

Mr. Vice-President: Hon. Senators, I have received the following correspondence from Her Excellency Dr. Linda Savitri Baboolal Acting President of the Republic of Trinidad Tobago:

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By Her Excellency, DR. LINDA SAVITRI BABOOLAL
Acting President and Commander-in-Chief
of the Republic of Trinidad and Tobago.

/s/ L. Baboolal
Acting President.

TO: MR. NILEUNG ROLAND HYPOLITE

WHEREAS the President of the Senate has temporarily vacated her Office of Senator to act as President of the Republic of Trinidad and Tobago:

AND WHEREAS the Vice-President of the Senate is acting President of the Senate:

NOW, THEREFORE, I, LINDA SAVITRI BABOOLAL, Acting President as aforesaid, acting in accordance with the advice of the Prime Minister, in exercise of the power vested in me by section 40(2) and section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you,

Senators' Appointment
[MR. VICE-PRESIDENT]

Monday, October 16, 2006

NILEUNG ROLAND HYPOLITE, to be temporarily a member of the Senate with immediate effect and continuing during the period that Senator Dr. Linda Savitri Baboolal has temporarily vacated her Office as Senator.

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 13th day of October, 2006."

OATH OF ALLEGIANCE

Sen. Nileung Hypolite took and subscribed the Oath of Allegiance as required by law.

**SESSIONAL SELECT COMMITTEES
(Appointment of)**

Mr. Vice-President: Hon. Senators, in accordance with Standing Order 64(1) of the Senate, I wish to announce the appointment of the following Sessional Select Committees.

Standing Orders Committee

Dr. Linda Baboolal	Chairperson
Mr. John Jeremie, S.C.	Member
Mr. Danny Montano	Member
Mr. Wade Mark	Member
Miss Dana Seetahal, S.C.	Member

House Committee

Dr. Lenny Saith	Chairman
Mr. Satish Ramroop	Member
Mrs. Hazel Ann Marie Manning	Member
Dr. Eastlyn Mc Kenzie	Member
Dr. Jennifer Kernahan	Member

Committee of Privileges

Dr. Linda Baboolal	Chairperson
Ms. Christine Kangaloo	Member

Committee of Privileges (cont'd)

Mr. Martin Joseph	Member
Miss Dana Seetahal, S.C.	Member
Dr. Tim Gopeesingh	Member

Statutory Instruments Committee

Dr. Linda Baboolal	Chairperson
Mr. Arnold Piggott	Member
Mr. Rawle Titus	Member
Mrs. Raziah Ahmed	Member
Miss Dana Seetahal, S.C.	Member

**APPROPRIATION BILL
(BUDGET)**

Bill to provide for the service of Trinidad and Tobago for the financial year ending on the 30th day of September, 2007, brought from the House of Representatives [*The Minister in the Ministry of Finance*]; read the first time.

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

Question put and agreed to.

PAPERS LAID

1. Annual report and audited financial statements of the Regulated Industries Commission for the year ended December 31, 2003. [*The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith)*]
2. Report of the Law Revision Commission in the exercise of its functions and powers for the year 2004. [*The Attorney General (Sen. The Hon. John Jeremie)*]
3. Report of the Law Revision Commission in the exercise of its functions and powers for the year 2005. [*Sen. The Hon. J. Jeremie*]
4. Annual audited financial statements of the Vehicle Maintenance Corporation of Trinidad and Tobago Limited (VMCOTT) for the financial year ended September 30, 2005. [*The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill)*]

Papers Laid

Monday, October 16, 2006

5. Draft Estimates of Expenditure for the financial year 2007. [*Sen. The Hon. C. Enill*]
6. Draft Estimates—Details of Estimates of Recurrent Expenditure for the financial year 2007. [*Sen. The Hon. C. Enill*]
7. Draft Estimates of the Revenue and Expenditure of the Statutory Boards and similar bodies and of the Tobago House of Assembly for the financial year 2007. [*Sen. The Hon. C. Enill*]
8. Draft Estimates of Development Programme for the financial year 2007. [*Sen. The Hon. C. Enill*]
9. Draft Estimates of Revenue for the financial year 2007. [*Sen. The Hon. C. Enill*]
10. Social Sector Investment Programme, 2007. [*Sen. The Hon. C. Enill*]
11. Public Sector Investment Programme, 2007. [*Sen. The Hon. C. Enill*]
12. Public Sector Investment Programme Tobago, 2007. [*Sen. The Hon. C. Enill*]
13. Supplementary Public Sector Investment Programme, 2007. [*Sen. The Hon. C. Enill*]
14. Government at your Service: Highlights of Achievements, 2007. [*Sen. The Hon. C. Enill*]
15. Review of the Economy, 2006. [*Sen. The Hon. C. Enill*]
16. The Provisional Collection of Taxes Order, 2006. [*Sen. The Hon. C. Enill*]

APPOINTMENT TO COMMITTEES

The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith): Mr. Vice-President, I beg to move the following Motion,

Be it resolved that this Senate appoint Mr. Harry Persad Mungalsingh to replace Dr. Shastri Moonan on the Public Accounts Committee and the Joint Select Committee appointed to report on Government Ministries, Part II, Statutory Authorities and State Enterprises falling under those ministries.

Question put and agreed to.

Appropriation Bill (Budget)

Monday, October 16, 2006

**APPROPRIATION BILL
(BUDGET)**

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

That a Bill to provide for the service of Trinidad and Tobago for the financial year October 01, 2006 to September 30, 2007, be now read a second time.

Mr. Vice-President, this is a money Bill and it was approved in the other place on October 13, 2006. The Bill provides for the issue from the Consolidated Fund the sum of \$31,493 billion under the various heads as indicated in the schedule of the Bill.

Mr. Vice-President, it is once again a deep honour and privilege to present on behalf of the Government the Budget Statement for the 2006—2007 period. In 2002 our theme was, “Vision 2020—People as our Priority”; in 2003, our focus was “Vision 2020—Empowering People”; in 2004, “Vision 2020—Ensuring our Future Survival”; in 2005, “Vision 2020—Addressing Basic Needs” with the focus on the family, all intended to ensure the achievement of developed country status by the year 2020, if not before. And so, for this reason, as we continue with our plan for the future, the theme of this year’s budget is “Vision 2020—Moving Onward”.

Mr. Vice-President, it is clear that the preconditions for generating sustainable growth and development in this country—which is the aim of this Government—are as challenging as they are complex, yet, in our quest to modernize the economy of Trinidad and Tobago, it is well established that our record of impressive economic performance was anchored in a credible and sustainable development vision, the basic elements of which we put in place at the start of the five-year period of the administration of the People’s National Movement (PNM) and which we called Vision 2020.

Mr. Vice-President, the Government wishes to remind hon. Senators that Vision 2020 has the following as its objectives: that poverty is rapidly reduced and eliminated, that the foundation of our society continues to be based on the creation of strong families with high moral and ethical values; that all our citizens have access to adequate and affordable housing; that first-class health care which enables our citizens to live healthy lifestyles be available, and that we put in place systems to support the most vulnerable in our society. In other words, this implies for us the nurturing of a caring society.

Appropriation Bill (Budget)
[SEN. THE HON. C. ENILL]

Monday, October 16, 2006

1.45 p.m.

Mr. Vice-President, as hon. Senators are aware, our development agenda was born out of a participatory process and incorporated a mix of community interests throughout the country. For this reason, and on behalf of the Government, I wish to thank all individuals and organizations that have made substantial contributions to the formulation of our development vision and of this budget. I must also pay tribute to our public officers for their high-quality and exceptional analytical work, the evidence of which is in the documentation which forms an integral part of our accounting to the people of Trinidad and Tobago through the parliamentary process. I wish also to express my gratitude to my Cabinet colleagues and other Members of the Government for their invaluable contributions.

The development and transformation process of this country which began when we re-entered office is being driven by an understanding of the developmental needs of our people. We are ensuring through increased investment in human capital and in social and economic infrastructure that the decade-long private sector driven growth is not being compromised.

For the last five years we have journeyed on, facing many setbacks, some of which we anticipated and some that we had not envisaged. However in developing the conditions for a caring society, we must also continue to develop innovative people, to encourage a competitive business climate, to upgrade and modernize our physical infrastructure and to promote effective government to drive this agenda in the new global environment. We must move on. This is our policy and this we would accomplish.

Permit me to share with this honourable Senate some of the central elements of the performance of the economy under this administration:

- the pace of our economic expansion—at 12.5 per cent in 2006 and an annual average of 9.8 per cent per annum during the period 2004 to 2006—continues to be robust and healthy;
- with real domestic product averaging an annual rate of 8.7 per cent since 2001, our Gross Domestic Product (GDP) per capita, doubled from US \$6,970 in 2001 to US \$13,978 in 2006;
- the sustained high levels of economic expansion have been absorbing spare capacity so that the unemployment rate has been trended downwards, reaching 6.0 per cent in 2006;

- notwithstanding constraints emerging in many sectors and coupled with rising global prices, the inflation level, though trending upwards, remains manageable in the single digits—at 9 per cent; and this has been due largely to the recent spike in food prices both nationally and internationally;
- the balance of payments has been robust and continues to be characterized by substantial current account surpluses and foreign direct investment flows. In addition, sizeable foreign direct investment flows continue to be a feature of the balance of payments;
- the external public sector debt is well under control and is low by international standards, having now fallen to 7.8 per cent of Gross Domestic Product (GDP); and
- the fiscal consolidation process has continued with the generation of fiscal surpluses and transfers to the Interim Revenue Stabilization Fund. The balance in the fund at the end of fiscal year 2006 was \$8.6 billion or US \$1.365 billion.

Our agenda is not only economic, it is also developmental and therefore we cannot be successful if we do not improve the quality of life of our citizens. We have impacted the quality of life of many of our citizens:

- quality and affordable housing is being provided to our citizens;
- the quality and delivery of health care has been improving;
- universal access to primary and secondary education has been achieved and universal early childhood education is on the way to being achieved;
- the social safety net for our elders in the society has been increasingly expanding to allow them to have a decent standard of living:
 1. old age pensions have been increased—from \$720 in 2001 to \$1,150 in 2005;
 2. free drugs and medications are being provided under CDAP;
 3. additional pharmaceuticals up to \$700 are being provided by the Ministry of Social Development;
 4. house repairs through grants of up to \$25,000 are being provided by the Government;

Appropriation Bill (Budget)
[SEN. THE HON. C. ENILL]

Monday, October 16, 2006

5. assistance in the purchasing of wheelchairs, spectacles and other assistive devices is being provided through grants of up to \$5,000 from the Ministry of Social Development; and
 6. dietary grants for diabetics can be accessed from the Ministry of Social Development.
- the minimum wage has been increased from \$7 per hour in 2001 to \$9 per hour in 2005;
 - the seventy-five thousandth (75,000) street light is being commissioned; and
 - very importantly, for all those who believe that Trinidad and Tobago is in a poverty trap, let me share with the honourable Senate the preliminary results of a “Survey of Living Conditions in Trinidad and Tobago” which was undertaken by the European Union and these results showed that the national poverty line is 17.1 per cent, an indicator which underlines the continued enhancement of living conditions and the general welfare of the population of Trinidad and Tobago.

We have listed for the benefit of citizens some of the results of our policies which are contained in one of the documents laid in the Parliament today: “Government at Your Service: Highlights of Achievements – 2007.”

With an expenditure of \$38.1 billion in financial year 2006, \$3.2 billion of which was transferred to the Interim Revenue Stabilization Fund, we are convinced that we are operating a very disciplined and transparent expenditure policy.

In terms of our medium-term strategy and outlook, we have formulated our 2007 budget in the context of our own country-driven development vision and our understanding of the evolution of international economics and financial developments:

- international oil prices are being projected to remain over US \$60 per barrel, but in keeping with our approach to sound fiscal management, we are utilizing for this year an oil price of US \$45 per barrel and a notional net-back Henry Hub gas price of US \$3.50 per MMBTU;
- the robust economic expansion would continue to average 6.2 per cent per annum; and

- very importantly, we are targeting a reduction in the inflation rate from 9.0 per cent to 7.0 per cent through aggressive public policy, in particular, in the area of food production.

We are making every effort to ensure that the living standards of our citizens are not eroded. As a result, we would continue to maintain sizable subsidies on fuel and electricity to cushion the emerging inflationary pressures in our economy. Let me repeat, Mr. Vice-President, reducing inflation is a major priority of the Government in this coming year.

Our increasingly diversified production-base, combined with our prudent macro-economic management, are ensuring that our growth and development process would remain sustainable and employment-generating.

At the same time, through our facilitatory and incentive mechanism, the energy sector would continue to be the main engine of growth over the medium term. Within this broad framework, several additional petrochemical plants are now under construction and a pipeline of petrochemical projects would come on stream over the next three years. With the emphasis on downstream activity, substantial employment opportunities would be created in emerging sub-sectors, including plastic and fibers for the packaging and transportation industries as well as for plastic film, bags, cups, chemicals for food additives, food and beverage products, pharmaceuticals, resins and detergents, to name a few.

Two aluminium smelters would be established, and the concerns raised by citizens regarding the establishment of these smelters have not escaped the attention of Government. We wish to reassure the national community that both plants—utilizing the most modern technology—would meet the most stringent environmental standards consistent with international practice.

The diversification of our economy remains an ongoing exercise. We are setting the basis for a more aggressive expansion of our manufacturing sector and for new internationally competitive niche activities. We are targeting seven key industries in the already robust manufacturing sector for intensified development focus. They are: Yachting, fish and fish processing, merchant marine, music and entertainment, film, food and beverage and printing and packaging. We are establishing a National Research and Development Fund to stimulate innovations and investments.

We are taking steps to make this country world-class in the provision of financial services:

Appropriation Bill (Budget)
[SEN. THE HON. C. ENILL]

Monday, October 16, 2006

- we are establishing an International Financial Centre;
- we are strengthening the regulatory and supervisory framework to improve the oversight of financial institutions; and
- we are expanding education and training in finance under the leadership of the Central Bank of Trinidad and Tobago and this would be accomplished through a financial literacy programme which would be launched before the end of this year.

Small and micro-enterprises have been making substantial contributions to employment-creation and poverty-reduction through the activities of the Business Development Company (BDC), the National Entrepreneurship Development Company (NEDCO) and the Enterprise Development Division of the Ministry of Labour and Small and Micro Enterprise Development. The new Business Development Facility of the BDC would provide services to ensure business escalation by increasing the levels of loan guarantees. The Entrepreneurial Training Institute Incubation Centres (ETIIC) of NEDCO are consolidating the viability of businesses in that sector.

I have provided this honourable Senate with the broad policy agenda which is creating a globally competitive and sustainable economy. In keeping with this agenda, we have identified seven budget priorities for the new fiscal year, on which my colleagues who have ministerial responsibility would elaborate.

Our first budget priority will be sharpening our focus on education and training, health and housing. To this end, we would continue to build our human capital by improving the accessibility and quality of education and training:

- we intend to achieve universal early childhood care and education by the year 2020. In fiscal 2007, 80 centres, additional to the 16 which are already being constructed, would be established, with each one accommodating 50 children;
- we are modernizing the curricula of our primary and secondary schools to ensure that the curricula are relevant to the dynamics of our rapidly evolving society;
- we are increasing the number of persons accessing sixth form education; two advanced level colleges are being constructed and 800 additional advanced level places would be purchased from private secondary schools;

Appropriation Bill (Budget)

Monday, October 16, 2006

- we are expanding the programmes to provide meals, books and transportation to the school population;
- we are reforming teacher education to improve quality and standards in the education system by placing the two Teachers' Colleges under the aegis of the University of Trinidad and Tobago (UTT). The UTT would also offer a four-year degree programme as pre-service preparation and as a pre-requisite for joining the teaching profession;
- we would maintain our focus on strengthening the UTT and in 2007 would continue its consolidation with the further integration of other institutes and research facilities into the UTT. In that consolidation, the College of Science, Technology and Applied Arts (COSTAATT) would be renamed the Community College of Trinidad and Tobago;
- we would continue to expand access to higher education through the Higher Education Loan Programme (HELP).

We would promote healthy lifestyles and ensure that all our citizens, in particular the vulnerable and the helpless, have access to quality and affordable health-care facilities. To this end:

- we are expanding primary health facilities in many communities and we are commencing construction in 2007 of the Sangre Grande Enhanced Health Centre and the Toco Maternity Unit;
- we are completing in 2007 the Point Fortin Hospital, the Scarborough Hospital and a new wing of the San Fernando General Hospital;
- we are computerizing the Chronic Disease Assistance Programme (CDAP) with a view to integrating into the programme the 240 participating pharmacies so as to ensure efficiency of the programme;
- we are launching a community care programme together with non-governmental organizations which would provide care and assistance to persons who require such care in their own homes or within their communities, in particular the elderly and physically and/or mentally challenged and disabled;
- we are now drafting legislation which would seek to protect non-smokers in public offices; and

Appropriation Bill (Budget)
[SEN. THE HON. C. ENILL]

Monday, October 16, 2006

- we have allocated \$6.0 million to the Family Planning Association (FPA) to facilitate increased access to sexual health and reproductive health services.

2.00 p.m.

Trinidad and Tobago is quickly assuming a leadership position within the region in the provision of medical services, and we have taken steps to strengthen that capability to world class standards through an agreement between the University of Trinidad and Tobago and Johns Hopkins Medicine International. As a priority, the government will initiate the Port of Spain General Hospital Replacement Facility and a new Central Trinidad Hospital Facility with inpatient and outpatient capacity to cater to specific medical needs of our citizens in Central Trinidad. In addition, a management review of the San Fernando General Hospital and the Mount Hope Medical Complex is currently being undertaken.

Another component of our first budget priority is a commitment to the provision of adequate and affordable housing to our citizens, in particular the lower income groups. We are now constructing 8,000 housing units per annum with the private sector being responsible for constructing 2,000 housing units. However, until excess demand is met we will provide adequate and affordable housing by keeping the prices affordable and by improving accessibility to housing finance.

We are increasing the mortgage subsidy for all qualifying recipients who will receive a 100 per cent mortgage for 25 years at 2.0 per cent with a cap at \$450,000 and we are increasing the ceiling for the exemption of stamp duty from \$350,000 where it stands to \$450,000. We are assisting low income homeowners in the purchase of household appliances, in addition to the mortgages up to a maximum of \$15,000. We are instituting a rent-to-own programme which will allow individuals to become homeowners at the end of five years.

We are intensifying our urban renewal programme by addressing the housing, social, recreational and community needs of the residents of inner cities with initial work in East Port of Spain and San Fernando. We are making available on the lands formerly owned by Caroni (1975) Limited 20,254 residential serviced lots to the national community, including 6,755 lots to former employees of Caroni. We are expanding the quarrying capacity of the industry by the issuance of new licenses to quarry operators so as to expand the production of aggregate, and taking steps to increase the supply of other inputs such as clay blocks and cement.

Our second budget priority is the commitment to ensure that our citizens live in a state of safety and security and we all need to play our part. It is clear that fighting crime cannot be the responsibility only of the police, even though they certainly have a critical role to play. Fighting crime is for all of us. Therefore, we are consolidating and strengthening our efforts to transform the police service. We have completed the legal drafting for the establishment of the Special Anti-Crime Unit of Trinidad and Tobago. We are reviewing the Proceeds of Crime Act to determine its effectiveness. We are finalizing the Intelligence Unit Bill and the Financial Obligations Regulations to ensure that banks and other financial institutions are guided on compliance, disclosure and monitoring.

We have had tremendous successes at the local level. However, we are not leaving unattended our maritime borders through which illegal drugs as well as guns are either transshipped or find themselves in the domestic market, thereby contributing to the current crime wave. Accordingly, we are now expanding our crime fighting strategy to include the acquisition of a sophisticated radar system and three offshore patrol vessels (OPVs) to conduct drug interdiction and anti-smuggling operations. The OPVs would be supported by a number of fast patrol craft interceptors for both inshore and offshore operations, as well as by four armed helicopters.

Our third budget priority is our focus on establishing high-quality infrastructure which is essential for ensuring economic and social progress. We are upgrading rapidly the country's road infrastructure to improve capacity and safety and a Roads Authority will be established to manage and maintain all roads. We are rationalizing road usage by examining the feasibility of having heavy-duty vehicles operate outside peak traffic hours, by introducing flexitime working hours in certain areas of the public service and by curtailing or reviewing the system for the importation of foreign used vehicles. We will also introduce a water-taxi service in early 2007 which will allow commuters to travel by sea from Point Fortin to Carenage with appropriate stops along that route.

We are well on the way to providing by 2011 a fully operationalized Rapid Rail Project which will provide fast, frequent and reliable service along the East-West and North-South Corridors. We have embarked on a programme of work to improve the physical infrastructure at the Piarco and Crown Point International Airports.

We are acquiring two modern fast ferries to service the sea link between Trinidad and Tobago. We are addressing the drainage infrastructure through a comprehensive programme which is being spearheaded by the National

Appropriation Bill (Budget)
[SEN. THE HON. C. ENILL]

Monday, October 16, 2006

Infrastructure Development Company Limited (NIDCO). We are constructing new power generation facilities at Point Lisas; and we are now undertaking a review of the Water and Sewerage Authority of Trinidad and Tobago (WASA) to ensure that WASA has a management structure to undertake the envisaged major development programme.

Our fourth budget priority is the revitalization of the agricultural sector. We have already made available 6,516 agricultural plots to former employees of Caroni and of this amount 2,500 have registered as farmers and would benefit from the incentive programme of the Ministry of Agriculture, Land and Marine Resources and from the credit facilities of the Agricultural Development Bank, to which we have allocated approximately \$30 million to expand its lending in the sector.

We are establishing 10 large-scale farms. Each one will comprise at least 100 acres and they will facilitate mass agricultural production. Eight of these large-scale farms will be either Government-owned or be joint venture, public/private sector and two of the farms will be operated in collaboration with the Government of Cuba.

We are expanding the Youth Apprenticeship Programme in Agriculture (YAPA) and the Eastern Caribbean Institute of Agriculture and Forestry (ECIAF). We are establishing a Praedial Larceny Police Unit. We are continuing to improve agricultural access roads; irrigation facilities and systems and flood control infrastructure and marketing facilities. We are strengthening the technical and administrative infrastructure at the Ministry of Agriculture, Land and Marine Resources with a view to supporting agricultural activity. Finally, we will reduce import duties on selected basic food items where they still exist.

Our fifth budget priority is the continuing development of our tourism, culture and sport sectors as we seek to expand their potential. We are expanding the number of high quality rooms in Port of Spain. We are upgrading our beach facilities to world class standards. We are establishing the National Carnival and Entertainment Centre and the Academies for the Performing Arts in Port of Spain and San Fernando, with a view to providing high quality state-of-the-art facilities for our artistes. We are upgrading and rehabilitating a number of sporting facilities and constructing new ones throughout the country. We are also constructing a national cycling track, an aquatic centre and a national tennis centre.

Our sixth budget priority is the fulfilment of our commitment to nurturing a caring society. We will ensure that our senior citizens continue to have access to free medical care and drugs; free bus passes and adequate old age pensions. We are establishing the Children's Authority which will in effect function as the

guardian of all children in Trinidad and Tobago. We are building on the Debit Card Programme which allowed recipients to purchase basic food items by distributing a smart card early in the new fiscal year.

Our seventh budget priority is the strengthening of existing institutions and the creation of new ones. We will formalize through legislation the Heritage and Stabilization Fund. We are establishing by September 2007, a Revenue Authority which will assume the responsibilities of the Customs and Excise Division and the Board of Inland Revenue administrations. This new agency will facilitate improved service and a more client-centred approach to the taxpayers. We are reforming existing legislation governing private pension funds, the main objectives of which will be to reduce dependence on absolute limits on particular asset classes in favour of a more general risk management approach.

Clearly, had the regulator not acted, financial institutions would have been in breach of the limitation of 50 per cent on equity holdings in total assets of statutory funds as required in the present legislation. This breach could have brought into disrepute the Office of the Inspector of Financial Institutions and left its credibility in disarray. Non-enforcement of the law is not an option for the Government. On this particular matter, the Government has been meeting with the community and will continue to meet with the community with a view to resolving this particular issue in the shortest possible time.

We are taking steps to encourage the development of the local capital market by listing more state enterprises on the Trinidad and Tobago Stock Exchange. We are reviewing the new procurement regime and will seek to implement this regime early in the new year. We have improved the execution of Government's capital expenditure programmes through the use of a number of existing and new state enterprises.

Let me now turn to Tobago. We remain impressed by the continuing efforts of the Tobago House of Assembly (THA) to transform the economic and social development of the people of Tobago. Consequently, the THA has been allocated resources in the sum of \$2,025 billion in the next fiscal year. This represents 5 per cent of total expenditure. We will continue to work with the Tobago House of Assembly to ensure that the development of Tobago keeps pace with our vision for Trinidad and Tobago.

Let me now turn to certain specific fiscal measures for the financial year October 01, 2006 to September 30, 2007. There is a broader analysis of these specific fiscal measures, as well as certain other measures which will improve the

Appropriation Bill (Budget)
[SEN. THE HON. C. ENILL]

Monday, October 16, 2006

efficiency of the administration and collection of those taxes which will come into effect on January 01, 2007 which will be circulated.

The Old Age Pension will be renamed the Senior Citizens Grant and we propose that effective October 01, 2006, there will be only one qualifying income ceiling, that is income not exceeding \$2,150 per month. Generally, a qualifying recipient will now receive a Senior Citizens Grant of \$1,350 per month, an increase of \$200 per month. Moreover, a prorated payment and sliding-scale mechanism will be introduced, whereby for every dollar of income over \$1,000 per month, the Senior Citizens Grant payment will be reduced by an equivalent amount. This will bring into the net an additional 10,000 persons.

We propose to implement a minimum payment to our pensioners in respect of service under the Government or other public service at \$1,150 per month.

2.15 p.m.

We propose to increase the Disability Grant for our physically challenged from \$800 to \$900. We propose to increase the entry level of the funding of NEDCO from \$50,000 to \$100,000. In addition, individuals who have completed the payments on their first loan, successfully, will be eligible for a second loan of up to \$250,000.

We propose to increase, effective January 01, 2007, the tax allowance for our students studying abroad from \$18,000 to \$60,000 per household. We propose also that telecommunications equipment required for the roll out of internet and broadband services be exempted from import duties and VAT for an initial period of two years, commencing January 01, 2007. In addition, we propose to exempt from VAT and customs duty, all computer peripherals including cables, speakers, mouse pads and anti-glare screens.

In our quest to promoting healthy lifestyles, Mr. Vice-President, we propose to increase by 15 per cent and with immediate effect, respectively, the excise duty on tobacco products, the import duty on tobacco products of common market origin, and the tobacco tax on extra-regional tobacco products.

We propose to increase with immediate effect the excise duty on locally manufactured rum, beer and other alcoholic products by 15 per cent. While the import duty on rum, beer and other alcoholic products of common market origin will be increased by 15 per cent, import duties on rum, beer and other alcoholic products from extra-regional sources will be increased by 30 per cent.

The Government is totally against the operation of casinos and all casino-type establishments and, to that end, we propose to enforce the provisions of the Gambling and Betting Act, Chap. 11:19, in particular, section 11(1), so that private members' clubs must operate within the confines and original intent of the law. That law will be reviewed and strengthened to give effect to Government's policy in this regard. We also propose to ban the importation and use of all slot machines. We also propose that there will be no further expansion of the online games offered. The Government is moving to eliminate the entire system.

The fiscal operations for 2007 provide for the total estimate of expenditure for fiscal year 2007 to be \$35,097.3 billion of which \$344 million represents expenditure from the Employment Fund, including the reforestation programme of \$44 million, \$75 million from the Green Fund and \$2,992.8 million from the Infrastructure Development Fund. Total revenues are based on a conservative average oil price of US \$45 per barrel, Galeota mix, and a net-back gas price of US \$3.50 per MMBTU.

The Heritage and Stabilization Bill, which is currently before both Houses of Parliament, provides for excess oil revenues to be transferred into the Fund by direct charges upon the Consolidated Fund. Revenue is expected to be \$35,125.9 million and expenditure is estimated at \$35,097.3 million, creating a small surplus of \$28.5 million. Included in our expenditure is an amount of \$2,956.2 million, which represents capital repayments and sinking fund allocations and is normally treated as financing.

The amount of \$6,392.9 million for the capital programme for 2007 comprises \$3.4 billion from the Consolidated Fund and \$2,992.9 million from the Infrastructure Development Fund.

This budget is another important step towards achieving our goal of placing our economy soundly on the road to sustainable development and of ensuring the prosperity and well-being of all our people. It will continue the momentum now visible in every area of national life. It will improve education, health, national security and the physical and social infrastructure. It will make housing accessible to all. It will provide training for the young and care for the elderly. It will increase opportunities for creativity, innovation, investment and entrepreneurship. It will strengthen this country's position as a regional powerhouse in the global marketplace. It will make our future more secure and better the lives of all our people and advance our journey towards becoming a developed nation.

Mr. Vice-President, I beg to move.

Question proposed.

Sen. Wade Mark: Mr. Vice-President, before I begin my substantive contribution to the budget debate, may I crave your indulgence to comment on a statement purported to have been made by the Hon. Prime Minister and Minister of Finance at the PNM's 41st Annual Convention yesterday. He is reported to have said—

Mr. Vice-President: Sen. Mark, the Prime Minister made a budget presentation at the Parliament Chamber and I insist that you confine your contribution to that in accordance with Standing Order 35(1).

Sen. W. Mark: Mr. Vice-President, this has been the worst budget speech—*[Laughter]*—that I have had the misfortune to listen to. This Government is completely lost and has no clue on its role and functions. It has presented a fiscal package that is devoid of any understanding of the country's needs and solutions to these needs.

This budget recognizes every problem which faces us in Trinidad and Tobago, from crime, unemployment, high food prices, poverty, polarized growth and the destruction of agriculture and the environment. Amazingly though, absolutely no attempt has been made to provide some sort of realistic policies and programmes to deal with any of them. Instead, Mr. Vice-President, in a very flippant and disrespectful manner, the Minister of Finance has said, simply, that he is going to spend more money than he has ever spent before and he does not need to explain to you what he is spending it on. Of course his Government has the parliamentary majority and this budget will be passed.

This year's budgeted expenditure is \$38 billion and if the trends of the past five years hold, he will actually spend some \$43 billion. This is more money than what was spent in the entire oil boom period in the 1970s. This budget speech was a hastily prepared package of recycled failed promises with no intention or ability to keep them this time either.

The new promises which the Minister of Finance announced, have no provisions in the PSIP for implementation, so obviously the Minister has no intention of keeping them either. This is yet another flagrant attempt to fool the population with misused statistics. We are well aware that when the various Ministers stand to speak, they will toe the party line and try to fool this nation into believing that they are better off. They will regale the various accomplishments of their ministries. They will try to make the masses forget that the past five years the PNM has been in Government and every problem we now face is because they have chosen not to deal with it. But we are living in the real world, we face the

prices every day; we know our standard of living has dropped, drastically, as our real incomes have almost halved. We live with the daily fear of being kidnapped, robbed and murdered. We know the reality.

Mr. Vice-President, they are the Government, they have the finance, more revenue than this country has ever seen; why then do we still have absolute poverty in our country? Why do our children die when they undergo simple surgeries? Why does this country have the highest murder rate in the region? Why are our children and adults suffering from illiteracy? Why have the international development indicators been consistently falling since this Government came into office? The only persons who are better off since this regime has been in office are the Ministers of the PNM and a few of their chosen cronies.

Mr. Vice-President, even their greatest and most loyal supporters in Laventille, John John, Beetham and Sea Lots have not seen an improvement in the quality of their lives. Do you not find it strange that the Minister of Finance chose to hide his true expenditure patterns to the population?

We have two budgets under this regime, one in which the Minister of Finance presents nothing and no hope, which is, in fact, a clear prediction that things will get worse. The second budget is a hidden one whereby huge amounts of revenue estimated at \$6.5 billion are spent by special state enterprises, formed by this Government in order to bypass every accounting and parliamentary accountability institution established in this country.

Mr. Vice-President, allow me to provide you with an example. Have you ever seen any approval process in this Senate for the construction of the Brian Lara Stadium? What about the Waterfront Development Project? We have never voted for that. What about the Carnival Entertainment Centre, initially estimated at close to \$700 million? We have never approved of that project. Major policy decisions which will cost this country billions of dollars in the future are being shoved down our throats without any parliamentary approval.

The most callous example of this has to be the proposed construction of two aluminium smelter plants in the southern peninsula, without any consideration being given to the need to preserve our pristine environment for future generations. My colleagues will deal with that national scandal in more detail. Mr. Vice-President, suffice it to say that we do so knowing that it is a done deal, signed under confidential clause and hidden from the eyes of the nation whose patrimony is being given away on the altar of money. We would like to see a cost benefit analysis for every single project this Government has undertaken, starting

Appropriation Bill (Budget)
[SEN. MARK]

Monday, October 16, 2006

with the tsunami stadium. We want to see what convinced the Government that these projects were viable in the first place and would bring short or long term benefits. Tell us, Mr. Minister, the nation deserves to know. It is their money you are generously giving to everyone except them.

Mr. Vice-President, something very crooked is going on here. These attempts at deceiving the population will not succeed. We have already witnessed the violence that will be inflicted on protesting citizens. We have already noted what happens when senior members of the Judiciary refuse to bow to their dictates. There is no doubt that we are already on a slippery slope of dictatorship and totalitarianism. The signs are there but we will not be silent. We have sworn to an oath which we shall exercise come hell or high water. We know that the population will support us. You can ignore us at your own peril.

The Prime Minister ignored the rumblings before. He treated the nation with utter contempt. He ignored their cries, their pains, their fears and their needs and he paid the ultimate price.

2.30 p.m.

But after six years in government and more than \$140 billion in expenditure, this country does not have a credible policy to reduce crime or poverty; a policy to create permanent full-time jobs; a policy to protect the environment or to improve our nation's hospitals and schools. This Government has lost its way. The only serious research being conducted by the Government is the National Transportation Study and, if the plans for a rapid rail system and highway extensions are to be believed, they are already ignoring that.

Spending without planning is the name of the game under this regime. It is no wonder that things are not getting better. Promises are being made without intention of fulfilling them. Let us look at one example—water taxis. This was an excellent UNC idea aimed at easing the transport burden of our harassed population. Could the Minister of Finance direct me in which page of the Public Sector Investment Programme (PSIP) is provision made for leasing, acquiring, borrowing or otherwise accessing this facility? While he is at it, on what page of the PSIP is provision made for the infrastructural facilities, loading bays and parking facilities? Further, where in this entire document is provision made for sourcing or training personnel to be engaged in this novel idea, which the PNM can never implement? What about the glorified highways project that the Minister of Works and Transport has the Minister of Finance babbling about? As far as he is concerned, the roadways of this nation are acceptable, despite the numerous potholes and undulations.

Let me use this opportunity to advise him that not because his own standards are low should he foist them on others. Some of us are able to build a wall without it collapsing. Can the Minister of Finance please point us to where provision has been made for these highways, or is this top secret too? We are operating beyond full capacity. Our resources, owing to Government's own construction demands, are stretched to the limit. Basic demands currently outstrip supply and inflation escalates. The inflation bias that has now been built into this economy will derail all the macroeconomic gain made after the last wasteful period of PNM squandermania. Even if they are serious about these projects, the local economy cannot handle them.

Government has already displaced the private sector in construction and has already prompted a construction cost hike, which puts the cost of an average house beyond the reach of the ordinary citizen. One more time, we are cautioning the Minister of Finance to think carefully about what he is doing before he does it, and certainly before he says it. The budget is another major con job on the people. It is a PR job. They lack the capacity to undertake any such work. The PNM is incapable of delivering to the people and only a UNC government can actually deliver.

For example, over a six-year period, we built over 20 secondary schools and over 30 primary schools. The PNM cannot even build one tiny pre-school for 50 children over a five-year period. In fact, the cost has increased from \$240,000, when we were there, to approximately \$2 million this year. This is what we are told is superb management.

It is one thing to mislead the population once, but these same promises have been made before. To make them again is an insult to the intelligence of the population, that has grown wise to Government's failures and incompetence and "ol' talk".

Mr. Vice-President, it was Cicerone, that great Roman author, orator and politician who said, in 55 BC:

"The national budget must be balanced. The public debt must be reduced. The arrogance to the authority must be moderated and controlled."

PNM, payments to foreign governments must be reduced if the nation does not want to go bankrupt. People must learn to work instead of living on public assistance. The budget indicates all of Cicerone's dicta.

Appropriation Bill (Budget)
[SEN. MARK]

Monday, October 16, 2006

Mr. Vice-President, I want to look at the energy sector. The Manning administration has transformed Trinidad and Tobago into a virtual single commodity economy. At the end of 2000, during our term, the energy sector contributed approximately 20 per cent to GDP, 18 per cent to government revenue and 40 per cent to government exchange earnings. Today, under the PNM regime, the energy sector accounts for 41 per cent of GDP, 50 per cent of total government revenue and some 80 per cent of foreign exchange earnings. This concentration is even further consolidated and highlighted in the sharp fall in oil production from the Angostura Field; from a peak of 63,000 barrels per day to a September average of 37,600, a fall of some 2,600 barrels.

This output shock has led the Government to revise its estimate of revenue from oil companies from a high of \$17.8 billion to \$13.8 billion, a difference of \$4 billion. Clearly, falling output and increased dependence on oil revenue to fund government expenditure has forced Government to raise their take from the higher oil price, from \$35 to \$45, leaving proportionately less to go to the Revenue Stabilization Fund. By robbing the future generation, the Minister of Finance has managed to keep revenue stable.

Mr. Vice-President, the Minister of Finance should refrain from making patently false statements that lower revenues are based on lower price estimates and supply, which is not so. The sum of \$45 will be greater than \$35, the figure used in 2006. The Heritage and Stabilization Fund is also in deep trouble as the Government has based its budget on an international oil price of \$45 per barrel. It would therefore mean that if the price of oil were to fall to as low as \$45, there would be no injection of revenue into the fund. Mr. Vice-President, I wish to remind you that the Government needs only to legislate for a heritage fund. We already have a stabilization fund, which is an account established by the UNC.

Let us turn to inflation. Everyone is worried about the future stability and sustainability of Government's expansionary programmes and projects. Everyone is concerned about the regime's ability to control inflationary pressures in the economy. Everyone is concerned about the contradiction in policy stances posed by the monetary and fiscal authorities in respect of inflation targeting.

The President of the Trinidad and Tobago Chamber of Industry and Commerce fears that increased government spending will fuel escalating inflation. PricewaterhouseCoopers knocks the Minister of Finance for not providing specific measures to deal with the rising inflation in this budget. The accounting firm claims that significant infrastructural programmes will continue and further expand, casting doubts on the Minister's ability to reduce inflationary pressures.

Meantime, Mr. Vice-President, businessmen have begun to line up for US dollars as yet another chronic shortage of US dollars hits the market. Despite increase in foreign exchange sales from a low of US \$110 million for the period January to April, 2005 to an all-time high of US \$438 million for the same period, the beleaguered Central Bank has been unable to stem the rising tide of foreign exchange outflows. Both the President of the San Juan Business Association and the President of the Trinidad and Tobago Manufacturers Association have confirmed their members' inability to secure foreign exchange. In addition, gross mismanagement of the national economy by this Government has led to a weakening in business confidence as manifested in the latest corporate confidence index.

Some of the factors contributing to the decline in corporate confidence were exorbitant Government spending, lower investment returns, rising inflation and a shortage of skilled labour. Executive confidence also declined along five of the six dimensions of the index, including financial performance, financial outlook, employment outlook and local economic outlook.

Consumer confidence has also slumped during the latest Market Facts and Opinions survey for June 2006. Consumer confidence plummeted to its lowest level since the genesis of the survey in 2002. This is in the context of the highest GDP per capita in the history of the country. The Index of Consumer Confidence at 73 experienced an 11 point decline since the last quarter. It demonstrates that consumers are apprehensive, not only about their ability to manage their finances today, but also the future of their personal economic situation and that of the wider community.

The present high cost of living has supplanted crime-related issues as the main driver of consumer pessimism. The vast majority of consumers foresee bad times for the national economy over the next five years. These indices mean nothing to an arrogant and pompous administration. The "have-money-will-spend" mentality has led to an increase in capital spending from \$5 billion in 2006 to \$6 billion in this fiscal year, at a time of capacity constraints and limited capability to implement those programmes and projects.

This inflationary bias of the Government will ultimately lead the country to experience what is called double-digit inflation in this financial year. Already headline inflation has reached 9 per cent. While the government expenditure has increased three-fold over the past five years, institutional capacity has not grown in tandem. There has been a significant increase in government demands without the concomitant supply response. This has led to the creation of the inflation monster, which lay dormant for 25 years. These stupendous failures of the Central

Appropriation Bill (Budget)
[SEN. MARK]

Monday, October 16, 2006

Bank to curb inflation has led to unprecedented increases in interest rates and further increases are forecast for the coming year to reach as high as 15 per cent and even higher. These increases will certainly not dampen the inflationary spiral as banks themselves are awash with liquidity as evidenced by the bank advertisement for special low interest, "make-it-happen" loans. Inflation has become a silent killer and this Government lacks the will to combat it.

Inflation is ravaging the poor, the dispossessed and the oppressed. It is in this context that some responses to the budget by the business community were shocking, shameful and scandalous. We understand why. The profit-earning classes will always profit from inflation since they can always pass on the price increases to the helpless people of this country. It is the wage-earning class and those on fixed incomes who suffer from the ravages of inflation. It is not the business community that is currently being affected by the reckless mismanagement of the national economy, but they will be when the issue of competition has to be addressed in the medium term. Currently, it is the 70,000 old age pensioners, the 20,000 government retirees, the 10,000 physically challenged citizens, the hundreds of thousands of working poor comprising discouraged workers, the under-employed and the single mothers with dependents, who are being hurt and brutalized by this regime's elitist and reactionary policies.

2.45 p.m.

This Government has lost its way. In whose interest is it governing; is it the poor and the underprivileged, or is it the rich, powerful and mighty? Double-digit inflation will ultimately impact negatively on our exporters of goods and services. Already, exports by Trinidad and Tobago to Caricom are beginning to decline. The manufacturing sector has begun to lose market share in Caricom and this will soon be extended to the local market.

Let us look at the exchange rate. The fiscal package poses a real danger and threat to the future stability of this country's exchange rate. The nation would like to know if it is the Government's intention to defend our foreign exchange rate or allow it to experience a free fall. The Minister of Finance must clear the air on this matter before the budget debate winds up. A UNC government is committed to a stable exchange rate. That is why for six short years, whilst we were there, the exchange rate was the most stable in the history of the Republic of Trinidad and Tobago. Any exchange rate adjustments downwards, depreciation, will have devastating consequences manifested in higher inflation levels, higher interest rates and an intensification of poverty. The Central Bank is supposed to function

independently of the Central Government. Its duty is to maintain monetary stability and exchange rate stability. We call on the Governor of the Central Bank to stand firm in defence of maintaining the stability of our exchange rate.

Mr. Vice-President, there is an optical illusion of development and prosperity in Trinidad and Tobago. The phenomenon of Dutch disease is real in this country. High energy revenues and the payment of high wages in the energy sector are leading to the collapse of industries in other sectors, due to exorbitant labour cost. For instance, the agricultural sector has collapsed, manufacturing has stagnated, tourism is in trouble and the services sector is not as robust as it used to be. This Government has the gall to tell the population that it is committed to a diversified economy. This regime has mismanaged this economy. It is against this framework that the 2007 budget constitutes a mirage of platitudinous statements, behind which lies the harsh and stark realities of life. The budget lacks the vision, the imagination, the creativity and most importantly, the leadership that the vast majority of our citizens are looking for.

The era of broken and false promises is over. Broken promises and empty rhetoric do not build nations. Action builds nations. It is time to unmask this veil. The Government has obviously lost its way. It knows nothing of doing things. It only knows the process of faking things. The harsh reality is that the budget is vacuous, nebulous, amorphous and devoid of hard economic content or even the understanding of basic economics. In a word, the 2007 budget is a total failure in this country.

The Minister of Finance has continued his expansionary drive, even in the face of overwhelming evidence that the economy is operating at more than just full capacity. This blind approach is placing undue pressures on the stable macroeconomy, which has taken the working people some 20 years to build.

Now, they are suffering again on account of the action of this Government, which has failed to learn from its past colossal mistakes. The macroeconomic policies will only serve to intensify the inflationary pressures. One cannot expand the aggregate demand without touching supply and expect prices to fall. It just will not happen.

The inflation target of 7 per cent, set by the fiscal authority, that is the Government, will not be realized given the Government's fiscal stance. Indeed, the Government is placing all the responsibility on an already overburdened shoulder of the Governor of the Central Bank.

Appropriation Bill (Budget)
[SEN. MARK]

Monday, October 16, 2006

The monetary authorities have had to intervene no fewer than 16 times in the last year. The repo rate now stands at 8 per cent. This has resulted in high interest rates, which is affecting the cost of doing business. The Government's fiscal stance is putting pressure on inflation, which currently stands at 9 per cent.

The haemorrhaging of the country's foreign exchange reserves continues apace. The Government's reckless spending is at the heart and centre of the inflationary spiral in this country.

There is an urgent need for the Government to articulate its position on savings and the role of the State in this economy. The size of the Government has increased from 30 per cent to 40 per cent over the last few years. There is a clear move by the State to centralize its operations. The establishment of these special purpose state enterprises is a clear reference point. The State, in the PNM's Vision 2020 document, is supposed to provide an enabling environment, as it recognizes the private sector as the engine of growth, yet the State appears to be deliberately crowding out the private sector.

On the critical issue of national savings, the Government has, for six years, delayed legislation on the Heritage Fund, causing the country to lose interest payment over the period without regard for the loss of the people of this country. This Government is inefficient, incompetent and incapable of managing the country's affairs.

Let us look at what is happening on the labour front. The Ministry of Labour, Small and Micro Enterprise Development received a record budget allocation of \$148 million. This represents four times more than the budget allocation the Ministry received five years ago, but there has been no increase in the personnel to monitor the core functions of the Ministry: the Labour Inspectorate and the Factory Inspectorate. The draft estimate has allocated \$4 million to establish the OSH Authority, which was only launched 72 hours ago. More than 25 workers have died as a result of industrial accidents. This is tantamount to corporate manslaughter in this country. The Minister is sending signals that the Government is not serious about workers' safety and the enforcement of labour laws.

When we were there, we prepared the Industrial Injury and Compensation Bill. We prepared a draft to revise the Corporative Societies Act, a Draft Termination of Employment Bill and the Basic Conditions of Work and Minimum Wages Bill. We initiated tripartite discussions to overhaul the IRA, the RRCB and the Revised Trade Unions Act.

Whilst we were in office, we achieved the following: we introduced a Minimum Wages Act to make it easier for aggrieved workers to go to the Industrial Court instead of the Civil Court. We passed legislation to give women the legal right to maternity benefits. We revised the Occupational Safety and Health Bill and forced the Government to do its passage in the Parliament.

Under the Ministry of Labour, Small and Micro Enterprise Development, the largest allocation has gone to NEDCO, \$37.2 million; a huge sum. NEDCO has been put out of the reach of the Freedom of Information Act. The Government has strenuously resisted giving any information on the operations of this company and its expenditure of taxpayers' money. The country does not know how many loans were disbursed, how many loans are being serviced and how many loans were written off. The country does not even know if the recipients of these loans ever existed in the first place. At best, NEDCO has become a slush fund to finance election campaigning.

I want to turn to pension reform. New information has revealed that the pension plan for public officers, if fully funded, will require \$40 billion to be deposited. Is the Government aware of this? What will they do about it, or are they lost in this as in all other matters of national importance? At the moment, public officers obtain their pensions directly from the Consolidated Fund. Were the oil price to decline substantially, how would the Government meet its pension obligation; by depreciating the currency to these hardworking public officers?

When we were there, we submitted a proposal to address this unfunded liability, through the granting to all government employees a salary increase that would have been equivalent to the employees' contribution to a new pension plan. Since this Government came into office they have never pursued this policy and today there is a huge deficit to government pension liability to over 90,000 public officers, who are facing the prospects of retirement without a pension.

There is a rule in the International Accounting Standard which requires that the surplus or deficit in a pension plan must be shown in the accounts. If the Government had adhered to this standard, they could have come to the Parliament today with a pension deficit greater than the entire national budget. This would have been the right procedure to start with. The UNC accuses the PNM Government of failing to fully disclose its pension liability to the country and the people.

Appropriation Bill (Budget)
[SEN. MARK]

Monday, October 16, 2006

It was the Minister of Finance in his 2005 budget who said:

“The responsibility on the State to provide for one's welfare in retirement must be reduced and eventually removed.”

This is a stated PNM policy. Did the Government increase the annuity contribution, tax benefit, or is this the death knell for old age pension, as recommended by the IMF? The growing cost of old age pension, now dubbed “Senior Citizens Grant”, is a direct result of Government's policy failure to implement a pension plan for government daily-rated employees.

In the case of URP and CEPEP workers and the thousands of other similar programmes, which they count as employment, but which is not, the PNM Government is misleading and duping these workers. The UNC is demanding that the PNM Government provide to these workers a minimum floor of basic rights including pension rights.

The UNC completely rejects the renaming of old age pensions to Senior Citizens Grant and call on the Minister of Finance to ensure that the new, albeit, measly increases are properly enacted into law.

Let me touch on Tobago. The contagious disease of incompetence, corruption and mismanagement practised so well by this administration in Trinidad has now been injected into the governance process in Tobago.

3.00 p.m.

After expending some \$300 million on the Scarborough Regional Hospital Project, the people of Tobago are still unable to access basic health care facilities. Children are dying and there has been no accountability regarding what went wrong with the hospital. We understand that there is need for the Government to explain to the nation what has happened. There is no PNM accountability.

Crime has now virtually gripped the island, reflected in a substantial fall in tourist arrivals. There has been an explosion in land prices and other property purchases which have served to place land acquisition out of the reach of ordinary Tobagonians.

We in the UNC support the people of Tobago in their call for immediate application of section 6(2) of the Act to the whole of Tobago pending amendment to the 1990 Foreign Investment Act.

I want to look at the capital market. Under the capital market development area, the Minister of Finance fails to disguise his reckless behaviour that can dash

the hopes of hundreds of thousands of workers who have seriously sacrificed to contribute to their many pension plans with the expressed aim of living a decent and dignified life in their golden years.

Mr. Vice-President, if you look at page 43 of the budget statement, the Minister of Finance recognizes that the second schedule of the Insurance Act was imposed for prudential purposes since the regulator has the responsibility to ensure the financial health and solvency of pension funds to meet the pension entitlements of the workers. The second schedule of the Insurance Act is in place to protect workers' pension funds and should never be flippantly tinkered with by this pro big business government.

Mr. Vice-President, there is raging debate taking place internationally as to whether equity is a prudent form of investment for pension funds. Several pension funds are now in deficit in many countries. It is tantamount to criminal behaviour on the part of this regime to even contemplate, much more suggest an amendment to the Insurance Act, especially the second schedule. Mr. Vice-President, every worker's pension plan will be in grave danger.

The Senate should never forget the losses workers experienced with the demise of K Plaza, Southland Mall, better known as REMA of which our friends are well aware. The death of pension plans would not only be a blow to the working class, but for many business operations as well.

Mr. Vice-President, the PNM solution which was obviously hatched in some big business boardroom to revive a weak and declining stock market must be vigorously resisted and, ultimately, rejected by the people of this country.

I want to look at the plight of Caroni (1975) Limited workers. Workers were misled into believing that if they gave up their jobs they would in turn be given an enhanced severance package, decent pensions and a plot of land. The PNM did not live up to its side of the bargain. The workers severance payments have been exhausted, and they are unable to meet the astronomical developmental cost in respect of residential plots. This is not only deceptive, but downright dishonest.

They face a similar situation in respect of agricultural plots. What is even more criminal is that this caring PNM regime extracted pension contributions from these workers wages and salaries, but never remitted same to their pension plans. Some three years later, this callous and heartless PNM regime has failed to honour its obligation to workers' pension plans.

Appropriation Bill (Budget)
[SEN. MARK]

Monday, October 16, 2006

Mr. Vice-President, let me go to national security. In his fight to halt the multi-million dollar illegal drug trade, the Minister of Finance expressed his administration's intention to award a contract to acquire three offshore patrol vessels (OPVs). We were told that a preferred bidder has already been identified and discussions are proceeding. We were also told of delivery periods. However, little or no information was provided as to the name of the preferred bidder neither was the cost of the acquisition of these three vessels. The PSIP provided no information about these acquisitions. Surely, this is public business and we need to know.

We are now informed that after three attempts at tendering—

Mr. Vice-President: Hon. Senators, the speaking time of the hon. Senator has expired.

Motion made. That the hon. Senator's speaking time be extended by 15 minutes. [*Hon. J. Jeremie*]

Question put and agreed to.

Sen. W. Mark: Mr. Vice-President, we were informed that after three attempts at tendering, the award was finally granted to a UK company by the name of Vosper Thorncroft at a cost of TT \$12 billion. Imagine three OPVs for TT \$12 billion! Mr. Vice-President, this must be the \$12 billion corruption scandal of the year! We call on the Government to tell this country whether this company has been given the contract. If the price is \$12 billion, we call on the Government to scrap this contract immediately and have a forensic investigation conducted into all the circumstances surrounding this contract. [*Desk thumping*] We know all the Ministers who were involved. Three of them are in this Parliament at this time. We have more to say on the hustings. [*Laughter*]

Mr. Vice-President, we want to tell you about what we call "statistical conmanship". The Government revised the country's GDP in 2003, and today we are being told that GDP has increased by \$114 billion when compared to 2002. So, Mr. Vice-President, it was not good economic policies that resulted in the increase, but it was the revision of the GDP base conmanship, and the unemployment rate is the same. They have fooled the people about the unemployment rate.

Let us look at poverty. The Minister of Finance boasted that the per capita GDP was now some US \$14,000. The value has no relevance to the standard of living. We checked the Central Statistical Office (CSO) and the CSO showed that the per capita monthly household income is \$1,176. To compound that, the figure

for the average monthly household income is \$4,417.94 with an average household of four persons. Even though \$4,417 is the average, more than 60 per cent of the households in this country do not earn that much. This is the reality!

Mr. Vice-President, just recently, the Minister of Social Development and Minister in the Ministry of Housing said that the poverty level is at 17 per cent. We know from their own Social Sector Investment Programmes that the poverty level is 24 per cent. Why are they fooling the country?

I want to deal briefly with infrastructure. I want the Minister of Finance to tell us, why was a contract without any tendering given to a close associate of the Minister of Finance? We are told in the PSIP that 100 buses were ordered for 2007, and the order has already been placed in 2006. We want to know why this particular contract was awarded without proper tendering.

Mr. Vice-President, they have destroyed BWIA. I want to serve notice that a UNC government will restructure BWIA, will reengineer BWIA, but we will never destroy BWIA. [*Desk thumping*] BWIA must remain a national airline carrier, and the Trinidad and Tobago Government must be in charge of BWIA. We understand that our London route is about to be sold to Branson Virgin Airlines. So, we are going to be in serious trouble very shortly.

Mr. Vice-President, what is the difference between the UNC and PNM's approach to budgeting? Simply put, the PNM will build a house for its supporters. The UNC will, on the other hand, build you, the person, so you can have the capacity to build your own house of choice. [*Desk thumping*] We build people. The PNM builds houses to control people. We build and create the environment so as to enable the people to build themselves. The UNC strategy for sustainable people-centred development is anchored on the premise of people's empowerment and building this nation from the ground up.

The UNC approach to development is rooted in the philosophy of independence, thrift, self-reliance, respect for the rule of law, sacrifice and emphasis on the welfare of the next generation. Such an approach will guarantee an improved standard of living; sustainable growth and development; creation of full-time permanent, productive and well-paying jobs; systematic development of the non-energy sector; targeting crime spots; and developing sports as a business.

In light of the comprehensive failure of this Government, the UNC will want to offer some solutions. We call on the Government to increase old age pension, disability grants and public assistance to \$2,000; to institute a system of an earned income tax credit; to institute a home ownership savings plan; to implement the

Appropriation Bill (Budget)
[SEN. MARK]

Monday, October 16, 2006

package of children's legislation; to implement a gender policy for working women; to implement the package of police reform legislation in the interest of safety and security; to institute a public sector maintenance programme to safeguard public sector assets; and to establish a heritage fund for savings for future generations.

Mr. Vice-President, it has been said that money does not the good life make. For what use is a rising GDP per capita when the country's Chief Justice could become the political football of an Executive President as is suggested in the objectionable Draft Constitution, so representative of the Government which knows nothing of governing, of public expenditure management and of the process of democracy.

What use is a good life or a doubling GDP when our civil liberties are daily threatened; when the separation of powers principle is undermined; and when the Judiciary is being harassed and compromised by a rampaging and marauding political dictatorship?

The Draft Constitution is a recipe for the imposition of a totalitarian state with an elected presidential dictator firmly in command of a one-party state.

Mr. Vice-President, I would like you to know that as an alternative government, the time has come for the people to wake up; the time has come for the people to stand up; the time has come for the people to take a position and get rid of this albatross around our necks called the PNM. [*Desk thumping*]

As the alternative government, the UNC wishes to remind this PNM regime that the rights of people come not from the generosity of the State but from the hand of God. We in the UNC are prepared to pay any price, bear any cost, meet any challenge, and oppose any force to ensure the freedom and liberties of our nation.

The bonds of mass misery must be broken; the chains of poverty that enslave us must be cast off; and a revolution of hope must eternally prevail in our hearts. The long twilight struggle of the masses for true freedom over the past five years is coming to an end. The struggle against the PNM by the masses to overcome crime, poverty, hunger, discrimination and oppression is also at hand. Freedom is at hand.

Freedom is indivisible; when one man is enslaved no man is free. The Government has completely lost its way. The time to elect a new government is drawing near. In the midst of the piercing darkness there exists a ray of light. The sun is about to rise once again, extending its glorious rays of protection to all and discriminating against none.

3.15 p.m.

Mr. Vice-President, in closing, the Good Book says weeping may endure only for the night but joy comes in the morning. The sun will rise again and the balisier shall wither and eventually die.

I thank you very much.

Sen. Mary King: Thank you, Mr. Vice-President. When I spoke on the budget last year, I attempted to demonstrate that we were in what I termed the throes of the Dutch disease. Just as a reminder, I showed then that we were indeed experiencing a massive inflow of wealth, which was coming from oil and gas, and as a result the non-tradable sectors of our onshore economy are growing whilst our tradable sectors, that is our manufacturing and agriculture were at best stagnating. Coupled with this, we were increasing spending in the maintenance of the social safety net, that is URP, CEPEP and the other social programmes; all of these are indicators or symptoms of the Dutch disease.

In order to actually try to effect change, I want to focus on five main issues today. The first is the present structure of our economy, which when we look at it, you would see that it has been unchanged for many, many years. Then I will look at how we can restructure it into a knowledge-based economy, which is what we are trying to do as a country. I will look, of course, at the effects of inflation, which is everybody's concern, not just the Government or the economists; it is everybody's concern in the country at the moment.

I would also like to look at the creation of the e-commerce and the e-government platform, which we are planning. And of course we cannot complete discussing the serious issues of the day if we do not look at corruption and the anti-corruption strategies which we have to put in place. These, Mr. Vice-President, I feel are very serious issues that we must consider if we say we are moving onwards. That is the topic of this year's budget. So let us look at the economy.

The performance over the past year 2005/2006 as detailed in the Review of the Economy document shows exactly the same symptoms of this disease. For example, the petroleum sector is growing and has provided us with \$51 billion of our revenue, whilst the services sector—that is the non-tradable sector—provided \$44 billion of our total revenue. On the other hand, manufacturing was a mere \$6.2 million and agriculture \$569 million, out of a total GDP of nearly \$90 billion \$89.94 billion is at constant 2000 prices.

Appropriation Bill (Budget)
[SEN. KING]

Monday, October 16, 2006

If we look closely into the manufacturing sector, we would see that food and beverages accounted for \$3.6 billion of that \$6.2 billion, and export agriculture was a miniscule \$15.3 million. Hence we can see that the structure of our economy has remained unchanged with the almost total dependence on the energy sector for the earnings of foreign exchange; I think it is over 80 per cent at the moment. This we know is due mainly from the royalties and rents that we have from the foreign direct investment, which is in the energy sector.

As this disease progresses and this is also maintained, if we look at all of the global indices before us—this is confirmed by our reduced standing in many of the global indices—we could see the emergence of large sectors of non-tradable goods and services and the almost irrelevant manufacturing and agricultural sectors. However, when we read the Review of the Economy we are told that the manufacturing sector has actually been growing at a rate of 9 per cent at market prices.

If we look at the major contribution to manufacturing, it is food and beverage and we know that inflation in these two sectors alone has been growing at 25 per cent. Therefore, when we look at the combination of inflation, which is 9 per cent, generally throughout the economy and 25 per cent in food and beverage alone, if you go in behind the statistics you would see that manufacturing is actually decreasing as a percentage of the GDP; this is also indicative of the Dutch disease.

Mr. Vice-President, if our natural resources were infinite and we could continue to expect high, high prices like we have had over the last few years, then the structure of the economy would pose no real threat to our existence, except perhaps, that we would have to look more closely at the equitable distribution of the wealth. Unfortunately, our reserves are certainly not infinite, as a matter of fact, they are limited and recently we have seen a drop in the production of both BHP Billiton in oil and bpTT in the drilling of the dry holes. Associated with these drawbacks, we are seeing a fall in oil price, which up to yesterday had reached \$58 and we are also seeing a fall in gas price, which a couple of years ago was US \$10, it is now down to just below US \$6 per MMBTU of gas.

Our economy is not sustainable and we have to get very serious about its reconstruction. We have to reconstruct it so that we can provide other activities which would eventually replace the \$51 billion that we are today earning from the energy sector towards the GDP. Let me just quote something the Prime Minister had to say in this year's budget speech. He said:

"The strategy employed to achieve Vision 2020 is to use the revenue derived from the high international prices currently being obtained for our energy

resources, to develop a non-energy economy that is diversified, dynamic, internationally competitive; one capable of generating self-sustaining growth with high quality jobs and improved services to all our population."

Mr. Vice-President, the Prime Minister has recognized that to do this, we have got to develop innovative people; we have to encourage a competitive business climate; we have to upgrade and modernize our physical infrastructure, and of course, we have to promote efficient Government. However, he insisted that our Vision 2020 plan mandated even more than that. He also said:

"Improving the availability and quality of the education system are keys to the development of an innovative and efficient labour force and enhancing the material well-being of our citizens. Evidence worldwide also suggests that education and training also contribute to building confidence and self-esteem in youth and as such, can help address the current upsurge in youth crime and violence."

Mr. Vice-President, out of a Budget expenditure of nearly \$38 billion, the Government proposes to spend \$4.2 billion on education; \$4.1 billion on other social programmes and \$2.2 billion in health; all in looking after the social good. Again, this emphasizes that the economy has certainly not changed in format over the past year. Perhaps it has grown in size, due of course, to the high oil prices and high gas prices in our oil, gas and related downstream products. This continues and justifies the need to construct an equivalent and competitive onshore economy.

Let us look at the reconstruction of this economy into a knowledge-based one. What I will like to examine today in particular is whether there is anything in the Prime Minister's claim that we will be or we are using our income from our natural resources to develop a non-energy economy, that is, one that is capable of generating self-sustaining growth. This may indeed be a very narrow perspective to look at the budget statement, but my previous contributions have already addressed the broader issues of the economy in the context of the Dutch disease, so I think it is very important that we really look closely at the reconstruction of this economy into a knowledge-based one.

My thesis, as I would try to demonstrate, is that we are doing no such thing. We are not creating a sustainable onshore economy since we have omitted to put in place certain vital items, and as a result their absence ensures the failure to bring about sustainable economic development.

Appropriation Bill (Budget)
[SEN. KING]

Monday, October 16, 2006

The budget speech boasts of the number of jobs that we have created last year alone; 12,700 jobs from October 2005 to June 2006, driving our unemployment rate down to a historic low of 6 per cent. Let us look at where these jobs are; they are mainly in the non-tradable sectors, that is construction and services. Again, their sustainability depends on the fact that we have got high incomes from oil and gas; so they are all derived from the energy sector. By now we are all well aware of the boom/mark up/bust cycle in which the non-oil sector oscillates in harmony with our fortunes or lack thereof in the energy sector.

So what we have to do is to provide sustainable jobs in the non-energy and the tradable sectors. A task that we have not even yet begun to address in spite of the claims being made by the increases in loans, businesses, NEDCO and in the BDC. It is important, if we look at the aims of our Vision 2020 plan given the budget theme that we have before us today. In general we want to become a developed nation by the year 2020 and if we measure development only by the size of our GDP, and if the oil and gas lasts and maintain high oil prices, then we could well say that we are on our way to a GDP that reflects that of a developed nation.

We are boasting that we have doubled our GDP per capita between 2001, when it was US \$6.9 thousand to US \$13.9 thousand today, and this of course, is linked very tightly to the oil and gas and the energy product prices.

3.30 p.m.

Mr. Vice-President, in the very same period the inflation rate has doubled and the Government's budget spending also doubled. So this performance carries with it the deepening of the country's bout of the Dutch disease and we know it is not sustainable if only because of our finite natural resource base. We know that GDP per capita is a derived economic statistic and we need to look at other more direct indicators that will define a developed country for us. That is not the only indicator that shows development or even the creation of the beginnings of a development process. We are making haste to change the skyline; adding a new financial centre on the docks and we might begin to look like a developed country; to provide in part also more comfortable accommodation for our public servants. Again, this infrastructure development built by energy sector revenues is not a real indicator of a developed nation.

Recall, Mr. Vice-President and my colleagues, that economic sustainability is about being able to produce tradable goods and services in today's globalized and highly competitive world; producing goods and services that can earn us foreign exchange. But, Mr. Vice-President, both our Business and Growth Competitive

Indicies are showing that our ability to actually produce these kinds of goods is decreasing and not increasing. What I would like to look at is, one, direct attribute of a developed country. It is not the physical properties the country possesses but the intellectual property; the IP that it continuously produces and is exploited by the population and by business in the production of these tradable goods and services. So, Mr. Vice-President, physical property is not important in the creation of a tradable goods and services sector, it is intellectual property. [*Desk thumping*]

Mr. Vice-President, if we were to take the number of patents per year per million population as a crude measure of the intellectual property produced by a country we would see the following for the year 2004. In the United States they produced 270 patents per million of their population; Japan had 250; Germany had 116; Canada had 100; South Korea had 96; Singapore had 84; the UK had 59; France had 52 and Ireland had 43. Trinidad and Tobago had a grand total of zero per million of our population and possibly one in the year 2005.

China is spending US \$600 million on nano-technology alone. It is spending 0.5 per cent of its budget and US \$600 million of that is in nano-technology alone, and those of you who do not know, nano-technology is going to be the leading technology in the world. It has already started to have great inroads into medicine and the space programme as well.

Mr. Vice-President, today the fundamental measure of sustainable economic development is the continuing intellectual property output and its exploitation by a country, and these figures show us very clearly that Trinidad and Tobago is not even in the race to becoming a developed nation despite its increasing gross domestic product. In this budget debate to date by the Government, it has been really primarily about our ability to use our oil and gas revenues to spend and provide the trappings of economic development and virtually nothing about economic transformation.

Surely, we cannot expect that the minute amounts that are going to the BDC through the Ministry of Trade and Industry and the BDC that that will provide us with such intellectual production support with its joint and miniscule fund for research and development at \$2.5 million with no one company being able to achieve or receive more than TT \$100,000. So that is not going to do it, Mr. Vice-President.

The economists will also tell us, and the Prime Minister in his budget presentation agrees with us, that our development, production and the exploitation of intellectual property depend on the development of our human capital. They

Appropriation Bill (Budget)
[SEN. KING]

Monday, October 16, 2006

would further tell us that this human capital development depends on the education and training of our people and keeping them in good health; you cannot have a brilliant nation if they are in poor health.

The Government over the years has been very generous, Mr. Vice-President. For the 2006/2007 fiscal year the allocation for education is \$4.8 billion and \$2.2 billion on health. Yet over the past 10 years, at least, to produce and exploit any patents whatsoever, we have been absolutely unable to do any of that. Though we have successfully done so in part in our performing arts and our culture, I do not think that is through the training that we got at our educational facilities; it appears to be natural talent. It is hoped in the future, in 2007, to begin a policy for science, technology and innovation under the social sector investment programme. But this is something that is about to start; this is something that should have been going on for the last 10 years, at least.

Mr. Vice-President, as I described last year in my budget contribution, the education system is a grabber industry rather than a productive industry and is providing little if anything towards the creation of a sustainable economy. The reasons are many and I will mention only some of the more important ones for today. First of all, the present education system is geared towards producing middle managers, operators, et cetera, for the plants; factories and plants that we have in the energy sector, and the energy sector only employs 2 to 3 per cent of our population. We also provide some for the buy/sell industry; the entrepreneurs and the distributors who buy and sell and we know this sector of the economy is unsustainable and is based on high earnings from the energy sector.

None of these employees, including those of our emerging financial sector need to be innovative; they do not need to be inventive, nor the producers or exploiters of intellectual property. The drive towards improving access to education, particularly tertiary education has allowed us to produce more of these people and we have witnessed in spite of this, a drop in the quality of the output of our graduates. Our secondary schools results in general leave much to be desired, especially in mathematics and sciences and the principals of all the schools will tell you that the persons taking mathematics and sciences are actually decreasing, so that we have to look closely at these figures.

Let us look at what UWI has done over the past five years. UWI has doubled its intake of students over the last five years and UTT is desperately trying to outgrow UWI in every conceivable quarter. Hence many of our graduates are emigrating; encouraged also by the level of crime, and we are basically educating for export. The accent on our expansion of the education system—and we are pushing

towards universal access—is towards building more space, more brick, more steel, more concrete; we are paying more and more attention to the mediocre and mass education and nothing besides plenty talk is being done to facilitate the creative, the innovative and the entrepreneurial training that we need to create inventors and new entrepreneurs.

Let me just give you an example of what I am talking about. Despite the accent on general access at UWI, a staff member in the Faculty of Engineering obtained a patent for some creative work that he carried out. This was of such quality that a new subsection was established in the international patent record for that product. UWI did not see it fit to provide legal support and when the patent was granted some \$2.5 million was needed to protect it internationally. That is, Mr. Vice-President, such that no one could use the intellectual property anywhere in the world without having the permission of the inventor and paying the requisite royalty fees or licences in order to use that product. UWI declared that it had no money to spend to secure the intellectual property. In other words, UWI has given up the right to exploit this property. And if you take a short drive through the campus you will see demonstrated the massive building programme that is going on; brick and concrete and more steel is now on the way. Money is available for the creation of physical property to house more and more students, to change our skyline but none to provide and secure intellectual property which is the measure and the driver today of economic development and of any knowledge-based economy.

I brought this dilemma to the Senate today, because I also mentioned it to the Minister of Finance who admitted that there were no formal arrangements; no formal government sources that could provide the required funding for securing such international intellectual property licences. The sequel to this is that this patent protection will be funded by an American company in return for the exclusive rights to exploit the intellectual property in the United States. Just another lost opportunity for Trinidad and Tobago, and if we are serious about knowledge-based economies we have got to wake up. It is really not good enough, Mr. Vice-President. Both the creation and the exploitation; whether home-grown or foreign; home-grown or licensed, intellectual property requires investment; requires venture capital and requires corporate venturing or angel investors.

Let us look at VCIP and we would see that VCIP has now become a joke. That programme has collected over eight years, I think around \$12 million and everything and anyone who goes to the VCIP project for funding, it must be a sure thing; they must have collateral and there is absolutely no risk taken. That is not

Appropriation Bill (Budget)
[SEN. KING]

Monday, October 16, 2006

venture capital! I expect the Minister will tell us in his closing speech that they have given the university \$5 million in seed money for research into 14 areas. What is that going to do? Fourteen areas; \$5 million! Also the Ministry of Trade and Industry has put aside \$2.5 million for small business to draw down in support of research and development at \$100,000 per company. Absolutely ridiculous figures, Mr. Vice-President!

So it is worth looking at the sort of money spent by developed countries, and remember we are aspiring to that state; the state to which we aspire by 2020. What do developed countries spend on their research and development as a percentage of their GDP? The USA, 2.7 per cent; Japan, 3.1 per cent; Korea, 2.5 per cent; Germany, 2.5 per cent; Singapore, 2.2 per cent and Israel spends 5.1 per cent. Trinidad and Tobago spends 0.1 per cent; China, 0.6 per cent and India, 0.8 per cent. India and China are leading investors in the research into the top of the line industry, the nano-technology which I mentioned earlier. So, Trinidad and Tobago is spending very optimistically based on our current GDP, some \$88 million per year for current and capital expenditure on creative systemic activity leading hopefully, they say, to new devices, products and processes. However, with the sort of money being spent on education it is difficult to point to any real development thrust in the country.

If we are serious about creating a knowledge-based society then the investment has to be driven to the order of at least 2 per cent of our current GDP—we should be spending now TT \$2 billion in addition to what we are currently spending on general and tertiary education for education places alone.

3.45 p.m.

So we need to push the figure from \$88 million to \$2 billion with a focus. Given our private sector's attitude towards risk, towards investment and research and development, this funding obviously has to come from the Government. Recognizing this sometime ago, that our private sector, banks, et cetera are risk averse, I presented in the Senate the idea of including concessions for corporate venturing so that the Venture Capital Act could be amended and this went before the Senate. The Senate set up a select committee to consider this under the chairmanship of the Hon. Attorney General. The committee reported back. The Government had endorsed the suggestion that it was very acceptable to the Government, but it could not be included in the Venture Capital Act because that was only set up for shareholding and not for corporate venturing, but that a place

would be found for it within the Incentives to Industry Act. Nearly, two years later, nothing has been done to provide the incentives by way of law to encourage corporate venturing for funding of local development and exploitation of our intellectual property.

But, if we read the PSIP, page 35, section 174, they have told us a revised allocation of \$13.5 million was provided for the business investment project under the Ministry of Trade and Industry to be utilized for the development of new business in the manufacturing and service sector. They then went on to tell us the project advanced with the establishment of two companies, in a joint venture between eTecK which is owned but the Government and Interfix LLC from Atlanta, Georgia. The companies they say would focus on development of enterprise platform software for the health care industry and medical transcription related consulting, IT services and software solutions for the US health care market, for the United States. So I have two obvious questions which fall out of this report in the PSIP.

Mr. Vice-President, first of all, who knows about this fund? Who knows about or who can access the business investment project in Trinidad and Tobago? And secondly, I understand that Interfix LLC was a small garage-based US company that our Government chose to invest in, instead of offering venture capital to our own producers of IT and the intellectual property. Surely, this kind of investment is nothing like what the BDC and NEDCO are being offered in support to nationals of this country. It is amazing, Mr. Vice-President!

If we were to read our leading economist, Willie Demas, he has told us very specifically that economic development occurs when our local human resource can provide sustainable economic activity—sustainable economic activity. Surely, these kinds of investments will remain serendipity unless some innovative system is put in place in Trinidad and Tobago for us to develop us.

The Prime Minister in his budget presentation said that we would use the revenues from the energy fund to provide for our people; for our progeny to establish a Heritage and Revenue Stabilization Fund. Is it not even more important to provide an economic infrastructure that generates and exploits our intellectual property as a legacy for our children and our grandchildren? I would be told, oh yes, we would be able to make strategic investments out of the Heritage and Stabilization Fund, but this only makes sense, if it is institutionalized; if we were to put in place an innovation system, something that I have spoken about at length in this august Senate many, many times. Such a system has never even been articulated or implied by any of our budget

Appropriation Bill (Budget)
[SEN. KING]

Monday, October 16, 2006

statements over the last five years. We are still at the stage in every budget of developing policy and this is again only planned for, to start in 2007.

What did our Vision 2020 people do in their planning, and more importantly, what did they do in their implementation processes? We have been told money has been spent on implementing Vision 2020. Obviously, we have done very little from that planning exercise.

I was deeply amused to hear the Prime Minister say that we would be asking Cuba to assist us in setting up some larger farms to help alleviate inflation. Cuba was able under continuously severe economic pressure from the United States to make use of an innovation system via which it has become a generator and exploiter of intellectual property in agriculture, pharmaceuticals and in medicine. But we have oil, what have we done? Cuba spends 0.5 per cent of a very constrained gross domestic product on research and development, five times what we spend, and look at the amount of revenue that we have.

Again, I would probably be told that our intervention into the platform of intellectual property is going to be via UTT and the Tamana Industrial Park. Nothing formal has come to this Senate on the philosophy of the establishment of the University of Trinidad and Tobago, besides the allocation of expenditure under the Ministry of Science, Technology and Tertiary Education. Hence, all that I know of UTT and from which I could draw some conclusions is what we see and read in the newspapers or some general comments en passant on by some Minister or other in his day-to-day duties.

From the evidence before us, UTT appears to be about providing massive increases in access to tertiary education. Yes, surely, this is indeed a very good thing, especially since the aim of a developed country is to move its tertiary enrolment to about 20 per cent of the national cohort. However, in so doing, it is subsuming some of our existing institutions. The John Donaldson Technical Institute, the San Fernando Technical Institute, the Trinidad and Tobago Institute of Technology, all the technician schools are now going to be part of UTT, Niherst, Cariri, the MIC, the Marine School, the Teachers' Colleges and the Eastern Caribbean Institute of Agriculture and Forestry are now part of the UTT.

UTT was alleged in the last budget to be building a teaching hospital to support its proposed medical faculty and in this year's budget the Government is telling us that they are going to be rebuilding, reconstructing the Port of Spain General Hospital, probably for UTT. We do not know. But what we need to bear in mind is that in a good university, a good university is about the collection and

nurturing of an academic community of outstanding quality. This takes time as we have seen in the evolution of UWI from the College of the University of London to what it is today.

So, surely, Mr. Vice-President, UTT's acquisition of lower and other tertiary level institutions could actually distract it from becoming the generator and facilitator of the exploitation of intellectual property. We have read of its accreditation process and degree generating alliances with overseas institutions, but it has to ensure that it produces the cadre of academics required for sound economic knowledge-based development upon which our economic progress depends.

Mr. Vice-President, not on oil or gas or ethylene or foreign investment in added value plants would we develop a knowledge-based economy, but we could do so by our own brains. And en passant again, if you look at all these institutions now subsumed by UTT, they all had their own institutional culture; they had their own champions that built and managed them, so it could prove to be a management nightmare to seamlessly try to integrate these disparate institutions into one creature. The question is being asked, would it not have been better to integrate them as peers on an academic and technological network instead of trying to create one monolithic institution?

And before I leave knowledge-based, IP and IT, I think we need to look at what really is a scientific innovative park. Let us look closely at Tamana Park. The Tamana Park for which a contract of \$173 million was awarded for infrastructural development is supposed to attract high tech knowledge-based companies. That is what we have been told from the word go. To my knowledge, it has two clients, one is still potential; these are the medical transcription campus and the Alutrint Motor Car Wheel Plant—High tech, a motor car wheel plant? I hope the Minister can enlighten me if this is an incorrect statement, but this is what we have been told.

But there is probably a more generic problem. We are being told that the intention is to attract foreign investment into this non-energy sector. The Minister of Trade and Industry has just returned from a visit to the European Union and that visit was meant to attract such investors. I would wonder why, when Trinidad and Tobago is certainly not a launch pad into the European Union like Ireland is—lots of investors are rushing into Ireland because of its position and because of its highly skilled people. Trinidad and Tobago is not such a launch pad, though the Prime Minister has recently indicated to us that he wished that President Bush could afford us more duty free entry into the US for goods packaged in Trinidad and Tobago. In other words, the aim could be to use this to attract foreign investors to set up assembly-type plants in Tamana Park.

Appropriation Bill (Budget)
[SEN. KING]

Monday, October 16, 2006

And if we are talking IT, IP and high tech, I have one question to ask: Why would companies like IBM, Hewlett Packard or Microsoft set up research, development and production companies in Trinidad and Tobago? Surely, Tamana as our famous Willie Demas would advise, is for the exploitation of intellectual property and innovation by our local entrepreneurs. Hence, the park should be part of our local innovation system and is of little use as a site like Point Lisas was for direct foreign investment.

4.00 p.m.

Mr. Vice-President, that is what we need, but that is not likely what we would get. Again, the competition among developing and developed countries to attract foreign direct investment to industrial parks is very fierce, so we really need to get down to some serious planning, because we are not doing it. [*Interruption*]

Mr. Vice-President: Hon. Senators, the speaking time of the hon. Senator has expired.

Motion made, That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. Dr. E. Mc Kenzie*]

Question put and agreed to.

Sen. M. King: Thank you, Mr. Vice-President and colleagues.

I will push on, but it appears to me on the evidence that Government's talk about using the revenues to create and develop innovative people is just that: talk accompanied by policies and studies ad infinitum, with very little involvement of the population in the required transformation or provision of the requisite investment. Let us look at the issue of inflation, which is on everybody's mind.

The Prime Minister in his budget speech told us that to preserve the living standards of our citizens the Government had decided to maintain sizable subsidies on fuel and electricity to cushion inflationary pressures. Yes, we need to do that. He told us that another contributing factor to the rise in inflation had been the lagging agricultural output exacerbated by reduced imports from other countries in the region that faced natural disasters. He also told us that a third factor had been the higher import costs as a result of higher international oil and, therefore, transport prices; so that reducing inflation would be a major priority in the coming year.

My immediate reaction to that statement was: "At last the Government has accepted that our inflation is being driven by its own fiscal activities." But, alas, what he had in mind was the creation of eight large agricultural farms and the intention to seek Cuba's help in doing two of those. The idea here is on the supply side to produce selected vegetables and some ground provisions since the majority of these crops had been identified as the main suspects in accelerating food prices.

Mr. Vice-President, if you visit the supermarket you would not see any shortage of food in Trinidad and Tobago. Inflation is not because we have a shortage of food. The fundamental problem of inflation is not any limited supply, but mark up inflation. This follows directly from high liquidity in the country. Just who is causing this high liquidity? [*Desk thumping*] I really find it incomprehensible that we could destroy Caroni; we could plan to cut it up into small two-acre pieces of land; redistribute it to single farmers and now talk about creating large farms. What has happened to our agricultural planning and to our policy-making institutions?

Cuba's land reform in the 1960s and its research in agriculture have paid dividends for their agricultural production. It is hard to conceive that we started life as an independent nation with the legacy of the Imperial College of Tropical Agriculture, the world famous research institution. There is nothing in this budget which recognizes that the Government's fiscal activity is directly linked to the continuing inflation. Are we hoping that it will just go away? Not a chance of that.

We also have to face the fact that in Trinidad and Tobago the BHP Billiton field has continued its declining production; bp's hope for a new year era in gas production has come to naught; thus, it is interesting to note that bp has taken the lead. Mr. Vice-President, bp is now onto its new thrust, "Beyond Petroleum"; life after our petroleum resources have gone. So in spite of what we have been told over the past couple of days, our reserves to production ratio is now of more concern; except we were to come to some kind of an agreement with Venezuela for the use of the cross border gas; but if we look at the foreign policy conflicts, perhaps, this would be a difficult task for us. We must consider the political economic fiasco of President Chavez over PetroCaribe.

In the few moments I have left, I would like to look at the development of the financial e-government and e-commerce sector. It is something our Government has been working with for some years now and we really need to take some serious note if we are going to develop that sector. The Government has talked in its budget about the creation of a Financial Literacy Programme to be managed by

Appropriation Bill (Budget)
[SEN. KING]

Monday, October 16, 2006

the Central Bank; hence we note further that the Ministry of Public Administration and Information has also initiated a think-tank to study e-government—another report of course—in its fast forward effort. Surely a foundation for all this is the creation of regulations for a digital economy.

We have had two Acts approved: the Computer Abuse Act and the Electronic Transfer of Funds Crime Act. The Bill on digital signatures was withdrawn in 2000 and since then the Ministry has proposed a policy on electronic transfer which also deals with digital signatures and public key systems, that is the encryption system. Without these Acts, e-government and, more encompassing, e-commerce, cannot be properly implemented.

It is noteworthy that the poor little country Burkina Faso has upgraded its telecommunication authority into one that looks also at ICT and is, at present, pursuing the implementation of the public key infrastructure. Maybe the Minister in charge, Sen. Dr. Saith, would see that such legislation finds its way to Parliament, given his policy document and the need to have such infrastructure implemented; otherwise no e-commerce would happen; so let us be realistic.

The lack of institutions in any economy accelerates the process of the Dutch disease. Before I leave the issue of institutions, let me say that ignoring or destroying them are very, very damaging and much worse than having ones that do not work. We are trying to destroy some of our institutions. For example, it is inconceivable that we have an Environmental Management Authority (EMA) that is yet to give its clearance for the construction of an aluminium smelter, yet we have the Prime Minister stating in the budget and in other places that the smelters would be built, although he expects EMA approval.

Our Prime Minister is also on record at a conference in Barbados saying that damage to the environment would not stop economic development in Trinidad and Tobago; and he has not yet retracted that statement; so we worry. We worry about our environment; we worry about our institutions. Further, we are told that the Government has commissioned a report on the national transportation system, which is not yet submitted and, again, we are told in the budget that we are about to award a contract for the building of a rapid rail system for US \$1.6 billion. This is even before the report is submitted. We must worry. I think everybody in this Senate must worry.

Botswana is another small country with high natural resources. It has managed to steer clear of the Dutch disease because it has built very strong institutions and has very strong national planning processes. I would advise, Mr. Vice-President: Ignore our institutions at our peril; we must stop that approach at this time.

I want to look at the issues of corruption and anticorruption. With anticorruption strategies, I believe all countries are on board; at least, most countries are on board. We are also aware that our perception—remember the perception of corruption—the index in Trinidad and Tobago is worsening. We are falling on the international Transparency International Corruption Perception Index (TICPI) as well. The perception over the last seven years or so is that corruption is worsening in Trinidad and Tobago. We do have cases before the courts and not from one side, but from both sides.

As a country, we have signed on to two international conventions: the Inter-American Convention Against Corruption and the United Nations Convention Against Corruption. This year the second round of review of governments' implementation of the agreements is under review for the Inter-American Convention Against Corruption. Every government has to produce its report on what it has done to strengthen its institutions in the anticorruption strategies that have been earmarked.

Important areas being reviewed for this year's review at the Inter-American Convention Against Corruption is: government procurement; government hiring practices; whistle blower protection laws, which we have been promising to bring to this Senate for seven years now; and specific acts of corruption that should be classified as crimes. The extent to which the State has implemented the recommendations issued to each country by the Committee of Experts would also be reviewed.

Questions would be asked as to whether countries have a legal framework in place for each area that includes appropriate mechanisms and measurable results; this would also be reviewed. In the area of government procurement, we have broken it down to specifics: What legal regulations govern the system in the countries; what mechanisms are used by governments to procure goods and services; what oversight bodies and mechanisms are in place; whether or not a roster of contractors exist; what evaluation criteria is used; what electronic methods, Internet methods, information systems are used; if resources exist to challenge the decision to the entity that made the award and could these decisions be verified?

The review would also look at whether we have prevention of conflict of interest clauses. Is there a duty to report acts of corruption and are there mechanisms for the proper use of public resources? Do we have high level oversight bodies? These high level oversight bodies include Joint Select Committees of Parliament and properly staffed Joint Select Committees of

Appropriation Bill (Budget)
[SEN. KING]

Monday, October 16, 2006

Parliament. These are what we would be asked under our review at the Inter-American Convention Against Corruption review of 2007. We would also be asked whether we have mechanisms for the involvement of civil society in the prevention of corruption.

We are complaining about money laundering. Why have we not already established and legislated the Financial Intelligence Unit within our financial sector? We have been talking now for several years about establishing the anticorruption agency, which is mandated under the Conventions. Mr. Vice-President, there are many more corrupt practices than non declaration of assets; so we need a lot more than the Integrity Commission. Why is there the delay in establishing the anticorruption agency? Mr. De Speville was here five years ago. His report was in five years ago; no agency.

4.15 p.m.

The national country reports that are now in process have been compiled and submitted to the convention committees for the second round of country reviews. The only countries in Latin America and the Caribbean that have already submitted their reports are Argentina, Ecuador, Honduras, Nicaragua, Paraguay and Uruguay, not a Caribbean country. Those of us who belong to the anti-corruption movement are following our Government's responses to these reviews closely.

Some of the parliamentarians who have joined in the Global Organization of Parliamentarians against Corruption are also closely monitoring these reviews, and those of us present who have not joined GOPAC, I now invite you to do so. It is a very critical agency for the prevention of corruption, and especially as the parliamentarians are aware of the role that we play in preventing corruption. So please, join us, there is a lot of work to be done.

Corruption is one of the main problems in growth in poverty levels; moneys that should go to institutions, to health, education and housing wind up in the pockets of friends of politicians and political appointees. This is a known fact, it is not pie in the sky and we should all be working for the benefit of the people of Trinidad and Tobago, and not for anyone, or anything else. I would say: no, let us work for the benefit of the people of Trinidad and Tobago.

I thank you very much.

The Minister of Housing (Hon. Dr. Keith Rowley): Thank you, Mr. Speaker.

Hon. Senator: Mr. Vice-President.

Hon. Dr. K. Rowley: Mr. Vice-President, I am very pleased to be in the House this evening to—

Hon. Senator: August Chamber.

Hon. Dr. K. Rowley: All right, let me start over.

Mr. Vice-President, I am very pleased to be in the August Chamber of the Senate this afternoon to make some comments on the portfolio for which I have the responsibility at this time. It appears as though it is a long time since I was here, last year during the budget debate, or some similar time I was here. I did promise to return and lay out some more information with respect to the national housing programme and I take the time allotted to me this afternoon to treat with some of the issues that we are trying to deliver in the national programme.

Mr. Vice-President, there is a clear distinction between those of us in Government who are trying to deliver, what in effect is a campaign promise to treat with or recognize the national problem. I heard Sen. King speak about the Dutch disease a while ago and, in fact, it has to do with the overall economy and it has, I am sure that I can be excused if I say that disease is the effect of the chronic housing shortage which existed for quite a while in this country and it continues to exist, and will exist for quite some time given the nature of the problem.

The last time I was here, Mr. Vice-President, I told you that we were targeting the elimination of a backlog of about 100,000 units which needed to be built if we are to satisfy the demand for housing in Trinidad and Tobago. It might sound to be a lot to those of you who are not confronting this directly, but at the Ministry of Housing at the Housing Development Corporation (HDC) where we interface with the public, what we are seeing is an ever increasing demand.

In fact, I can tell you that as we begin to make housing available through the construction programme that we are engaged in at the moment, this in itself is fuelling a demand where people are now seeing the possibility of getting a house and new families—persons who had resigned themselves to living where they had lived before are now coming forward and saying: I too, have a call on the houses that are being built.

So Mr. Vice-President, we are seeing and it may very well be that the level of construction in which we are now engaged, may well have to go on beyond the 10-year period we initially anticipated so as to treat with the high demand of the growing expectations of our population notwithstanding what is being said by our colleagues on the other side.

Appropriation Bill (Budget)
[HON. DR. K. ROWLEY]

Monday, October 16, 2006

Mr. Vice-President, sometimes I am a little confused as I try to find out what is being said, because in one breath I am hearing that we are promising and not delivering; we are doing nothing; and in the same breath we are hearing what we are doing is driving inflation. We cannot be doing nothing and at the same time driving inflation. We are not spending enough here, but we are spending, we are not saving but we are—what exactly is being said? There is going to be a time and a platform to treat with that. This is not the place to treat with what we are doing.

Mr. Vice-President, the bottom line is our housing position is in this manifesto, this Vision document which we prepared when we were in the Opposition. I want to emphasize that. When the PNM was in the Opposition in Trinidad and Tobago, as an important part of the government of this country, as a political party which had the expectation to be in office to run the affairs of this country, we prepared a vision document while in the Opposition and out of this came our manifesto.

When we embarked on a housing programme, it was a manifesto commitment when we said to the population: Put us in office and we will directly, as a government, intervene to stimulate housing construction so as to, in the first instance, ameliorate and in the other outcome, eliminate the housing shortage which affects so many thousands of families in Trinidad and Tobago. So we make no apologies to anybody in this country for keeping our campaign promise of impacting on the housing shortage in Trinidad and Tobago. [*Desk thumping*]

When we hear our political opponents pulling numbers from this Parliament making statements which they believe will score them political points, we are not deterred by that. We are focused on the provision of adequate housing for all citizens and that is one of the key deliverables for our Vision 2020 programme and it is something you can see, it is tangible. As we build houses, we understand the only way to treat with the current problem of a housing shortage, this lack of availability, is to create more units and as we do so, we have to be cognizant not only of the availability but the affordability and I will come back to that.

You see, Mr. Vice-President, we are focusing through the HDC to create housing for that market where the demand is greater; that is the lower middle income, the middle income, and the lower income group where the pressure really is and one only has to look in the newspapers to try to see what people are facing in this country and to ask oneself what would have been the situation had this Government not embarked on a housing programme to treat with the issue of housing.

Early last week I saw in the newspapers an advertisement where somebody in Tobago was advertising a parcel of land under 10,000 square feet and asking half a million dollars for it. A house on the Diego Martin Main Road is now over \$1 million if you are lucky to find one. Houses are now in the order of \$1 million. Property value is going up which is not a bad thing, because as the country gets wealthier and more people are earning wealth, and as they aspire to a home, the demand and supply situation is pressure demand, supply and affordability. There are many people—40 per cent of the 78,000 persons on our database right now earn less than \$3,000 per month so that is where the demand really is right now and, therefore, if the Government is going to treat with the question of housing shortage, our policies have to focus on that reality. There are large numbers of persons with the need, but would not be able to afford the housing.

Mr. Vice-President, there is a project in my constituency where the units are being marketed at \$11 million per unit, but they are paying the same price as we pay for steel for a low cost house; cement is the same price, blocks are the same price, whatever you are building whether it is a mansion or a humble dwelling house, you are in the marketplace and the economy is making opportunities available, people are demanding more for their skills and earning more, and as people are earning more and the units are costing more, you are also hearing that they are getting poorer.

Mr. Vice-President, I want to draw your attention to what, in fact, the housing programme is doing. Again we have committed ourselves to treating with unemployment in the short term. When we were in the Opposition, we acknowledged that unemployment was in fact a key issue to be dealt with by the new government coming into office and we said publicly that one of the things we would do is stimulate the construction sector so as to very quickly absorb as many persons as possible in that sector and we have been spectacularly successful in that area. [*Desk thumping*] So when we hear our opponents talking about we are building this and building that, that is what we were elected to do. We said we would stimulate the housing sector on the agenda. [*Desk thumping*]

Mr. Vice-President, at the end of 2001, the labour force in Trinidad and Tobago was 576,500 and in that you had in the construction sector 90,000 persons but that labour force has grown by 50,000 between the end of 2001 and the second quarter of the last year. So had we not done something dramatic to absorb that growth of the labour force, we would have had a horrendous unemployment situation right now because in the face of a 50,000 expansion in the labour force, which now stands at 627,000 we have only 14,000 persons in construction looking for jobs as against 19,000 when the labour force was much lower.

Appropriation Bill (Budget)
[HON. DR. K. ROWLEY]

Monday, October 16, 2006

Even with a much larger labour force we have a smaller number of persons who are looking for jobs in the construction sector and cannot get, and had we not stimulated the construction sector in the way we had done then these tens of thousands of persons would have been without a pay packet.

I want to say to those persons who very glibly talk about the Government is spending too much: What is the Government spending? It is paying people, it is not book transaction. When we hire a contractor to build a project, that contractor pays workers, the workers get a pay packet and if, in fact, we are talking about reducing the number of persons who are seeking jobs at the end of 2001, there were 43,500 persons seeking jobs and could not get. By 2006, there are only 28,000. If we take that difference, these are 14,000 additional pay packets that did not exist at the end of 2001.

See it in the context of a pay packet and a wage earner who is getting a pay who was not getting one at the end of 2001 and therein lies the fact when they talk about the unemployment figure when we say it is good news for the country and bad news for some. Unemployment has fallen and when that happens, it is not an abstract situation; it is families not being out of jobs. [*Desk thumping*]

Mr. Vice-President: I recognize that you want to go to a brand new point and I will ask that we stop here because we are at 4.30 p.m., which is tea time. So we will suspend now for tea

4.30 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

Hon. Dr. K. Rowley: Thank you very much, Mr. Vice-President. When we took the tea break I was just trying to emphasize the point that part of our initial objective with the housing construction programme was job creation and I was saying that even though the labour force in the period 2001 to 2006 expanded by 50,000 because of what we have been able to do in the construction sector largely in the housing programme, we have been able to absorb that increase and whittle down what was there before, so we have fewer persons now on the unemployed list and fewer persons in the construction sector who are looking for jobs.

So that deals with the job creation aspect of it, not to mention it reflects itself in economic growth, even though I think Sen. King might have some issues with that by saying that it may be that you are not tradable. But housing construction, by its nature, has to be for domestic demand. So my portfolio really deals with domestic demand. It is true that we are in a better position today to treat with the State intervention in expanding the country's housing stock. However I want to

make the point that it also has to do with the political understanding of the role of the State. The difference between the PNM and the UNC is that the PNM says that there is a role for the State, either directly or through the private sector, in the construction of houses.

It can be said that we are doing it now because we have money. No, not that alone. Even when we did not have the wealth that we have now, the PNM, from 1957, was creating communities in this country because of a policy which says that the Government must play a role. [*Desk thumping*] And across the country, from Carenage to Diamond Vale to Morvant, to Point Fortin, to Tobago, you would see communities built by public sector involvement in construction. That is what we are continuing. I heard Sen. Mark this morning say that he is outlining UNC policy which is different from the PNM, and they are different. He was saying that the UNC policy will be to give people money to build houses. Okay, fine. They had a policy before in their six-year period which said, give people land and they on their own accord would build their houses. In the face of a chronic housing shortage and a policy like that, it resulted in 461 houses being built in six years. Part of the problem that we are facing now is as a result of that kind of policy which says: "Leave people be".

In fact, one of the things we are doing now is taking back lots from people who had got lots from the State under the understanding that they would build on it in a certain period of time and who saw those lots as assets for their children and grand-children and did not add to the housing stock in the country. What we are doing now is taking back those lots from them and ensuring that a house is built on that lot, because it is houses we want and not lots. [*Desk thumping*]

The strategy we are pursuing is the construction of housing units and we are doing all the construction using private sector involvement. There is no direct labour from the Ministry of Housing or any of its agencies constructing houses. We are hiring the private sector by way of contracts. So we pay for what we get. In the Ministry and its agencies we are managers, managing the programme and we award contracts to the private sector and they are delivering the housing units.

We are also engaged in some element of land acquisition, because first you have to have land to build on, and where we do not have land in certain parts of the country and land is available for housing, the State is making some judicious intervention in bringing those lands into housing in a variety of ways. We have also embarked, all too tentatively, on an urban renewal programme. This urban re-development is to reuse existing areas with infrastructure and try and use them better by building new communities out of old communities.

Appropriation Bill (Budget)
[HON. DR. K. ROWLEY]

Monday, October 16, 2006

We are also actively engaged in the squatter regularization upgrade programme where people had squatted on lands, created communities without the proper infrastructure. We have a programme going in those areas and putting in infrastructure, bringing them up to a certain standard and ensuring that those areas are no longer areas of squalor but areas where proper, decent housing units can exist with the adequate infrastructure as part of our programme. We also have improvements in community development, where we are building within communities, certain basic commercial and social structures to complete the community aspect of what we are doing in some areas.

We have innovative financing approaches, because as I said earlier, it is not just making the houses available, it is making them affordable, and to make them affordable, certain strategies are being pursued with respect to this affordability. Under that rubric we are carrying on this question of encouraging home-ownership so as to increase the individual wealth. We are encouraging people to own rather than to rent, because when they rent they have a different attitude to the units; they have no stake in their assets and a different kind of citizen grows out of ownership. We are encouraging that, and the policies are geared towards that. I will come back to that in a while.

We also have rental accommodation and as we come into the urban areas you will see more and more rental-type accommodation, since there is a need in the programme for rental units, because not everybody would want to access a mortgage, and so on.

In that context, let me just give you an idea of what has been going on with our programme. In the period 2003 to 2006, the Housing Development Company, with the support from UDeCott and SILWC, which is the Sugar Industry Labour Welfare Committee, which falls under the Ministry of Housing, was responsible for 18,829 housing stocks. [*Desk thumping*] The private sector, during that period, approximated 8,000. For the period 2006—2007, the HDC again accounted for another 8,600 housing stocks. [*Desk thumping*] So between those of the HDC and the private sector, the total starts between 2003—2006 was 35,429 units.

I want you to see these not just as abstract numbers; these are families who are being housed in an acceptable situation, many of them coming from grossly substandard situations. That is development! [*Desk thumping*] Of these 35,000 units, not all are complete and allocated, but we count housing by housing starts, on assumption that you start them to finish them. Some are finished and occupied; some are three-quarters finished; some are halfway finished. But it is a commitment of 35,000 units during that period.

Maybe I should tell you where some of this has been done, because, you see, there are some people who make a habit of telling you that our housing programme has to do with preparing voters for the next election and we are padding certain constituencies and other nonsensical statements. But in the programme 2005—2006, the in-fill programme—this is where you have established approved developments, but vacant lots exist within there; the owners having not built according to their commitment many moons ago; we advertise those lots in the newspapers; we call them in; we try to work with them. Many of them agree to have their units built and we build them. Those who do not agree to move into the building now, we take the units back. So during the period 2005—2006, using small contractors building one, two, three, four, five houses, in that situation we built 1,215 houses on lots which were vacant for years within established developments. We call that the in-fill programme.

In Carlsen Field West, Phase Two, 250 units; Mount Hope, 100 units; Couva, 220; Rio Claro, Signal Street, 250; Diego Martin, Victoria Keys—construction just started—348 units; Buen Intento, 150; Couva North, 600; Federation Park, 20; Four Roads, Diego Martin, 120; Gomez Trace, Moruga, 100; La Fortune Estate, Point Fortin, 220; Malabar, Arima, 300; Maracas, St. Joseph, 340; Mount Hope, 100; Mount Lambert, 300; Oropune, 250; Princes Town, 100; Rio Claro, 250; Tarouba South, 350; Tobago, 257; Toco, 60; Wallerfield, 250, for a total of 8,000 units at various stages of completion for the construction programme which ended September 30 for the last fiscal year.

We are planning a new town in the area of La Brea to take into context the industrial development around La Brea. That is a new town arrangement which, if I have time I would mention later on. We did not go through with a committed 450 in the Sobo area. In Guave Road in Chaguaramas, where we had intended to do 400 units, we are now in the process of presenting to the EMA the EIA for that particular project, so that project did not contribute anything to this last fiscal year. And, of course, the East Port of Spain urban renewal programme which is now coming out of the Cabinet, we are proceeding through the processes of the Slum Clearance Act to begin our urban renewal. We had intended to do 1,000 units there. That was not done. Had we been able to initiate construction in these three areas, that was another 1,850 units which we had embarked upon which did not fall into 2006, but we expect that to fall into 2007.

Maybe I should tell you we have set our targets again for 2007 and now we are in the first month of the first quarter and I could tell you what we are looking at. In the East/West Corridor, Belmont, 180; Bon Air, 400; Cocorite, 120;

Appropriation Bill (Budget)
[HON. DR. K. ROWLEY]

Monday, October 16, 2006

D'Abadie, 400; Maracas, St. Joseph, 100; San Raphael, 200; Sangre Grande, 280; St. Augustine, 350; Valencia, 200. In Central Trinidad: Carlsen Field, 250; Endeavour, 200; Enterprise, 210. In South Trinidad: Fyzabad, 240; Golconda, 150; La Brea, 400; Lady Hailes, 250; Manzanilla, 200; Mayaro, 120; Point Fortin, 300; Rio Claro, 150; Tobago, 500, and in Wallerfield, 1,200. In urban renewal we hope to put another 700 in there and an in-fill programme of 1,500 for a target for 2007 of 8,600 units. [*Desk thumping*] That is our target for this fiscal year.

So when you hear anybody talking about house padding, that is the nervousness of nervous politicians. It has nothing to do with the national housing programme of the Government of Trinidad and Tobago.

5.15 p.m.

We are building houses all over the country where land is available and the demand exists. It has nothing to do with any electoral boundaries. It has to do with satisfying a chronic need which has been in existence for quite some time and which went unattended for a variety of reasons. Now it is being attended to. These are 8,600 families who some time in the not too distant future would be the beneficiaries of the 8,600 units that we have embarked upon in fiscal 2006/2007. That is our programme.

Having built the houses and facing the environment, we are using products some of which are imported, for example the question of steel. We make steel but we import the iron ore. Steel is sold vis-a-vis the impressions on the outside market. World steel price has gone up; it pulled up local prices. That added some inflation to the thing. We had to remove the CET on cement for us to open the mark to keep some downward pressure on cement prices. Notwithstanding what you are being told, we had good reason to believe that we could have been facing a cement price increase. When cement price goes up, concrete price goes up.

With aggregate demand and supply we had some pressure and we have taken certain actions to increase that supply. The word "inflation" becomes a cliché after a while. Everybody is now talking about inflation. Some words in Trinidad and Tobago become household words. I work for money, someone does not like how much money I get, corruption. You look confident, arrogant. Inflation, money coming through the system. Inflation is simply too much money chasing too few goods. Notwithstanding what the economists tell you and make it sound hifalutin, there are few ways of dealing with inflation. The way it is usually involved is shuttling back the availability of money and increasing the supply. That is how it is done; there is no other way of dealing with inflation.

If you have the expectation and commitment to build, you are saying that we cannot shuttle back to the point where we do not build. As I said earlier on, who in this Chamber will tell me that we should not have created those job opportunities in the construction sector, so that those tens of thousands of persons who were involved should not get an opportunity to earn a living? I am sure that you are not going to say that. You may decide that this project should have gone in front of that project, but those are options. Government is always about options, as you know. There is never one way to do anything in government. You look at the whole scenario and you make options.

In building the economic base of the country, what is the benefit in postponing the building of the base? The longer you postpone the building of the economic base, the quicker you deprive yourself of the benefit. There was a time when we were building secondary schools in this country and they were \$40 million a piece. We have to build those secondary schools now to de-shift the system. You are not going to build any secondary school in this country for under \$150 million. Inflation? Yes, but people are earning more. The economy is making more money.

You tell the farmers that food price has gone up. All of us want to earn better, but the man who planted the cucumber, you want him to earn less? He wants more for his cucumbers because that is his way up. He is climbing up on a cucumber vine and if you want his cucumber, you have to pay him some more, or increase the supply so he would not be able to demand that much for his cucumber. Those are the economic arguments. They are not magic. As we put all this effort at this time in building the country, one thing we have to understand is that there are inflationary pressures. Inflation warrants management by any government. You have to manage; you have to be tweaking. That is where the Ministry of Finance comes in, in treating with the fiscal and monetary policies to tweak it to ensure that you are managing the economy.

We have a question of do not do this or do not do that. In this same debate, I am sure my colleague, the Minister of Education will be attacked by some of her colleagues for not building the schools. Ask yourself a question. If all those schools were being constructed at the same time with the houses, would there have been more or less inflation? It is the same thing with other aspects of construction. You say, "Oh, you promised so and so and you did not do it". You are saying all these things at once because had we promised all these things and done them all at once, you would have had more to say about inflation. As we move a certain amount of scheduling is taking place.

Appropriation Bill (Budget)
[HON. DR. K. ROWLEY]

Monday, October 16, 2006

I heard Sen. Mark talk about not seeing any money for certain projects, so therefore, we intend to fool certain people. How many times do we have to say to this country and the parliamentarians in particular, that the use of the development fund is being done in such a way that projects are phased in? First ready, first use. You do not have the old system where one ministry has money which they are not ready to spend and another is ready, but does not have the money. I am sure the Ministry of Finance can explain themselves. In the housing programme we are not taking the position that we will slow down the programme because of inflation. In fact, the faster we get houses built in this country, the better for everybody involved, because there are certain social costs to that and it is never going to get any cheaper. You mark my word. It is never going to get any cheaper. “Any of you waiting to build a house and waiting for time to get cheaper, wait!” Notwithstanding how much you want to manage the economy, wait and see what it will cost. As the country gets wealthier real estate costs more. Every time we use an acre of land to build on, it is an acre less available. What is left becomes more valuable. Those are the pressures this country has to face all the time.

We talk about the use of land. I want to make an intervention here, so that persons will not mislead themselves and the country about what we are doing with land in central Trinidad, the so-called Caroni land. For a start there is no Caroni land. The lands which were used by Caroni (1975) Limited are State lands. All the arrangements have been made. We came to Parliament; a vesting Bill went through Parliament and arising out of that those lands which were under the control of that company for its use are now under the Commissioner of Lands. They are State lands to be used to develop the State. This “ol’ talk” about Caroni workers and Caroni lands and this “kinda” claim is just talk to mislead people and fuel certain kinds of guttural emotions.

If you look at this document, *A Meeting of the Ministerial Committee Responsible for Restructuring Caroni Limited*, held on November 30, 2004, page 13 looks at the reconfiguration of the use of Caroni lands that will show the following:

Use	Acres
Existing bid development	4,200
Proposed use for industrial and residential estates and commercial complexes	1,027
Proposed housing development to meet demands for Caroni employees	1,022

Appropriation Bill (Budget)

Monday, October 16, 2006

Use	Acres (<i>cont'd</i>)
Proposed housing development by NHA and LSA	1,318
Sub Total	8,009
Agriculture	14,000

That was in 2004. By the time we got to the same subcommittee of Cabinet treating with this issue, Tuesday October 03, 2006, when we were fine-tuning the arrangement, the inventory of land at Caroni, 20,825 acres for bid development. That is 27 per cent of State land that used to be Caroni land; 47,000 acres for agricultural usage, that is 62 per cent and 8,000 acres or 10 per cent as determined by the Government from time to time. The mass of that land that Caroni had for agriculture in this arrangement remains for agriculture. That is 47,000 acres.

Recently, we talked about 20,000 lots. All that was used was 3,700 acres. Out of the thousands of acres of Caroni land, in a country that has a chronic housing shortage, we are using 3,700 acres. Not every acre of Caroni land is agricultural land. A significant portion of Caroni land is poor land for agriculture. When somebody says that because we are going to build houses on what used to be Caroni land, we are taking away land for agriculture, that is just “nonsense” talk. The experts, those who can classify the soil as Type, 1, Type 2 and Type 3 reserved Type 1 for agriculture and that of a poorer class for forestry, industry and of course, housing. We are solving a housing problem.

In Jerningham Junction, Caroni area, Chin Chin, Savannah Road, Egypt Village and so on, we are using 695 acres to create 3,849 lots using the Estate Management Development Company. In Exchange, Esperanza, we are using 382 acres, Sonny Ladoo, Calcutta, Exchange 1, Exchange 2, we are doing 2,113 lots. In Edinburgh, Waterloo, Roopsingh Road, Factory Road, Orange Field, Balmain, Montserrat, we are using 917 acres to create 5,019 lots. In Reform, Cedar Hill we are using 377 acres; Reform, Brothers, Garth and Cedar Hill to do 2,009 lots. In La Fortune/Petit Morne, La Romain, Woodland, Picton, La Fortune, Hermitage, we are using 771 acres to create 4,226 units. All those lots in rural areas, we are building houses to house families who in this environment, might be their only opportunity to own a house in Trinidad and Tobago. If you do not believe me look at the classified ads in the daily newspapers. Without this housing programme a significant—

Sen. Dr. Gopeesingh: Who will get them?

Hon. Dr. K. Rowley: Who will get them? Let me answer that right now. I am glad you asked who will get them.

They talk about the PNM giving away houses. One of the things we do too is take back houses. We are involved in that. The reason the UNC spokespersons are so nervous is that they are afraid that we will use our authority in office to distribute houses the way they distributed houses. That is their problem. In my constituency, Diego Martin West, even in a time of shortage of funds, when we re-embarked on the programme of creation of public sector housing in Glencoe, the NHA built a number of housing units for everybody else except those who were better off. The UNC converted it into a gated community. I had to come in Parliament and move a number of motions to get out from the public sector housing, Chinese workers who were brought by the UNC and housed in the Glencoe houses. I am in *Hansard* moving a motion and asking questions to get out of public housing, people who were placed there by the UNC.

You know, worse than that? Savannah Villas. When we built Savannah Villas an area where land was available for housing, the pressure of the East-West Corridor, it was for persons who were having pressure finding housing in the middle income grouping. They accused us of house padding. Do you know who padded Savannah Villas? Cabinet members of the UNC. That could never happen under the PNM. You will never find a PNM Cabinet Minister going from Cabinet to a public sector house. [*Interruption*] Open market. He has to talk because when the PNM came into office we refunded him his deposit. “We say we not housing you.” For a start, here you have subsidized public housing going into the hands of high ranking UNC officers, including Ministers. One of them, a government minister, we had to take a crowbar to winkle him out from Savannah Villas.

Mr. Vice-President: Dr. Rowley, I am satisfied that you are responding to the concern. Could you please go on?

Hon. Senators, the speaking time of the hon. Minister has expired.

Motion made, That the hon. Minister’s speaking time be extended by 15 minutes. (*Hon. Dr. L. Saith*)

Question put and agreed to.

5.30 p.m.

Sen. Prof. Ramchand: Mr. Vice-President, before the hon. Minister moves off the former Caroni lands, and because it matters to what I have to say in my debate, could the hon. Minister give the latest figures for the lands reserved for agriculture?

Hon. Dr. K. Rowley: Mr. Vice-President, I am not the Minister of Agriculture, Land and Marine Resources, so I would not purport to give figures. The Minister of Agriculture, Land and Marine Resources will do that. I indicated to you that there is a Cabinet sub-committee which identified and earmarked 42,000 acres of the 70,000-odd acres earmarked for agriculture. That is as far as I can go at this point in time.

Mr. Vice-President, I was saying that while they are demanding to know and talking, sanctimoniously, about the policy and asking who will get the houses, the answer is the people who are residents of Trinidad and Tobago. You have to be over 21 years old and you have to not be the owner or part owner of any other property, on every count. My colleague over there did not qualify. [*Inaudible*] [*Laughter*]

Mr. Vice-President, a whole list of UNC ministers and high-ranking officials who took up residence and ownership at Savannah Villas, we had to put them out. Some of them still have people there fronting for them, while there is a serious chronic housing shortage. Mr. Vice-President, I am telling you that we are different.

While the PNM is trying to house those who are less able to house themselves, insofar as the PNM built subsidized housing in this country, the UNC was housing UNC Ministers there but they are now asking me about who are going to get the houses. [*Interruption*] We will deal with that elsewhere.

Mr. Vice-President, they have a habit of going, without one shred of evidence, and making the most outrageous statements, including invoking racial epithets in the programme, but none of that will sidetrack us from what we have embarked upon, which is to build 100,000 per year. [*Desk thumping*]

Mr. Vice-President, earlier on I gave a list of all the areas where we are building houses; do you think that would stop them from saying tomorrow that we are building houses in marginal constituencies? You are building in Barataria; do not build there. You are building in Couva; do not build there, you are padding our constituency. You are building in Diego Martin; do not build there because you are giving your constituents the houses. Where do they want us to build? Mars is not habitable! [*Laughter*] They have objected to every single housing

Appropriation Bill (Budget)
[HON. DR. K. ROWLEY]

Monday, October 16, 2006

project in the country. In the face of a chronic housing shortage, we are building thousands of houses and all they could do is object to every single site because they have this fear that houses mean votes and if the PNM builds houses—*[Interruption]* People vote for us because they are smart. *[Laughter]* *[Desk thumping]*

Mr. Vice-President, we are making houses available to the database of the applicants. We have this huge database of nationals, who are over 21 and do not own any property and who are desirous of owning houses, and we have a programme of allocating these houses. So fearful were they of political control that they suggested to us that what we should do is that we build the houses and let the Opposition hand them out. *[Laughter]* After that they said let us have a random selection and even as we agreed to some element of random selection in the process, every day I receive letters from Opposition Members of Parliament asking me to do exactly what they said do not do as Minister. They kept writing me every day saying: “Mr. So, Miss So,” knowing full well that they demanded a random selection policy. The PNM said, yes, we would have some element of randomness—60 per cent—and the rest of it, as the Government, we have the responsibility to allocate based on need and circumstances, and we are doing that. We are not afraid to govern! We trust ourselves to govern! *[Desk thumping]*

I will tell you one thing though, Mr. Vice-President, I am happy to be taking part in this programme, building thousands of houses, because I “ain’t” carrying home one. I know once it is built a family in this country would realize their dreams. For the first time there are thousands of children studying with proper electricity, having running water in their homes and sleeping on a bed with a decent window. That gives me satisfaction! *[Desk thumping]* So, Mr. Vice-President, excuse me if you see me ignoring them and their bleating. *[Interruption]* You are so far lost that it is not the housing programme that has lost you, you know; you have gone beyond recall a long time. Do not worry about the housing programme; the housing programme is for national development and we are not apologizing for it. If you think the wrong people are getting the houses, go to the various sites and tell them—all those who have been getting houses in Caroni, in Point Fortin and wherever else—that they are the wrong people. That is the politics you want to do! You go and do that!

Mr. Vice-President, we are talking about affordability, so the Cabinet has agreed to allow persons in that lower middle income, and the lower income grouping, using an \$8,000 earning level as the ceiling so that they can access a 2 per cent mortgage. What that does, Mr. Vice-President, is that it allows a beneficiary to qualify for a larger mortgage sum. Even the cheapest basic units are

not pennies and we are talking about a decent house of the standard that we are aspiring to, which range from \$150,000, \$175,000, \$200,000, \$300,000 to \$340,000 thereabouts, depending on the nature of the construction and the location of the construction. We have a range of houses, so we have put something in place where a person earning from \$1,440 which is the minimum wage, if they so wish to enter into a mortgage arrangement for a house that they qualify for, given that arrangement at a 2 per cent mortgage, a \$200,000 home, a person at 2 per cent mortgage, would have an instalment of \$847 and that person would have an income qualification of \$2,500 per month. Two persons making minimum wage could qualify for that mortgage as joint owners. The most junior clerks could use this system but, of course, they would have to aspire to a house within the \$200,000 bracket. If they aspire to one for \$400,000 that is a different story, but based on one's income you will qualify for a certain standard of housing and we have arranged the standards.

Let us take \$250,000: at 2 per cent the qualifying income is \$3,798; a police constable would qualify easily. You could go up to the level of \$350,000; the qualifying income there is \$4,450. One public servant with a decent range could qualify for that, yet we have the Opposition telling us that they went on the Internet and they saw, as proof, that the houses that we are building are only for persons in the upper income bracket because the example on the Internet was a \$300,000 house.

Our website has a worked example to show how the price, the mortgage, the qualifying amount and the instalment work. The Opposition interpreted that to mislead the country to say that that is how the houses are being built at that level, so anybody who is earning less than that cannot get a house. Nothing is further from the truth.

In fact, Mr. Vice-President, we have made it so affordable that any person who is allocated a house now is getting an asset under terms and conditions that are very favourable, at a 2 per cent mortgage. You know, the 6 per cent mortgage would have allowed some persons not to qualify even for basic units, but we want people to qualify because it is affordability we are talking about.

Even if persons do not want to enter into a mortgage or do not qualify for a mortgage, we have the Rent-To-Own programme which says that you come in as a tenant; you pay a rent and after five years you can be reassessed and if at that time you qualify and you are willing to enter into mortgage arrangements, two-thirds of what you have paid over that five-year period will be deemed to have been paid towards your mortgage and you can then graduate from a tenant to a mortgager.

Appropriation Bill (Budget)
[HON. DR. K. ROWLEY]

Monday, October 16, 2006

We go further to say, Mr. Vice-President, in this new policy that any person, as long as you are employed, can qualify for a mortgage regardless of your age. With respect to the 25-year mortgage, we say, in the event of your death the outstanding mortgage would go to your estate and whoever inherits your property—daughter, son, aunty, uncle—if they wish to keep the property they would service the mortgage. Or the property is there to amortize what is left of the mortgage. This allows an older person, for the first time, during their 50s—one cannot go to the bank and get any 25-year mortgage. If you get a shorter mortgage the instalment is horrendous. To make it affordable, therefore, the mortgage is stretched over 25 years, knowing that you might not live forever, but because the residue will fall to your estate during your lifetime, you are paying a manageable amount. What else can you expect in terms of fostering affordability?

Mr. Vice-President, this is the best approach to housing people in Trinidad and Tobago in the history of Trinidad and Tobago! [*Desk thumping*] Fortunately, the country is in a position to make these kinds of offerings, because at this time and in the not too distant future, we are positioned to inherit certain wealth coming to us from our hydrocarbon sector, again, for which we do not apologize. We do not make any problem with the fact that we are earning significant sums from hydrocarbons. That is what God gave us!

I spend from the salary I earn. I do not spend from a nut-vending business I have at the side of the street. I am expected to spend from what I earn. If today we are selling oil and gas and that is bringing us good revenues, why should we complain! Why should we apologize! We are using it to develop the country. At the level of the household, there is no greater direct response to development than getting people into houses. Those of us who are representatives, who meet people on a weekly basis, who tell us their trials and tribulations related to not living in adequate conditions, will understand what a house does to a family and its future.

Mr. Vice-President, we get the feeling in this country that certain persons because they have crossed over to a good life, they have no empathy for those who have not crossed over as yet. Because they live in a good house and do not have to worry about the ills of poor housing, all of a sudden they could pontificate and tell the country do not do this and do not do that. But your voice is only one voice amongst the thousands who are saying that we need that, it is not just fancy; it is a desperate need! This housing programme is the basis of attacking some of the social ills in the country and some of the crimes in the country.

Mr. Vice-President, you do not know of young females—teenagers—sharing corridors with lecherous old men at nights to share a toilet. I can tell you about that! With this country aspiring to become a developed country, that has no place in Trinidad and Tobago today. That is what we are trying to change. [*Desk thumping*]

There is something which the English calls nimbyism—not in my backyard—and we see that here in Trinidad and Tobago, when you go to do a housing development somewhere in some neighbourhood, people who are housed there would tell you: “Not here.” “Don’t bring dem people here.” Who is the “dem” people? They were just like those people but, recently, they accessed homes through the public programmes and now that they have gotten in, they are saying we do not want anybody else to get in. We cannot have that, Mr. Vice-President! Wherever there is land available that is approvable, which can meet the standards for housing, we will build them.

We have the example recently of Almond Court where we had some finished buildings occupied by fortunate beneficiaries but there were two or three blocks that had not been built in the original programme, when we went in to build the two blocks, there were big protests. Every night they were on TV—that was the biggest threat: “Ah go put you on TV.” I said: “Put the construction programme on TV, I love it!” We are going to build for others outside who have desperate needs. But there were big protests and they got the permanent protesters to join them because they wanted to create there, a gated community. But lo and behold, a week after the protest, if you had looked in the newspapers you would have seen units sold in there for under \$200,000 now being advertised as a gated community, for \$850,000.

Mr. Vice-President, we are not in the business of creating instant wealth, we are housing people. Whereas before, persons who accessed these subsidized houses could not sell them under five years without the approval of the Housing Development Corporation, now we are going to expand it to 10 years. [*Desk thumping*] You cannot expect to access this kind of public subsidy, to hold it for a few months and then go on the market and make a killing because you know the real value. We have to ensure that we are housing people and not creating instant millionaires, so the policy has now changed as you make your commitment to the housing programme. You are getting a significant benefit from the State because this programme of subsidy is costing taxpayers \$450 million per year, but what is the benefit? We are housing tens of thousands of people.

Appropriation Bill (Budget)
[HON. DR. K. ROWLEY]

Monday, October 16, 2006

5.45 p.m.

If we spend our income building the physical infrastructure, not the least is the home in which they sleep, we would have contributed to the improvement of our national community, building the social fabric, ensuring that wealth-creation takes place.

There are countries which are more positioned than we are to use their wealth, but because of an absence of adequate public policies like these, the wealth comes in, and it changes very few lives. Let that not be said of Trinidad and Tobago. At the end of the day, every citizen in this country can point to a benefit which they are receiving directly or indirectly from the largesse of our good fortune, whether it is through the health programme, the education programmes, infrastructure, housing, the transportation subsidies, we are all benefiting. Mr. Vice-President, when they tell you that nobody knows where the money is going, nobody is getting anything and the country is falling apart, that is election talk, and we are pleased to meet them on the election campaign. The numbers are there to show.

When I go on a construction site and I meet the young people in the MuST programme—because we do have these training programmes where we take people off the streets and bring them on these construction sites; they work under supervision, they wear a green uniform. Go on the site and see them and you ask them, “Where are you from?” Point Fortin, La Brea, wherever. “Where were you working before?” Never worked, first job, but they are on a construction site.

In Caroni Village we used the MuST programme and put them to build 40 houses, under supervision and they built them and housed 40 families; people who were doing nothing. [*Desk thumping*] As we go to the Squatter Upgrade Programme; [*Interruption*] let me tell you what we have done in one minute.

In the squatter regularization programme, Southern Gardens, Point Fortin, 68 units; Rice Mill, Arouca, 21 units; Harmony Hall, 204 units; La Paille, Caroni, 104. Right now if you go out there you would see work is going on—that is the end of last year’s programme going on to next year’s programme. Race Course, Arima, 469 households; Pine Settlement, Sangre Grande, 380; Jacob Hill, 71; Arima, 50; Bon Air North, 446 about to start very soon. These are squatter communities which are being converted from squalor to an acceptable standard, putting in roads, drains, sewer, lights, water; that is also part of our programme handled by the Land Settlement Agency (LSA) under our improvement plan.

Mr. Vice-President, I do not have time to tell you about our home improvement grants for persons earning less than \$3,000 a month, our grants for persons earning less than \$5,000 per month, our subsidized moneys for persons who own their lands but want to build, can access those funds to build on their own lands. It is a comprehensive programme geared towards increasing the number of housing units in the country as we solve but one of the problems in Trinidad and Tobago. That is our housing programme.

I thank you, Mr. Vice-President.

The Minister of Labour, Small and Micro Enterprise Development (Sen. The Hon. Danny Montano): Mr. Vice-President, I would like to begin my contribution this afternoon by addressing some of the issues raised by Sen. King, and particularly the issue that she has raised, not for the first time, of suggesting that Trinidad and Tobago is suffering from Dutch disease.

Let me just explain very briefly and simply what Dutch disease is. It is an economic concept that attempts to explain the relationship between the exploitation of natural resources and a decline in the manufacturing sector of an economy. I repeat that. It is an attempt to explain the connection between the exploitation of natural resources and a decline of the manufacturing sector. *[Interruption]* You have a lot to learn, Sen. Mark. I would suggest you pay close attention.

Mr. Vice-President, to suggest that an economy is in the throes of the Dutch disease is to suggest really that, that economy is based and should be based on a manufacturing base and that is not necessarily so. There are economies worldwide that are not based on manufacturing. It is plain and simple. It is predicated on the assumption that you have a large and significant manufacturing sector dealing in, as the Senator described, tradable goods.

Mr. Vice-President, let me point out there are viable economies, very close to us, that are particularly small island states that have no manufacturing at all, none at all. Their entire economy is based on tourism so that there is no way on the face of the planet—Anguilla, Antigua were to find natural gas or oil you could say to them then they are suffering from Dutch disease. There is no manufacturing. It just does not apply.

Our economy, 150 years ago was based on sugar. One could call sugar manufacturing. It was mainly agriculture which, of course, was manufactured into sugar as it was refined and then exported, but it was based on agriculture. It is now oil and gas and it has been so for over 100 years. For anyone to suggest that

Appropriation Bill (Budget)
[SEN. THE HON. D. MONTANO]

Monday, October 16, 2006

somehow we should not be depending on the natural resource of oil and gas to sustain our economy not only now, but for as long as we can into the future, it makes no sense whatever. Developed countries exploit the natural resources that they have.

Guyana exploits bauxite which is not converted in Guyana. It is exported as a raw material and one of these days they are going to run out of bauxite. The United States produces bauxite; they produce tin, nickel, lead, iron ore, all sorts of other things and one of these days they are going to run out as well—Australia. So, to suggest that we should not be exploiting our resources and not depending on the revenues does not really hold any water. It does not really make sense. There are issues that I will develop.

I see that Sen. Cropper is looking a bit confused. I will explain it so that she understands. The United States economy started booming about 150 years ago and this was largely based on their agriculture sector.

The Europeans came to North America and found that there was a huge area of land in the mid-west that had topsoil between two and three feet thick, rich soil for agriculture. Today, as one very well knows, they feed a major part of the world. They are the major suppliers of corn, wheat and barley because of the richness of the topsoil. But 200 years of exploiting that topsoil has left it in many areas with barely six inches of topsoil. Are they to stop growing wheat and barley? Is that what the suggestion is? Is this suggesting then that they should not be growing the wheat, barley and corn for export purposes because the topsoil is running out? That topsoil is a natural resource that cannot be replaced. Is that what the suggestion is? The argument is very close. What happens is this. People have to recognize our economy is an oil-and gas-based economy. Yes, there are other parts to the economy but let me just say this.

First of all, the fact is, the manufacturing sector is not in decline. According to the *Review of the Economy*, in 2002 the manufacturing GDP at constant price was \$4.1 billion; in 2006 it is almost \$6.3 billion, an increase of 52 per cent in four years. This is at constant prices. So you cannot say that the manufacturing sector is in decline. The Senator then went on to talk about tradable goods and wanted to exclude the manufacturing of food, beverages and tobacco from the manufacturing base, and say well, that is food and beverages and, therefore, it is not part of the manufacturing base; it is part of the manufacturing base. Whatever you are manufacturing, you are manufacturing. It is as simple as that. And in the services GDP, that increased from \$33.3 billion in 2002 to \$44 billion in 2006, an increase of 32.6 per cent.

Let me just point out that the services part of our GDP at \$44 billion is 50.5 per cent of our economy. It is larger than the petroleum sector. The petroleum sector is \$35.8 billion. Services alone, is \$44 billion. Manufacturing at \$6.3 billion is only 6.8 per cent of our economy and, therefore, one needs to understand that this is an island economy and as a result of that it is fundamentally different from an economy the size of the United States, Canada, Australia, China, or even Holland where we do not have the natural resources such as iron ore, alumina, zinc, tin or copper to convert into anything else. The only natural resources that we have are hydrocarbons and we are using them to the extent that we can use them.

The Senator spoke about increasing the manufacture of tradable goods. Mr. Vice-President, for us to increase the manufacture of tradable goods we have to import the raw materials. It is either that the local businessmen themselves invest in manufacturing operations or you invite foreigners to come here and manufacture, and why would they come here? For two things, and two things only; firstly, it would either be cheap labour which we really do not have here, that is, by world standards, or cheap energy which we do have. Which is it?

To produce a tradable good you need raw material which we do not have but, we have labour and energy, so we use what we have. And we base and we build our economy using the facilities and the resources that we have. It is not rocket science. And for people to come here week after week, month after month, year after year talking about the dependence on the energy sector is just losing the point of how our economy is based and how it is not going to change in the foreseeable future.

What has to happen is this. The Dutch disease concept refers to booming revenues coming from the natural resources that you are exporting. One of the suggestions, in order to avoid the decline of the rest of the economy is to sterilize the revenues.

6.00 p.m.

Now, Mr. Vice-President, recognizing that the energy sector is a fundamental and vital part of our economy, we do not sterilize all of the revenues. What is happening now is that the Ministry of Finance has said that it will sterilize those revenues based on a particular formula in excess of US \$45 a barrel, but we will use the revenues we earn up to \$45. That is what is being said. That is what makes sense. You cannot do it any other way. It makes absolutely no sense simply to sterilize the revenues from the energy sector saying that it is a wasting asset and that we are going to put it all away for the future. That is like Barbados saying it is not going to use the revenue it gets from tourism. That is what their economy is based on and that is what has to happen.

Appropriation Bill (Budget)
[SEN. THE HON. D. MONTANO]

Monday, October 16, 2006

The Senator went on to suggest that the greatest growth of jobs was in the construction sector and that is not entirely accurate. Between 2003 and 2006—those were the numbers I happened to have with me when she said that—the increase in the construction sector was 25,000 in terms of the increase in employment in those three years. In the petroleum sector, the increase in employment was 33,000 and the increase in employment in the social and personal services area was 32,000. We are not dependent on the construction sector for the increase in employment. Yes, it has a tremendous impact on employment, but it is not that alone. There are other vital parts of the economy to which people must pay serious attention.

Mr. Vice-President, listening to the Senator, one would have thought that nobody should invest in Trinidad and Tobago because we are on the verge of collapse. That is not so. We know that we have realistic reserves of energy into the future and we know that they are there to be developed and exploited and that is what it is all about.

The Senator went on to talk about the development of intellectual property and the number of patents that had not been registered in Trinidad and Tobago and compared us to the United States, Canada, China and Ireland. I would have thought that the Senator would have compared us to other states of similar size and at a similar state of development. She cannot compare us to the United States or Canada. She is not matching like with like.

Then the Senator started to talk about the University of Trinidad and Tobago and Tamana Park. While I do not want to get into education—I will leave that for my colleagues—the Senator seemed to miss the natural link that we have set up between Tamana Park and the UTT.

The Senator spoke about inflation. My colleague, the Minister of Housing, put it very simply in talking about the root cause of inflation and we understand what happens. How do you cure it? There are many suggestions and every economist that you talk to will have a different opinion. Nobody has the same opinion on how inflation could or should be dealt with. I know that the Central Bank and the Ministry of Finance are wrestling with the issues.

Mr. Vice-President, you have to look at what is happening in the economy as a whole. Should we stop the level of expenditure that we are incurring at this point? When you look at the level of employment in the country over the past four years, the increases are not just academic numbers as the Minister of Housing was trying to explain. These are human beings; these are citizens of the country

that have jobs—and good jobs—and have an opportunity, for the first time, to take part in an expanding economy. That is what it is all about.

In the last 18 months—if anybody does just a little bit of arithmetic—you would have seen that the number of new cars registered on the road is about 50,000. Sen. Mark was talking about the drastic increase in the repo rate, the cost of financing at the commercial banks and people cutting back their expenditure because of the increase in interest rates. Well this puts the lie to that because in the face of rising interest rates people are still buying motor cars, which is an expensive asset. It is not a radio; it is not a pillow; it is not a television set; it is not a bed, it is a motor car that costs \$50,000, \$60,000, \$150,000 and the interest rates impact most severely on those expensive assets. Yet, the rate of increase in the demand for motor cars is rising. That is saying to us that the financial and fiscal policies of this Government are succeeding. They are succeeding because people, who never before had the opportunity to own their homes or whatever else, now also own their motor cars. Mr. Vice-President, that, of course, comes with a consequent problem, that is gridlock on the roads, but that is another issue that is being dealt with in another place.

There is one last matter that the Senator talked about, which I would like to deal with. She talked about the Prime Minister referring to the applications by the aluminium smelter plants for Certificates of Environmental Clearance from the Environmental Management Authority; that the Prime Minister said they would probably get it, as if it is wrong. The inference in what she said was that it was wrong or immoral.

Mr. Vice-President, nobody will plan to invest in a country like this or anywhere else without the reasonable expectation that they would have to comply with the local laws and standards of safety or environment that exist in the country. There is, therefore, a reasonable expectation that when they apply they would succeed. There is no guarantee, but if they did not have that they would not apply. I have finished with that. Let me just talk a little about Sen. Mark.

There was a story that was circulating last week about Sen. Mark—that he had gone for an IQ test and it came back negative. [*Laughter*] Mr. Vice-President, when I listened to him, I thought the story was true. He started off by saying that during the UNC era, they had built 20 secondary schools. First, I would say: Where did you build them and where are the children that are in these 20 schools? My information is that they built eight. The Senator likes to mislead.

Appropriation Bill (Budget)
[SEN. THE HON. D. MONTANO]

Monday, October 16, 2006

He also said that they built 30 early childhood care centres. I understand that there are many of them that are collapsing now. [*Crosstalk*]

Sen. Mark: But we did, eh. [*Laughter*]

Sen. The Hon. D. Montano: Mr. Vice-President, Sen. Mark seemed to be confused about the issue of the revenue being accounted—this is in last year’s budget—at \$45 and the expenditure being at \$35 and what was going into the Revenue Stabilization Fund. He did not go too much into the Revenue Stabilization Fund, but I would like to point something out to you. It is something that I spoke about when I was on the other side, when Sen. Mark was on this side; about what they were doing with their Revenue Stabilization Fund.

The UNC pat themselves on the back for setting up the fund. When you look at the facts and figures, at the same time they were setting up the fund, they were into heavy borrowing, both locally and abroad at extraordinarily high interest rates, so much so that there was something suspect about it. In any event, the point is that they patted themselves on the back but effectively they borrowed money from the bank at 11 per cent and 12 per cent to put into the Stabilization Fund to earn 2 per cent. [*Laughter*] That is exactly what they did, just to say they had money in the fund. They did not understand what they were doing. They were pushing up the public debt to achieve what exactly?

Mr. Vice-President, if you look at the accounts of this administration you would see very clearly that has not happened. The money that we have put into the Revenue Stabilization Fund has come from budgetary surpluses—end of story. That is how it works.

The Senator then started to suggest that there was a shortage of foreign exchange on the market. He does not understand what is going on. I tried to explain on a previous occasion what happens with the foreign exchange. The Central Bank is the Government’s banker. When the Government gets a cheque for taxes or whatever it is, it goes into the Central Bank. The Central Bank is the Government’s banker. It does not go to Republic Bank or RBTT or the Bank of Nova Scotia. What comes into the commercial banks are the proceeds of the export sales from the private sector because these banks are the banks of the private sector. The only way for the Central Bank to get foreign exchange into the system is by the mechanism it uses. It buys TT dollars and it injects US dollars in the system for the private sector to use. The difficulty has always been to balance the supply and demand—the supply from the Central Bank to the commercial banking system. That is the challenge. If you look at the change in the balance of payments, you will see that there is nothing to be alarmed about.

In January 2005, the net foreign reserve position of the country was US \$3.5 billion. By April 2006, it was US \$6.2 billion. That cannot be a crisis. It has only to do with the little peaks and valleys; the little shortages that have to do with the mechanisms and the management of the banking sector by the Central Bank. It has nothing to do with any depletion of the reserves or the resources of foreign exchange.

6.15 p.m.

Sen. Mark asked if the Government was committed to defending the exchange rate. That was a question I asked every single year I was in Opposition. I remember before I came into Opposition in 1995, the exchange rate was approximately \$5.87 or somewhere. As soon as the government changed, with the tremendous confidence that everybody had in the UNC government, for the first time, the exchange rate jumped to \$6.23. Do you remember that? Within the year, by 1997, the exchange rate was \$6.30, which is where it is now. That is how it got here, Sen. Mark, under your watch. It got here because it was below \$6.00 when we gave it to you.

Mr. Vice-President, he said something about NEDCO being a slush fund to finance an election campaign. I will get to NEDCO in a while so I will save that.

He started to talk about the senior citizens grant. Let me try to explain why we have changed the name from the old age pension to senior citizens grant. A pension is something that you make a contribution towards. Sen. Mark spoke about pensions, so he understands how it works. It is something that you make a contribution towards. When you retire it comes back to you. It is funded entirely by the State. There are other pension plans in the private sector to which workers make no contribution either. *[Interruption]* It is assumed. There are certain assumptions that are made. When salaries are negotiated, that is taken into account. It is not an old age pension. If it was, then everybody who reached the age of 60 or 65 would be entitled to it; but that is not so. It is only those persons who have reached the age of retirement that do not have an income large enough to support themselves. At that point, the Government says: because you cannot sustain yourself we will help to sustain you. It is done really by way of a grant. It is not that everybody gets exactly the same amount. It is a grant. We are simply calling it what it is. It does not change anything. It changes nothing at all.

He started to talk about limiting the investment in stocks and shares by pension funds. Clearly, Sen. Mark does not understand stocks and shares. He does not understand the stock market or business. He simply does not understand

Appropriation Bill (Budget)
[SEN. THE HON. D. MONTANO]

Monday, October 16, 2006

business. Somehow, it is okay for the UTC to invest in stocks and shares and for persons to invest in the UTC but it is not good for pension funds to invest in stocks and shares. That does not make any sense. Companies exist so that their value will increase over time. History has shown that by and large they do. There are always one or two that will fail and there are always periods in history where countries will go through bouts of recession and prices may fall, but over time they always rise. Therefore, to suggest that investing in stocks and shares by pension funds is not a valid means of investment is completely absurd.

Sen. Mark: Mr. Vice-President, I do not want to interrupt my colleague but he is misleading you. Under Standing Order 32(4) he is misleading and misrepresenting. If you like I can clarify what I said. Do not misquote or misinterpret. If you look at Standing Order 32(4), that is what my dear friend is doing. I never said what he said. If he does it again, I will have to interrupt him.

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, I beg to move that the Senate continue sitting until the completion of Sen. The Hon. Danny Montano and Sen. Basharat Ali's contribution, which I anticipate will be approximately 7.45 p.m. or 8.00 p.m.

Question put and agreed to.

APPROPRIATION BILL (BUDGET)

Sen. The Hon. D. Montano: Thank you, Mr. Vice-President. Sen. Mark went on to talk about how we were misleading the population with the changing of the base in terms of how the GDP is being measured and that we were not comparing like with like. Let me assure the good Senator that the historical figures, as they are presented, will be stated with the new base. We are comparing like with like. *[Interruption]* The unemployment rate has not changed. It is going to change very soon. The measurement method has not changed.

To close off on what Sen. Mark was talking about, he said that one of the differences between the PNM and the UNC is that the PNM will build you a house and the UNC will build you. Those were his words. Allow me to suggest that is why we are in Government and they are in Opposition.

Sen. Dr. Kernahan: No, you are there because of the Jamaat.

Sen. Mark: Joe, you should know about that.

Sen. The Hon. D. Montano: Mr. Vice-President, let me deal with my own Ministry. Of course, one of the things I have dealt with this year is the Occupational Safety and Health Act, which, as you know, was proclaimed on February 17 this year. Just to remind you, section 98 reserves and keeps the Factories Ordinance in place until August 17, 2007. This was to give us time to get the authority and the agency, two bodies that are contemplated by the Act, in full operation.

There have been questions put to me in different fora as to exactly how the whole thing works, what is operational and what is not, and what happens with the regulations and the standards. I would like to deal with that. There are regulations that already exist under the Factories Ordinance. I will deal with that in a second. Under the standards for OSHA, the following standards have already been completed: contractor safety; risk assessment; workplace design, indoor office lighting; and personal protective equipment/gloves protection, face and eye protection. Other standards in the process of being developed by the Bureau of Standards are: workplace design, indoor air quality, working at heights, occupational safety and health management systems, mobile equipment and hazardous materials.

In terms of the regulations, under the Factories Ordinance the following regulations and orders have been made: the Factories Prescribed Forms Order, the Distillery Safety Regulations, Boilers Regulations, Special Provisions for Safety in the case of Air Pressure Containers, Factories Cleaning of Machinery in Motion, Woodworking Machinery, Factories Electricity Regulations, Factories Welfare Regulations, Electric Accumulator, Manufacture and Repair Order, the Factories Protective Measures Order and the Certificate of Appointment of Factory Inspector.

The framers of the Occupational Safety and Health Act provided that all of the regulations that existed under the Factories Ordinance would be regulations under the Occupational Safety and Health Act. There is continuity. These regulations exist at this point under both pieces of legislation; both the Factories Ordinance and OSHA. There is no vacuum in the promulgation of regulations.

I shall deal with the Occupational Safety and Health Authority. I am very pleased to say that the Authority was commissioned last Friday. We waited some time because we had a bit of a snafu, as the expression is. When the names were formerly approved at the level of Cabinet, within a day or two we received word from the chairman designate who had accepted to serve as the chairman and whose company had actually put her up to be the Chairman of the Occupational

Appropriation Bill (Budget)
[SEN. THE HON. D. MONTANO]

Monday, October 16, 2006

Safety and Health Authority, came back to us and said: “There may be a problem with my appointment and I ask you to hold off on the handing off of the instrument because it may be viewed that I have a conflict of interest situation. Therefore, I am not quite sure whether I can in fact accept.” We waited several weeks for her final response and their head office in the United States came back and said: “We feel that you should not do that,” and, therefore, she had to withdraw.

We have since then been trying to find a chairman of the Occupational Safety and Health Authority. I felt very strongly that both the agency and the authority should be headed by persons with the highest level of experience, both locally and internationally. Occupational safety and health is an extremely important issue in a country like ours that is developing at the rate that we are developing. The fact of the matter is that we needed to ensure that the safety standards and practices that we inculcate should be at the highest level. We felt very strongly that we would get that level of expertise from the large multinationals which are operating in our midst. It is among that group that we have been looking for a chairman. That is where the delay, if there is one, comes from.

Notwithstanding that, a couple of weeks ago, we took a decision to proceed with the commissioning of the agency, realizing that it was the one person that we did not have and so we were going to proceed with it. The authority is in full operation at this point. The authority's job is to assist persons in matters relevant to the general purposes of the Act; to arrange for research on publications, training and information; to make proposals for regulations; and to advise the Minister on organizational structure and staffing requirements of the agency. That is where we are with the authority.

With regard to the agency, in March of this year, the Cabinet agreed to the hiring of 38 new inspectors. We realized that until we had an executive director of the agency, we would have to hire them into the Factory Inspectorate, until such time as the agency was fully commissioned.

6.30 p.m.

Mr. Vice-President, we have applied both locally and internationally, and we have received 195 applications for inspectors and, at this point, we have done all the interviews. We have made 38 offers, and we have 37 acceptances. I am advised that these new inspectors will be coming on board within the next four to five weeks, starting this week. Not everybody is starting on the same day. Some had to give notices, and some notices were longer than others, so some applicants are coming on this week, and over the next four to five weeks they will all be coming on board with the Factory Inspectorate.

With respect to the executive director, we also got Cabinet approval to advertise internationally and locally. This has been done. In fact, how we got started with this was, earlier this year there was a training seminar that was being assisted by the ILO for labour inspectors as well as factory inspectors, and a fellow by the name of Mr. Wolfgang von Richthofen came. Recognizing his background and experience, Mr. von Richthofen was able to help us in setting out the type of qualifications that we should be looking for, and he really got us started in the search for an executive director. Just by way, this is a little anecdote for those of you who may be history buffs. Mr. Wolfgang von Richthofen is the grand nephew of Manfred von Richthofen who some of you may know as the Red Baron fame of the 1914 to 1918 war. That is just a little anecdote.

Mr. Vice-President, at this point, we have received 26 applications of which 19 were foreign and seven were local. This is for the executive director of the agency. We have short-listed 12 applicants with the assistance of the ILO; nine foreign and three local. They are going to continue to help us with the interview stage.

So, Mr. Vice-President, the Act is in full effect at this point, even though the agency is not fully operational as a legal entity at this point. There are still issues that are going on in the court, vis-à-vis the Factories Ordinance. At this point, there have been no accidents under the Occupational Safety and Health Act since February 17, 2006 that are ready for any court action. They are several months away from any court action, and we fully anticipate that before any action is being taken on any matter that the agency will be fully constituted and fully operational on its own. So, there is no vacuum; there is no delay in the administration of justice and in the administration of the Occupational Safety and Health Act.

Mr. Vice-President, I just want to point out that fatalities in Trinidad and Tobago took a very substantial jump in 2005. In 2003 we had three fatal accidents; and in 2004 we had four fatal accidents. Now, the usual measurement of fatal accidents is done by the number of fatal accidents per hundred thousand. In 2003 and 2004 it would have been less than one per hundred thousand, so it is not even worth measuring.

In 2005, you would recall that we had 18 fatal accidents and that worked out to be three deaths per hundred thousand of the labour force; take three per hundred thousand. This year, to date, unhappily, we had 10 fatal accidents which worked out to 1.7 fatal accidents per hundred thousand.

While I would certainly say that one fatal accident is one too many, you cannot reduce somebody's life to a mere number. You cannot do that. We need to

Appropriation Bill (Budget)
[SEN. THE HON. D. MONTANO]

Monday, October 16, 2006

look at how we are operating in the climate that we are operating in and the level of growth of our economy. The only thing that we can do is to use these benchmarks and try to measure ourselves with other countries.

I would just like to draw your attention to Singapore, where in 2005 their ratio was 4.9.

Mr. Vice-President: Hon. Senators, the speaking time of the hon. Senator has expired.

Motion made, That the hon. Senator's speaking time be extended by 15 minutes. [*Hon. Dr. L. Saith*]

Question put and agreed to.

Sen. The Hon. D. Montano: Thank you, Mr. Vice-President. Let me just say here again that the Government's intention is that every employee should go home every afternoon in the same condition and in the same health in which he or she came to work. That is the intention of this administration. The OSH Act cloaks an individual with legal protection; it does not actually protect him. It is people who protect other people.

One of the things that we need to inculcate in our society is a culture of safety. We need to think in terms of what can go wrong and what will go wrong and, therefore, we have to be extremely careful. It is not a question of, it is okay. We cannot do that any longer, not with the experiences that we are having. I must call on the private sector that for the most part is fairly responsive, to ensure that they inculcate a culture of safety.

Mr. Vice-President, one thing that I have coming up, as I have said before, is the Employee Compensation Bill. This Bill has been drafted. It is a completely different Bill from what had been done before. We have consulted with ATTIC which is the Association of Insurance Companies of Trinidad and Tobago, and we have heard their views. We needed to do this because the scheme that we are designing is an insurance-based scheme. It is not a fund-based scheme; it is an insurance-based scheme. The point of having it as an insurance-based scheme is that we felt very strongly that if people had poor experiences and there were many accidents, the insurance companies themselves will raise the premiums on insurance, and the employer will effectively be penalized and, in that way, you would then have an incentive to invest in safety procedures. That should be coming very shortly. I need to take that Bill to Cabinet to approve the policy and the draft legislation, and because it is now radically different, I need to do that

before I take it into the realm of consulting with unions and employers and so forth which will be done immediately after I get Cabinet blanket approval; not specific approval, but specific approval for the policy and the approach that we are taking.

Mr. Vice-President, I have used up a tremendous amount of my time. I just want to deal now with a couple of things in the ministry, and some things have been said about NEDCO which, of course, is the Government's small lending window. NEDCO is more than just a small business lending window. NEDCO has also been mandated to reverse the trend of new business failure by working with struggling businesses by advising, counselling and mentoring them to help them through. I can assure you that NEDCO has been extraordinarily successful.

Sen. Mark talked a little about NEDCO, if I recall, and I would just like to inform him—if he still wants to criticize—what has been happening here. Between September 2005 and June 2006—nine months—NEDCO disbursed 1,439 loans and created employment for 3,597 persons—[*Desk thumping*]—and those are—with all due respect to Sen. King—sustainable jobs.

From September 2002 when NEDCO was initially formed and September 2006, NEDCO has granted 6,664 loans at a total value of \$132,241,000. This has generated 16,660 jobs; permanent jobs. [*Desk thumping*]

Mr. Vice-President, I am very happy to tell you that of the 6,664 loans that have been issued, 3,452 loans have been granted to women; 52 per cent. [*Desk thumping*] Mr. Vice-President, you would know that women formed the largest sector of unemployed in the country, and here we have a programme designed, by this administration, to facilitate people at that level. [*Desk thumping*]

Mr. Vice-President, much was said—and it was mentioned by the Minister in the Ministry of Finance—about credit unions and cooperatives. There are two pieces of legislation that will be coming very shortly that will revamp the sector, but there is one part of it that I would like to draw to your attention, because it is not only relative to just my ministry. So many of these issues tend to crossover between Ministries, but it is something that I am familiar with. I know my colleague in the Ministry of Legal Affairs is also dealing with this issue, and that is the question of interest rates that are being charged by cooperatives.

I just want to give you a little example of what we intend to deal with. We would either deal with the credit union legislation after consultation with the Ministry of Legal Affairs, or we would deal with it in the parent legislation that would be following on the consumer policy. Let me just give you a little heads-up

Appropriation Bill (Budget)
[SEN. THE HON. D. MONTANO]

Monday, October 16, 2006

here. I am going to give you a specific example. A couple months ago, a lady came to see me. In fact, she said she is a member of the public service. This credit union had come up with this scheme and it was this: If you buy \$9,000 in shares, the credit union is going to give you that amount plus 50 per cent of whatever you have bought. In this case, this lady put \$9,000 in shares and took a loan for \$13,500. She was supposed to get 10 per cent interest on her \$9,000 and then the interest on the \$13,500. She had over three years to repay interest and principal. So the \$4,500 that she had borrowed over and above the \$9,000 was hers in the first place that would be paid off, and at the end of the three years the \$9,000 would square off with the \$9,000. So, in effect she was only borrowing \$4,500 from the credit union.

Mr. Vice-President, without trying to confuse anybody and being able to draw on a piece of paper, the situation was this. She would have to pay back \$5,872 in interest over 36 months, but she would earn \$2,662 in interest over the 36 months; the net amount being \$3,210. So, she had effectively paid \$3,210 on a loan of \$4,500. Now, on a rough calculation basis that is 48 per cent. That is what it worked out to. Of course, that rate of interest is not disclosed, and nobody understands what they are doing. This is happening and the Minister of Legal Affairs is very aware of this matter. We have had discussions on this matter, and we need to finalize exactly how we are going to solve this problem, because it happens frequently with all of these consumer-type loans where you go and buy a TV, bed or a table, and you pay like this. The rates of interest are astronomically high, and people do not understand what their real rate of interest is. That is one of the things that we want to fix.

6.45 p.m.

Mr. Vice-President, I realize I have to close off in a few minutes so I just want to say one other thing. Six months ago, a lady came to see me. [*Interruption*] I see them, I see everybody who comes to see me, I do not ask them what it is about, and I see everybody. She was functionally blind.

Hon. Senator: She came to see you? [*Laughter*]

Sen. The Hon. D. Montano: I saw her, she came to visit me; she came to attend upon me, I beg your pardon. [*Laughter*] Mr. Vice-President, I apologize; clearly I am thinking about going home at this point. So, I apologize, a little faux pas there; I apologize. She came to visit me. [*Interruption*] After 11 years; after 11 years. She came to visit me and she was functionally blind. She had a laptop with her and she demonstrated that she had a lot of skill with this thing and she could do all sorts of things. I could dictate, she could type, it was accurate, and she showed me.

When she left I was so impressed I called a small team and said listen, we have to do something for people like this, because she said that she knows lots of other women like her who had this type of skill. I called a small team and said listen, can we hire her? Is there something we could do to help this lady?

Mr. Vice-President, one of the persons that we spoke to is Mrs. Joan Mohammed, who is in the manpower unit of the National Employer Service of the Ministry. They have placed 12 blind persons over the past six months. [*Desk thumping*] They have found 12 jobs. It is true that not all of the jobs are permanent; that is not the point. The point is these people are getting an opportunity. They are getting an opportunity to demonstrate that they have skills.

There is one other person, under the same initiative, who was deaf who came to us and who is now employed. I want to say I cannot call the names because of the circumstances of the employment of two of the persons are very special and are very unique and difficult circumstances. There are two private sector companies that are involved in this little programme of ours, that have taken two of the persons; one of whom is deaf and the other one is blind. I cannot call their names because the circumstances are so peculiar that it would be improper for me to do so.

The fact of the matter is, it was heart-warming to see that companies in the private sector would go out of their way to pick up people, not who had the kind of impairments that these two employees have, but given the circumstances of their background and to reach out and to bring them in and give them decent work.

Mr. Vice-President, I know that my time is up. I would just like to thank you very much for the opportunity.

Thank you very much.

Sen. Basharat Ali: Thank you, Mr. Vice-President. I rise to speak, to start with, on what I know about, that is petroleum, and I would go on further to talk about public utilities, particularly electricity and water. I have something to say on the public sector procurement regime and if I have the time I would like to go back to roots and talk about agriculture.

The first problem I had was related to revenue from petroleum. When I first heard that the base was \$45 internationally, which is WTI crude, I wondered why there was a shift from the \$35 from last year and I wondered in fact, whether there was a little sleight of hand, so that at that higher number you would have a larger amount of petroleum revenue as a cap to apply to expenditure.

Appropriation Bill (Budget)
[SEN. ALI]

Monday, October 16, 2006

I was very surprised when I saw the numbers that appeared in this yellow document. I would like to go through some of these. I looked at petroleum revenue under four items actually; one is taxes on income and profits; the other one was royalty on oil and gas; the other one was profit sharing, production sharing contract. Somehow or the other I chose to put in excise duty, petroleum because I was trying to balance the 2007 number for revenue which was given in the budget statement and I thought maybe that was a figure that was included. I would just give the bottom line on this calculation.

For 2007, I am using the total revenue—oil revenue as they call it; petroleum revenue it should be, I suppose—\$15.235 billion. I was quite surprised because in 2006 we used pretty well the same markers, except for the natural gas which had dropped to \$3.50 from \$3.75. I was surprised when I compared the revenue in 2007 to the revenue data for 2006 that basically the same markers gave 18.433 billion in 2006, which meant a difference, lower than 2006, of \$3.2 billion. I wondered how we got to this stage and why there is this large deficit of \$3.2 billion on petroleum revenue. Having looked at the markers and not seen the big difference, the \$3.75 as against the \$3.50, I said it would be balanced by the fact that we would have a full year of Atlantic LNG with Henry Hub gas prices, and of course, we were still using in that revenue stream calculation in 2006 budget, US \$45 per barrel.

I tried to explain why the big difference, \$3.2 billion; I wondered whether it was lower crude oil production. I know up to about May the crude oil production was still running at what was projected, about 150,000 barrels a day. Subsequent to that, there was a fall in production from BHP Billiton and that is about 14,000 barrels a day, I would say because it went from 46,000 to say 32,000.

I do not know whether the Ministry of Finance is now projecting on lower production rates on crude oil for the year 2007, which might explain partially this deficit. I would like to remind the hon. Minister in the Ministry of Finance, when we looked at the 2006 expenditure basis at \$35 per barrel oil and \$3.75 natural gas, that figure given in the June debate was \$16.21 billion against the \$18.4 billion, which is from the 2006. So there was a deficit there of \$2.2 billion, but what is interesting is that \$16.21 billion is lower than the higher \$45 by still a certain amount, so it is a puzzling thing to me.

I would like an explanation. Is it crude oil production which is lower projected? The only one I know that should be lower or may be lower is the BHP Billiton and I have heard the comment from the hon. Prime Minister on another occasion that they are finding out that the geology is complex.

The natural gas production I expect to be a little higher, as I said before, because Train 4 started in December last year, so we would be having the full benefit, hopefully, of the Train 4 LNG production during this fiscal year. So it is as far as any lower crude or is it a question of tax planning, as they call it, or tax deduction by some oil companies. For example, bpTT, we know they drilled Ibis Deep as a dry hole and it is reported that was half a billion dollars, and that is expensed in one go and presumably that would be one of the items taken up within this budget. I just need an explanation on that item.

The second area I wanted to talk about; by the way I was looking at the projections for 2007 for crude oil and the Henry Hub gas and the latest Department of Energy in the United States forecasts WTI at \$66 and Henry Hub at \$7.53; those are the numbers I think we can work with. I think you have been talking about over \$60 oil and the Henry Hub there, which would pick up. Presently, Henry Hub is only about \$5 but with winter coming we hope that it would go up.

I would like to speak very briefly about reserves because it seems to be a dirty word, almost at this stage. I have heard what the hon. Prime Minister said but I would have liked if the hon. Minister of Energy and Energy Industries had spoken, to hear what the reserves at January 01, 2006 would have been, but we have not had that opportunity yet. I am thinking that probably there is no increase or there was no increase in the proven reserves or a negligible amount of increase in proven reserves in the period January 01, 2006 to now. That is a guess.

I am saying if that is so—and that figure is not in any document as far as I know—the proven reserves would have gone down to 17.38, 17.4 trillion cubic feet of gas. If I deduct from that the production since the last fiscal year at 3.8 billion cubic feet a day, which is equivalent to 1.39 TCF—that is where I got the 17.38—and reserves to production ratio becomes 12.5, so you say 12.5 years.

I am in agreement that natural gas reserves are in fact a planning tool by which you would look towards what we might have to do to increase the proven reserves and what we can do by looking at different uses of our natural gas. So I do not say that okay, it is a finite figure so you should not go beyond that. But let me say that if you have commitments which already cover that amount of proven reserves then the banks would ask you for more proven reserves. I believe the hon. Minister of Energy—talking about another Train X or as he was saying—said that we cannot do that now because we need the additional proven reserves, so I know that that is the case and I am looking forward to seeing some more

Appropriation Bill (Budget)
[SEN. ALI]

Monday, October 16, 2006

reserves come out of the ground. If we continue like we did with Ibis Deep, I think we may even drop below the figure for last year. Last year we had a proven, risked probable and risked possible adding up together to 34.9 trillion cubic feet.

The way they calculate the risked figure is that they look at what is happening; a discount factor like a probability factor. When you have a dry hole it is a negative amount so you may find that they would want to discount further that figure of the probable and even the possible reserves, if we do not get any successful exploration in the coming period.

7.00 p.m.

I would like to go, Mr. Vice-President, to the budget statement and to go to the statement on “Growth and the Diversification Challenge” that is on page 9 of the budget statement and this gives only one line on policy and it says:

“The Government's policy towards the industry is expected to greatly facilitate this process of growth and expansion in fact the projection is for the doubling of our GDP before 2014.”

It does not say very much about what the policy is, but I was pleased, in fact, for this document: *Highlights of Achievements* which had been given to us; which had been tabled, and there I find a little elaboration, particularly on Government's energy policy with respect to natural gas, which is to me where our development is going to be. Let me quote from this document, page 92 of the *Highlights of Achievements* and under Government's energy policy the paragraph I am quoting is:

“The Government’s policy on the natural gas industry aims to continue to seek to diversify the sector such that a broad range of commercial endeavours are represented. The strategy will allow for the protection of this sector from too much reliance on a particular industry, thus ensuring the sustainability of the natural gas-based industrial sector in the country.”

So that is a statement of policy. And the document goes on to say, that on the basis of this we have had a series of proposals for several projects that offer to add value, to take steel output to the next stage and to produce raw aluminium, et cetera.

I was pleased to see that there is a prioritization process listed in this document. Let me read what it says:

“In pursuance of its policy, Government in 2005 conducted an exercise to examine the various project proposals that were vying for access to supplies

of natural gas, based on currently available reserves. The following criteria were selected to determine the priority listing:

- Projects which are fully committed;
- Projects which provide substantial downstream industries; and
- Projects which are likely to happen within a three-year time frame, with start of construction and/or investment decision in 2006.

Based on this approach, a priority list of proposed projects was arrived at, and which would be fully supplied by available gas resources.”

That is a statement of policy and prioritization from this document on the highlights.

I must say also that one of the highlights given in this document under energy is the natural gas master plan which was submitted to Government in January 2002. I had a look at it; I do not think it is in the public domain but I did have a look at it and I am quite satisfied with the methodology, but on the very day that this was published the material started to become obsolete because, for example, crude oil—in looking at projects—was based on a price of \$25. So we start seeing already that if anything, there needs to be an update of certain aspects of that natural gas master plan. They recommended not doing any more ammonia or fertilizer projects because they said the market was saturated, et cetera, but we know that ammonia is going at \$300-plus a tonne and we do not see any slowing down on it. Methanol, somehow, has gone crazy from \$442 last month, I think it has gone to \$599 this month, but that, I believe, represented a series of events where there was a loss of supply. But it is indicative of very tight supply of both methanol and ammonia, but I will go now, having read that to the list in the budget statement of projects and speak to a few of them.

I mentioned to the hon. Minister that what we have been given is a skeletal list and I will like as I go along to add some flesh to the bone on these various projects. On page 10 of this document there is listed the Ansa McAl Urea Ammonium Nitrate plant. I believe there is an error—unless the scope of the project has changed—in the production of this plant which is listed as 300,000 tonnes per annum of urea ammonium nitrate. I believe that is the amount of anhydrous ammonia that is to be produced by this plant; the Ansa McAl plant which is now called First UAN Trinidad Limited. Three hundred thousand tonnes is anhydrous ammonia—one product—and the other product is indeed the urea ammonium nitrate which is one million tonnes for the year.

Appropriation Bill (Budget)
[SEN. ALI]

Monday, October 16, 2006

I would like the hon. Minister of Energy and Energy Industries to let me know whether this statement is right or not, or whether there has been a change in the project's scope. I think there may be a slight mistake in the documentation here.

The second project listed here, and these are the projects which have local investors content in them; the second one was the Ammonia Urea Melamine project (AUM) and the numbers given for that is okay, and the gas amount is 70 million cubic foot per day. I am looking at the gas because that is an important element of projects which have been prioritized; that one is already in the process of implementation, so presumably these two projects are projects which have been given or which have a committed supply of gas.

In the category of nitrogenous-based fertilizer plants, I notice one project which had been previously listed and with a large local content is no longer there; that is the Trinidad Energy Investment Limited Project which has output of 360,000 tonnes a year of ammonia and 1.1 million tonnes per year of urea and the natural gas requirement of one million standard cubic foot a day. I am not sure looking at the criteria, at least, certainly the downstream criteria have been fulfilled. I am not sure why that one is being omitted. Is it that we do not have the gas to give to it? I would like to know.

The next project that I would like to look at and listed here is the Maleic Anhydride processing facility. This is a project, I think, from Phoenix Park Gas Processors Limited; I looked at it and when I first saw the name it brought back memories to me because the first project we did in the first oil boom was a project proposal from Texaco to produce maleic anhydride from benzene. This production here will be from butane; in fact, which is probably an easier feed. Texaco at that time produced benzene, so that is why they chose that route. The plant production capacity is 20,000 metric tons per year; it is a small plant and these are always small units. The requirement then would be about 24,000 tonnes a year of normal butane which works out to 250,000 barrels a year—by my calculation—but availability is about 3.6 million barrels a year if we are just looking at the Phoenix Park Gas Processors production of butane.

It is a good way; I like projects like that. It really means that we are up-rating our own resources from natural gas liquids into a downstream project. This project as listed there is from a South African company, so I do not know whether there are any other downstream activities associated with that project.

The next project listed is a big one, the Westlake Ethylene Complex; I believe the hon. Minister had made statements of an MOU signed with Westlake. Unfortunately they never said what the project scope is; they only said how much money it might be and how many people might be employed. I had to do a little guessing and I would like to go back to the Minister, and if necessary, he can correct me. My guesstimate is that this plant, based on only the non-LNG natural gas will be about the order of 600,000 metric tons per year of ethylene and that is equivalent to an ethane feedstock of 51 million cubic foot a day. Fifty one million cubic foot a day of ethylene is the amount of ethylene in our gas that can be recovered by Phoenix Park Gas Processors Limited and it is a simple thing if you take 51 million cubic foot a day of ethane out of the system you put in basically the same amount; 51 million cubic foot a day of natural gas and you even-steven again.

I like this project but I am hoping that polyethylene is not the only downstream product that is coming with this development because it is a big project and I am hoping that in addition to the ethylene to polyethylene that we will be going the route of ethylene to vinyl chloride monomer to PVC resins. I think this is important because when we have that long list which hon. Minister Enill gave at the beginning of all the products that we might be making, pipes, et cetera, I feel that we should diversify; not put all our ethylene into the basket of polyethylene. I know it is a question of negotiations with Westlake and I do not know who they are very well; I know from the website who they are. But I think it is a good way to go and I was really surprised looking at a paper written by Dr. Paltoo, presented at the last Southern Chamber forum and where he had ethylene and then ethylene to ethylene dichloride and he put an asterisk against that, and he said, "not available". So ethylene dichloride is a step before vinyl chloride monomer to go to PVC resins.

That is the kind of diversification we want to look at; really good diversification and why I say so is that we have people who manufacture PVC pipes here. There is Century Eslon; there is another one locally and more than that, if we go that route we have import substitution and more than that we have trading partners. All of these people with whom we have signed bilateral trade agreements: Dominican Republic, Costa Rica, et cetera and they may be market for the resins because they will be in the pipe manufacturing process themselves. I think it is worth a second look for that one.

Mr. Vice-President, I keep hearing about polypropylene; methanol to propylene to polypropylene called the MTPP project. In fact, looking at a site layout of Union Estate I see a space there saying MTPP, so I do not know whether

Appropriation Bill (Budget)
[SEN. ALI]

Monday, October 16, 2006

it has reached that status of being assigned a space. I am not very happy about this project because it is a project which, if you make 520,000 metric tons a year of polypropylene you will have to make it from 1.7 million tonnes a year of methanol and you will consume 167 million standard cubic foot a day of natural gas. If you compare the 600,000 metric tons a year of ethylene which we are going to make, requiring 51 million standard cubic foot a day of natural gas you would see what the difference is.

7.15 p.m.

No wonder when they do these projects, they say, well, the natural gas is priced at 50 cents per million BTU; we do not have natural gas at 50 cents per million BTU. They often talk about stranded gas and I keep telling people that we do not have any stranded gas in Trinidad and Tobago, so if they want to come, they would have to come better than that. This plant is being pushed by an engineering contractor, a very reputable one, but they are in the business of selling technology, so if they can find someone who can prove it; then they have a plus. They can say, look, we have done all the work; we have pilot plant work and demonstration plant work and here we have a commercial plant going. But, I do not think this is the way to go.

I looked at what may be an alternative and that is to look at propane because we also had propane coming out of Phoenix Park Gas Processors Limited (PPGPL). Looking at the amount of propane that is produced from PPGPL, I reckon we could have a 400,000 tonnes a year polypropylene plant. That is technical, so we need to do some serious techno-economic feasibility for the manufacture of propylene from our recovered propane before we can even think about MTP or MTPP from this other company.

I throw that out to you, hon. Minister, through you, Mr. Vice-President, as an area that we should go. I feel that our people, our young engineers, et cetera should not just be accepting what is presented to them and saying we would go with that. They should be thinking down the road for themselves; thinking of project identification and their own concept of what is best for Trinidad and Tobago.

Mr. Vice-President, one of the larger scale projects recommended in the natural gas master plan is the gas to liquids route for production of high quality distillates, gasoline, diesel fuel, et cetera and at present level of crude oil prices and hence, transportation fuel prices, gasoline and diesel fuel. GTL may be a viable option for monetizing our natural gas as an alternative to LNG. The GTL plants are in the range of 15,000 to 75,000 barrels per day. These are being developed and I believe that we may have had a proposal from Shell to go the GTL route.

Petrotrin has a small plant, 2,200 barrels per day, but that is like a little demonstration plant. I hope that going that way does not mean we have tied ourselves or locked in ourselves to any kind of technology with any group. I have always felt that going the GTL route in lieu of LNG might be a very viable route, particularly, if we anticipate crude oil and its products, transportation fuel products, to be anywhere near where it is now, because their study, the natural gas master plan worked on the basis, I think of \$25 or \$26 a barrel for diesel fuel. If you look at \$60 crude or \$65 crude and you put 10 per cent onto that, you are looking at \$66 a barrel for the same material. So, it seems to me to be a way to add value to our natural gas.

Three years ago, I was a temporary Senator in this Senate and I brought to the attention of the Senate, a proposal from Qatar, a \$5 billion project with Shell, for the same project, gas to liquids on a very large scale. Only last month, I saw that this is now a project which is going and the parameters are that in this plant, it would be 140,000 barrels per day of liquids being produced. But, this is not in one train, it is in two trains. So here we have 70,000 barrels per day train and I reckon that for 70,000 barrels per day train it would just require about 600 million standard cubic feet a day of natural gas. We have to think about these things because there it is, three years later, they are going ahead full blast with Qatar and Shell in the development of this project.

Mr. Vice-President, I reluctantly go on to what I call metal industries and I hate for them to be classed under energy-based or even petrochemicals. The projects I would like to address are the two smelters: the Alutrint smelter and the Alcoa smelter. I believe that the Alutrint smelter meets the criteria we have developed for downstream development with a basis of zero export of primary aluminium. The project has local partnership and I think its local participation is 60 per cent, if I am correct. It is more modest in size in that it is 125,000 tonnes a year compared to the Alcoa smelter of 341,000.

It is my opinion that having gone through that route already of clearing the site, et cetera and being in the process of developing that industrial estate, it is supportable. This project is supportable provided it can satisfy the requirements of the EMA. When I say so, I am serious because I am afraid that—and I have to blame a company with which I have been associated, National Energy Corporation—they are not doing the kind of homework that they should. This project should have gone further than it has. I mean, they are still at comments to their last EIA which is the final step to saying yea or nay by the EMA, but you cannot go to the EMA and say, well, this is a government project and it is urgent,

Appropriation Bill (Budget)
[SEN. ALI]

Monday, October 16, 2006

et cetera; you must do it more factual than that. Whether it is a government project or a non-government project, the EMA is supposed to be an independent authority to assess the project.

I am of the opinion that environmentally, it will be okay. I worked on an aluminium smelter myself in the '70s, so I am not going to advocate because of various lobbies that it is unsafe for the environment. I have said that technology is there and mitigation of pollutants can be handled, but we need to get the approval in place and I think that is an important part of it. For this project there is also the harbour, the port and the EIA for that; they do not even have a TOR for that as yet, as far as I know. They are way behind on the site, so projects need to be done in a coordinated manner. This I see as a failure on the part of whoever is handling this project and will be holding up the project because I know PowerGen has filed their application for the power plant which is very close to the smelter itself. I will come back to PowerGen in a little while, but all the elements are there and if we want to get a speedy decision on this, we must ensure that we satisfy the EMA.

The Alcoa smelter on face value, to me, does not appear to meet the criteria; there is no downstream development. I have looked at this project from the EMA side because there you see all the files, et cetera. I looked at all of these things with an open mind, but there is no downstream development in the project as being looked at by Alcoa and I think Alcoa has not done a very good public relations job and this is one of the reasons they are so under the mired controversy under the environmental aspects of their project.

I must say in terms of that Chatham estate, that the NEC once again—if I use the word delinquent, I am using it because it has to be so—has not got permission yet to develop that site. The NEC application for development of the Chatham industrial site is still within the EMA. I wrote and submitted my comments by September 14, I believe it was, and I was not too favourable with what was happening there. I am saying it here, because it is part of the public record what is happening on this project and the development of the estate.

So, Mr. Vice-President, you cannot go and say you are going to develop an industrial estate, 900 hectares or something close to that, and all you have really is one project and with that one project, comes a power plant and nothing else. So, you are coming with one project and you are speculative about the others and you want to make a commitment for port facilities, et cetera, on this basis. I believe that we are quite a long way to getting anywhere with the Alcoa smelter project

and I will say in the absence of any downstream, let us go back to what I said, in the last budget, without downstream, forget it. I feel that should be the position.

I have talked to many executives in the energy sector who worked within the energy sector in conjunction with the Government and they keep telling me the same thing; they do not support the Alcoa smelter. It is time we tell Alcoa that and I feel that that needs to be done now before we go any further.

Sen. Dr. Saith: It has already been done.

Sen. B. Ali: Thank you very much, if that has already been done, because up to last night I was hearing about two smelters, so it will be good news for all of us.

Sen. Dr. Saith: It is downstream.

Sen. B. Ali: Well, commitment to downstream—do not say well, look, we plan to do this downstream, et cetera. I want to see commitment. So that is my take on the budget with regard to the projects.

I go to the budget statement about major initiative on public utilities, and I would like to read from this document what is said about the Water and Sewerage Authority. This is from a budget document, Water and Sewerage Authority, page 33 at paragraph 1.

“Two years ago, an initial assessment for the complete replacement of the water pipelines network in the country was estimated at \$27 billion. However, a project of this magnitude will require a major development programme and a review of the existing management structure at the Water and Sewerage Authority. The restructuring of the Authority is now under review by the Standing Committee on Energy and decisions in their regard will be made shortly.”

Mr. Vice-President, I go back to a certain document which is a paper on Government Water Policy, but not now, it was laid in the Legislative Council on January 27, 1950. That is the time we are talking about and it is instructive, this paper that was laid in Parliament and it says:

“It is Government’s policy that good water for drinking, domestic and other purposes should be provided for every inhabitant of the island and that water rates should be as low as possible for all domestic purposes. In order to realize this policy and to maintain it once it has been achieved in spite of the increasing population, a very large expenditure of public funds over a considerable number of years will be necessary. This Council Paper has been

Appropriation Bill (Budget)
[SEN. ALI]

Monday, October 16, 2006

prepared in order that the Legislature may decide now what should be the order of priority of expenditure on the major capital works which will be necessary if the Government policy is to be realized, and also to secure the approval of the Legislature to a rationalization of the administration of all matters connected with water in order that the administration may be efficient as possible before the very large of the sums of money..."

7.30 p.m.

The Government's proposals are listed; I will not go into them. Basically, it proposed the establishment of a new water commission. That sounds to me as if this was the precursor to the Water and Sewerage Authority (WASA) in 1950. Proposals for the work to be done were really interesting. There was a recommended order of priority for new waterworks. There was a Stage I which gave a number of items, including: renovation of Port of Spain mains; renovation of San Fernando mains and three new reservoirs; the Valsayn or St. Joseph scheme to complete; St. Augustine reservoir; pipeline to St. Augustine reservoir from Valsayn; pumping sets, et cetera; high lift pumping sets and Eastern Main Road pipeline.

Those items together came up to \$5 million for Port of Spain mains; \$1.5 million for renovation of San Fernando mains and \$1.524 million for all these other projects. Trunk mains north and south, \$1 million; Caura by stages, \$4 million; Tobago, \$.3 million and rural distribution mains and village supplies, \$500,000; coming up to a grand total of \$14.724 million.

Mr. Vice-President, Stage II also goes to Maracas Valley into the Penal bores, including pipeline from Penal to San Fernando, et cetera. These Penal bores were estimated to be \$1.38 million. Eastern trunk mains, \$5 million; Edinburgh well, \$150,000 million. Down the road, Tobago mains to complete, \$150,000 million; Caura scheme, clearing up houses, et cetera, \$570,000, \$9 million in total. That is the kind of expenditure we were looking at. Is there not a parallel to what WASA is facing now, replacement or renewal of pipelines, which is an urgent problem, and restructuring of WASA? After 56 years, we are back to square one. At that stage, the sums were looking very, very small compared to what we would expect at this time.

I now look at the next subject, which is power generation. If I go to the budget statement again on page 32, it reads:

"Power Generation

Trinidad & Tobago Electricity Commission

Mr. Speaker, Government has recently embarked on a drive to conserve our valuable natural gas resources.

A strategy has been developed for the phased change of all power generation facilities to combine cycle plants effectively utilizing waste heat from primary generating gas turbines.

A review of the existing power stations at Port of Spain, Point Lisas and Penal revealed that many of the plants are old and need replacement. This provides an opportunity to rationalize the generating capacity especially as the Port of Spain power station and a large part of the Point Lisas station are in need of replacement." [*Interruption*]

Mr. Vice-President: Hon. Senators, the speaking time of the hon. Senator has expired.

Motion made, That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. Dr. E. Mc Kenzie*]

Question put and agreed to.

Sen. B. Ali: Thanks to my colleagues and the Senate for giving me this extra time to talk about power generation.

We seem to have just discovered that we have an ageing stock of power generation facilities. The newest station we have in Trinidad is Trinity Power, capacity 225 megawatts, but that is a single cycle station. That was probably installed in 2000; I am not too sure. We have one combined cycle plant in Trinidad, and that is at Penal, with a capacity of 196 megawatts. So the biggest station is in Point Lisas and the first units for that were installed in 1977.

To my recollection, all the Point Lisas units had the capability of conversion to combined cycle, but were never converted. In fact, the most recent addition to Point Lisas is or will be two times 100 megawatts single cycle units. I looked at the Certificate of Environmental Clearance (CEC) application for PowerGen in the Alutrint project and there we were talking about five single cycle units, a capacity of 420 megawatts with a capability down the road of conversion to combined cycle. It was all very vague; I think the Environmental Management Authority (EMA) had asked for more information.

I wonder what the problem is. Is it that the minority shareholder, Mirant, is not willing to go the route of this kind of expenditure? The same holds good for Trinity, for that matter. Are we pushing them to go the route of a combined cycle

Appropriation Bill (Budget)
[SEN. ALI]

Monday, October 16, 2006

to save the gas? They have not really got any incentive, because they do not pay for the gas. Mr. Vice-President, T&TEC provides them with the gas. They pay something like a tolling fee for the services. I think we need to look carefully at what is happening in these power stations and the ownership structure with the Mirant Corporation. I think they are the people who eventually took over from the original shareholders; T&TEC is supposed to be a 51 per cent partner in that project.

I would like to spend some time on the public sector procurement regime. I looked at the timeline for this. Budget statement 2005 said that a Green Paper was out for public comment and the targeted implementation was in June 2006 for the regime. Then we come to budget 2006; the White Paper had been laid in Parliament in September and the new procurement regime was expected to be in effect for the fourth quarter fiscal 2006. Today, in the budget statement, the new regime is expected early in the new fiscal year. A promising record on the regime. I am not satisfied.

Let me remind this Senate what the basic principles of the new regime are:

1. Value for money;
2. Greater public accountability; and
3. Promotion of greater transparency.

One cornerstone is the establishment of the regulatory body, a statutory body with parliamentary oversight under section 66(A) of the Constitution. The role of this body, the regulator, is the crux of the procurement system. We are already into fiscal 2006/2007, so when can we expect this legislation to come to Parliament, enacted and proclaimed? There is a question mark to whoever may wish to field it. In the meantime, we are experiencing a flurry of spending by the special purpose state enterprises: UDeCott, Education Facilities, Nidco, et cetera. It is probably in the order of \$5 billion to \$10 billion. We are seeing embarrassing delays in the delivery, and cost overruns in individual projects.

We hear of the role of the Central Audit Committee of the Ministry of Finance. Is it really equipped to handle current and projected levels of activity? The hon. Member for St. Joseph in the Lower House gave a very succinct overview in the other place. I recommend that those who missed the live broadcast should read his contribution in the *Hansard*, particularly his views on the audit function as performed by these public accountants who would be the

ones preparing accounts for all these state enterprises, compared to the work done by the Auditor General. I will leave that in the interest of saving some of my time.

Looking at these principles, value for money to start with, I looked at the rapid rail project. It is a project of concern to many of us. As a registered professional engineer, I am appalled by the process of implementation of this project. The comprehensive National Transportation Study was expected to be completed by consultants presumably by the end of September. The lead consultant, Parsons Brinckerhoff from Utah, has been with this project for a long time. I note that a subset of this study, the Mass Transit System Study, was commenced in August of 2005 and the highlights were given in the document.

I am running out of time so I am unable to read it, at this stage. But what bothered me was that in June we had an allocation of \$30 million for this phase III—I do not know what this phase III is—plus another \$15.9 million to expand the national transportation study to include implementation of a rail system; all this for \$46 million. What is the cost of phases I and II of this study? I do not know.

It is not clear to me who has the responsibility for the two briefing meetings. In fact, what is the role of Nidco? Are they project managers or are they intended to be the owners? The budget statement said that it was anticipated that the contract would be awarded by December 2006; the system would be operationalized in phases and would be in full service by 2011.

This contract would be a DBOM contract. "DBOM" is not the Friday *Bomb* newspaper and does not have any connection with Bombardier, as far as I know. It is design, build, operate and maintain. That is a long-term marriage between client and contractor. I ask: Who is looking after our interests, when we might be dealing with a consortium, almost like a green field project, with maintenance, et cetera? I have "Mr. Attorney General" written against this, so I would like to know what inputs we have outside the Parsons Brinckerhoff people.

Sen. Joseph: The Minister of Works and Transport will be here tomorrow to answer all of that.

Sen. B. Ali: I will wait for that; I am asking questions; I am not expecting answers today.

Sen. Joseph: You will get them tomorrow.

Sen. B. Ali: A lot of dependence is on Parsons Brinckerhoff. They themselves are not immune to dissatisfaction. In fact, they were fired from a project in August 2004 and they have been sued by a metro agency of the Saint Louis county; their case comes up in January, 2007. I am not casting any aspersions; I am not making any accusations, but they are as susceptible as anybody to client dissatisfaction. We have to look very closely at that.

Mr. Vice-President, I intended to make a statement about myself and my personal experience in the energy sector in the first boom. I have to contract it, because my time is up. I found that apart from what we had then, I see a parallel in this period. Apart from the inflation of costs, et cetera, there was a lot of interference then, but not by the people you expected to lobby. There was collusion between contractors, but you could not do anything about it, because you could not go back. Everybody was so busy; you could not go back, otherwise you would lose your contract schedule and be open to penalties from not being able to deliver your product.

7.45 p.m.

So, I urge that we get this system in place as soon as possible, because if you ask me whether there was corruption at that time I would say undoubtedly. Some even said that I was corrupt, but I have to say that I left early, I came out with clean hands and I remain to this day, poor and civil.

Mr. Vice-President, I join with the Transparency Trinidad Institute in asking—they are demanding that we have this legislation enacted and proclaimed at the earliest opportunity. [*Desk thumping*]

My notes were prepared well in advance of this *Sunday Express* investigative article by Camini Marajh “Bidding games people play”. I was horrified and frightened by it. I know she is a good investigative reporter. I do not know her personally, but I have read her story before. [*Interruption*]

Sen. Dumas: [*Inaudible*]

Sen. B. Ali: No, I am not taking your comments. I only have one minute or half a minute. So my notes were prepared before I saw this yesterday and it frightened me, so I rest my case on public sector procurement based on this, and hope that we will indeed have the law in place on this matter soon.

Appropriation Bill (Budget)

Monday, October 16, 2006

Unfortunately, Mr. Vice-President, I do not have the time to tackle the question on large agricultural estates on which I wanted to speak. The statement is very unclear and I had a number of points on that, but I am hoping that some of my other colleagues, maybe Sen. Prof. Ramchand, will respond to that.

Mr. Vice-President, I thank you very much for the time.

Motion made and question proposed, That the Senate do now adjourn to Tuesday, October 17, at 10.30 a.m. [*Sen. The Hon. Dr. L. Saith*]

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 7.50 p.m.