

Revocation of Appointment

Thursday, August 23, 2007

SENATE

Thursday, August 23, 2007

The Senate met at 1.30 p.m.

PRAYERS

[MADAM PRESIDENT *in the Chair*]

REVOCAION OF APPOINTMENT

Madam President: Hon. Senators, I have received the following correspondence from His Excellency the President, Professor George Maxwell Richards, T.C., C.M.T., Ph.D.:

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

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

/s/ G. Richards
President.

TO: DR. STEVE SMITH

In exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago and all other powers thereto me enabling, I, GEORGE MAXWELL RICHARDS, President as aforesaid, acting in the accordance with the advice of the Leader of the Opposition, do hereby revoke with immediate effect your appointment to be temporarily a Member of the Senate, made by instrument dated 20th August, 2007.

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 23rd day of August, 2007.”

SENATOR’S APPOINTMENT

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

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

/s/ G. Richards
President.

Senator's Appointment
[MADAM PRESIDENT]

Thursday, August 23, 2007

TO: MR. SYLVESTER PETER RAMQUAR

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

NOW, THEREFORE, I, GEORGE MAXWELL RICHARDS, President as aforesaid, acting in accordance with the advice of the Leader of the Opposition, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, SYLVESTER PETER RAMQUAR, to be temporarily a member of the Senate, with immediate effect and continuing during the absence from Trinidad and Tobago of the said Senator Wade Mark.

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 23rd day of August, 2007."

OATH OF ALLEGIANCE

Senator Sylvester Peter Ramquar took and subscribed the Oath of Allegiance as required by law.

PAPERS LAID

1. The Final Report on Public Consultations on Crime—April 18 to May 18, 2007. [*The Minister of National Security (Sen. The Hon. Martin Joseph)*]
2. The appointment of the Commissioner of Police and Deputy Commissioner of Police (Qualification and Selection Criteria) Order, 2007. [*Sen. The Hon. M. Joseph*]
3. The appointment of the Commissioner of Police and Deputy Commissioner of Police (Selection) Order, 2007. [*Sen. The Hon. M. Joseph*]

Appointment of Commissioner of Police and Deputy Commissioner of Police (Selection) Order, 2007

The Minister of National Security (Sen. The Hon. Martin Joseph): May I also advise that the Statutory Instruments Committee considered the orders and found that these orders fall within category G of Standing Order 68(1) and brings this to the special attention of the Senate. The minutes of the Committee were circulated to Members.

4. Annual audited financial statements of Trinidad Nitrogen Company Limited for the financial year ended December 31, 2006. [*The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill)*]
5. Twenty-Ninth annual report of the Ombudsman for the period January 01, 2006—December 31, 2006. [*Sen. The Hon. C. Enill*]
6. The Certificate of Environmental Clearance (Designated Activities) (Amendment) Order, 2007. [*The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith)*]

**Certificate of Environmental Clearance
(Designated Activities) (Amendment) Order, 2007.**

The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith): May I also advise that the Statutory Instruments Committee considered the Certificate of Environmental Clearance (Designated Activities) (Amendment) Order, 2007 and found that there was nothing to which the attention of the Senate should be specially drawn. The minutes of the Committee were circulated to Members.

ORAL ANSWERS TO QUESTIONS

**Construction of the Waterfront Project
(Award of Contracts)**

87. Sen. Dr. Tim Gopeesingh asked the hon. Minister of Planning and Development:

- A. With respect to the award of contracts for the construction of the Waterfront Project along Wrightson Road, Port of Spain, could the Minister indicate to the Senate:
 - (i) the tendered cost;
 - (ii) the cost overruns to date;
 - (iii) the expected completion costs; and
 - (iv) the expected completion date?
- B. Could the Minister also indicate:
 - (i) the names of the companies that tendered for this project and their tender prices;
 - (ii) the process used to evaluate the tenders; and
 - (iii) the names of the individuals/firms that evaluated the tenders?

The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith): Madam President, I am advised that answers to questions 87, 88 and 89, all by Sen. Dr. Gopeesingh, are not ready and I would ask that they be considered, not at the next sitting, which is Monday, but two weeks from now.

Question, by leave, deferred.

The following questions stood on the Order Paper in the name of Sen. Dr. Tim Gopeesingh:

**Construction of the Government Campus
(Award of Contracts)**

- 88.** A. With respect to the award of contracts for the construction of the Government Campus on Richmond Street, Port of Spain, could the Minister of Planning and Development indicate to the Senate:
- (i) the tendered cost;
 - (ii) the cost overruns to date;
 - (iii) the expected completion costs; and
 - (iv) the expected completion date?
- B. Could the Minister also indicate:
- (i) the names of the companies that tendered for this project and their tender prices;
 - (ii) the process used to evaluate the tenders; and
 - (iii) the names of the individuals/firms that evaluated the tenders?

**Construction of the Prime Minister's Residence
(Award of Contracts)**

- 89.** A. With respect to the award of contracts for the construction of the Prime Minister's residence and Convention Centre and its refurbishing, could the hon. Prime Minister indicate to the Senate:
- (i) the tendered cost;
 - (ii) the cost overruns to date;
 - (iii) the expected completion costs; and
 - (iv) the expected completion date?

B. Could the Minister also indicate:

- (i) the names of the companies that tendered for this project and their tender prices;
- (ii) the process used to evaluate the tenders; and
- (iii) the names of the individuals/firms that evaluated the tenders?

Questions, by leave, deferred.

Madam President: Okay. Question No. 91; Sen. Bro. Khan; who is not here. Then we have question No. 92, Sen. Dr. Ramadhar-Singh.

The following question stood on the Order Paper in the name of Sen. Bro. Noble Khan:

**Restoration of Increments
(High Court Judgment)**

91. With respect to High Court Judgment regarding the restoration of increments, could the Minister of Public Administration and Information inform the Senate when will gratuities and pensions of the affected public service retirees be adjusted?

Question, by leave, deferred.

**Police Complaints Authority
(Reports against Police Officers)**

92. Sen. Dr. Glenn Ramadhar-Singh asked the hon. Minister of National Security:

With respect to the Police Complaints Authority, could the Minister state:

- a. how many reports have been made against police officers for the period January to May 2007;
- b. how many reports have been made against officers for the period (2002—2006);
- c. how many of these matters have been resolved; and
- d. how many officers have been warned, disciplined and/or fired or terminated arising from reports made to the Authority?

The Minister of National Security (Sen. The Hon. Martin Joseph): Thank you very much. Madam President, the Police Complaints Authority Act, No. 17 of 1993, established the Police Complaints Authority as an independent body

accountable to Parliament. Due to numerous concerns raised by the Authority concerning the investigation of complaints by the Police Complaints Division, which was established under the Act as the investigating body, the Act was repealed and replaced with the Police Complaints Authority Act, No. 8 of 2006.

This Act significantly improved upon the previous legislation by giving the Police Complaints Authority greater power to deal with complaints made against members of the police service, municipal force and Special Reserve Police, who are all defined under the Act as police officers.

The Police Complaints Authority Act, No. 8 of 2006 defines a complaint as, and I quote:

"an allegation of—

- (a) police corruption;
- (b) serious police misconduct;
- (c) the commission of a criminal offence by a police officer; or
- (d) the commission of a criminal Offence by any other person but involving a police officer

which is submitted to the Authority;"

The Authority was given additional powers to:

- investigate complaints made against officers;
- undertake enquiries into any aspect of police activities to determine whether corruption or serious misconduct is involved;
- advise the police service and public authorities on measures to eliminate corruption and serious police misconduct;
- gather evidence for the investigation of complaints made under the Act and submit same to the Commissioner of Police, Police Management Authority—that is what it was then—or Director of Public Prosecutions for action;
- function as commission of enquiry under the Commissions of Enquiry Act, Chap. 19:01;
- expand investigations where necessary to require the presentation of financial statements and information about any person being investigated by the Authority.

However, during the transition phase and until such time that the necessary infrastructure to allow the Authority to operate within the new Act is instituted, the Police Complaints Division continues to undertake investigations on behalf of the Authority.

According to the records of the Police Complaints Authority, for the period January 01 to May 31, 2007 a total of 633 complaints were made against police officers.

- B. During the period January 01, 2002 and December 31, 2006 there were 12,767 complaints made against police officers.
- C. For the entire period, that is January 01, 2002 to May 31, 2007, a total of 13,400 complaints against police officers were received by the Authority. Of that figure, 3,916 have been resolved to date. Coming out of the resolution of the 3,916 complaints, a total of 252 officers were warned, disciplined and one dismissed to date.

Sen. Dr. Gopeesingh: Madam President, through you, would the hon. Minister be kind enough to give a little indication of the outstanding 9,500 matters, which are unresolved? Are there any major problems in resolving these matters? And if so, how long do you consider these matters could be resolved? There are about 9,500 outstanding to be resolved out of the 13,437.

Sen. The Hon. M. Joseph: Madam President, unfortunately I am not in a position to provide that information. I could provide it to him subsequently.

Madam President: You wanted to ask something? If not, let us move on.

Magistrates' Courts (Backlog of Cases)

93. Sen. Dr. Glenn Ramadhar-Singh asked the Attorney General:

Could the Attorney General state:

- a. what is the exact state of the backlog of cases at the level of the Magistrates' Courts for the period January to May 2007?
- b. what is the number of backlog of cases at the Magistrates Courts for each year for the period 2002—2007?
- c. what are the specific factors which contributed to this backlog? and
- d. what detailed steps has the Government initiated to remedy the backlog of cases?

The Attorney General (Sen. The Hon. John Jeremie SC): Madam President, the answer to that question is not yet ready. It is going to take some time because there is a separation of powers between the Executive and the Judiciary. And the question obviously requires some collaboration with the Chief Justice and the Chief Magistrate. So I am going to ask for two weeks, but that is a best effort request. In other words, I cannot answer the question in and of myself.

Question, by leave, deferred.

Madam President: Okay then, well let us move to question No. 94

Dualling of the Churchill-Roosevelt Highway

94. Sen. Dr. Glenn Ramadhar-Singh asked the Minister of Works and Transport:

With respect to the dualling of the Churchill-Roosevelt Highway from O'Meara to Wallerfield, could the Minister state:

- a. the name(s) of the main contractor(s) on the project?
- b. the original cost of the project and the original completion date? and
- c. whether there has been any cost overruns on the project and, if so, by how much?

The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith): Madam President, I am advised by the Minister of Works and Transport that the answer to this question is not ready. And I respectfully seek a two-week deferral of this question.

Question, by leave, deferred.

Sen. Dr. Gopeesingh: I would not normally do this, but you realize that we are going to be closing pretty shortly and proroguing Parliament and we really need to have some—[*Interruption*] well that is the general feeling—of the answers to these questions before we prorogue Parliament. So, I ask you to please—

Madam President: Most of them seem to be in two weeks time.

Sen. Dr. Gopeesingh: I hope we do not have any more postponements again.

Madam President: The other two questions are Sen. Mark's.

Petition No. CV 2007—01034
(Re: Jacqueline Sampson and Basdeo Panday)

95. Sen. Dr. Tim Gopeesingh on behalf of Sen. Wade Mark asked the hon. Attorney General:

Could the Attorney General inform this Senate:

- (a) Whether the Speaker and/or the Clerk of the House received legal advice prior to the filing in the High Court of the vacancy Petition No. CV 2007—01034 Re: Jacqueline Sampson and Basdeo Panday?
- (b) If the answer to (a) is in the affirmative, could the Attorney General state:
 - (i) by whom was this advice given;
 - (ii) the total amount of money paid to date for this legal advice; and
 - (iii) the total amount of money, if any, still to be paid for this legal advice?

The Attorney General (Sen. The Hon. John Jeremie SC): Madam President, there is a separation of powers between the House and the Executive, so that the answer which I give is the answer which has been provided to me by the House.

- (a) Legal advice was received, I am advised, by the Speaker of the House and the Clerk of the House prior to the filing in the High Court of the vacancy petition No. CV 2007-01034 re: Jacqueline Sampson versus Mr. Basdeo Panday.
- (b)
 - (i) The advice was provided by Mr. Reginald Armour, SC.
 - (ii) No money was paid for this legal advice—that is what I am told, as difficult as it is for me to believe that.
 - (iii) No money remains outstanding for this legal advice.

Petition No. CV 2007—01034
(Legal Service Rendered to the Clerk of the House)

96. Sen. Dr. Tim Gopeesingh on behalf of Sen. Wade Mark asked the hon. Attorney General:

With respect to the vacancy petition re: High Court matter No. CV 2007—01034—Jacqueline Sampson and Basdeo Panday, could the Attorney General provide the Senate with:

- (a) the name of each attorney-at-law who rendered legal service on behalf of the Clerk of the House;
- (b) a breakdown of the service rendered by each attorney;
- (c) the total amount of money paid to each attorney to date; and
- (d) the total amount of, if any, still to be paid to each attorney?

The Attorney General (Sen. The Hon. John Jeremie SC): Madam President, again, the information which is given is given to the best of my information, knowledge and belief. With respect to the vacancy petition re: High Court Matter No. CV 2007-01034:

- (a) The attorneys-at-law who rendered legal service on behalf of the Clerk of the House are as follows:

Mr. Reginald Armour, SC,

Mr. Simon de la Bastide,

Ms. Vanessa Gopaul,

Ms. Elena Araujo.

- (b) The service rendered by each attorney was as follows:

Mr. Reginald Armour, SC, acted as Senior Counsel and advocate for the Clerk of the House;

Mr. Simon de la Bastide acted as junior counsel and advocate for the Clerk of the House;

Ms. Vanessa Gopaul acted as junior attorney and advocate for the Clerk of the House; and

Ms. Elena Araujo acted as instructing attorney for the Clerk of the House.

- (c) the total amount of money paid to each attorney to date is as follows:

Mr. Reginald Armour, SC	—	\$140,875.00
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Mr. Simon de la Bastide	—	\$81,666.67
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Ms. Vanessa Gopaul	—	\$93,916.67
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Ms. Elena Araujo	—	\$100,305.00
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- (d) The total amount of money, if any, still to be paid to each attorney is as follows:

Mr. Reginald Armour, SC	—	\$27,600
Mr. Simon De La bastide	—	\$24,000
Ms. Vanessa Gopaul	—	\$27,600
Ms. Elena Araujo	—	\$27,844

Sen. Dr. Gopeesingh: Would the hon. Minister indicate whether the cost to the State by these attorneys include the hearing for the appeal matter that went recently?

Sen. The Hon. J. Jeremie SC: Ma'am, again, I am in the unfortunate position of reporting to the best of my information, because this does not fall within the purview of my Ministry. But I do not think that it would include any cost in respect of the appeal because the appeal as I understand it, has not been actually listed. It is down tentatively to be heard, I believe some time in the third week of September and requisitions would not normally go out so long in advance of a matter.

Petition No. CV 2007—01034
(Legal Service Rendered to the Attorney General)

97. Sen. Dr. Tim Gopeesingh on behalf of Sen. Wade Mark asked the hon. Attorney General:

With respect to the vacancy Petition re: High Court matter No. CV 2007—01034—Jacqueline Sampson and Basdeo Panday, could the Attorney General provide the Senate with:

- (a) the names of each attorney-at-law who rendered legal service on behalf of the Attorney General;
- (b) a breakdown of the service rendered by each attorney;
- (c) the total amount of money paid to each attorney; and
- (d) the total amount of money, if any, still to be paid to each attorney?

The Attorney General (Sen. The Hon. John Jeremie SC): Madam President, the answer to question No. 97 suffers from the same defects that the other answers suffer. That is to say it suggests that the Attorney General is responsible for matters falling within the purview of the Parliament. But I have already provided the answer in that, the attorneys are Mr. Reginald Armour, SC, who acted as Senior Counsel and advocate—

Sen. Dr. Gopeesingh: For the Attorney General?

Sen. The Hon. J. Jeremie SC: For the Attorney General? [*Interruption*]
Madam President, the answer to that question is not yet ready.

Question, by leave, deferred.

Madam President: Not ready. Okay, shall we move on then, please?

Sen. Prof. Deosaran: Madam, can I?

Madam President: Oh, I am so sorry.

WRITTEN ANSWERS TO QUESTIONS

Sen. Prof. Ramesh Deosaran: Madam President, I crave your indulgence to refer to question 1 for written answer, the question on the bail system, prison recidivism and the manner in which the Judiciary makes decisions on giving or not giving bail; a very important question which was due since November last.

I understand the separation of powers and the possible dilemma faced by the Attorney General, but perhaps if he can tell this honourable Senate what is the status, or the nature of the correspondence, or the level of the response from the Judiciary, so we can maintain the credibility and integrity of the Senate, as well as the integrity of the Judiciary. This question was due since November last year, Madam President.

Sen. Jeremie SC: Thank you, Sen. Prof. Deosaran for understanding that the question does not fall within my lap to give a response. I believe I showed you correspondence informally passing between the Office of the Attorney General and the Judiciary. There has been, in fact, correspondence between my office and the Office of the Court Executive Administrator in the Judiciary. I am not satisfied that the questions have been answered. I have been told in broad strokes that the answers to some of these questions would require the employment of someone and dedicated resources be put to the task of answering this question. That is why the question has not been answered. It is not the fault of the Attorney General in any way. If I could have answered the question, obviously I would have done so a long time ago.

Sen. Prof. R. Deosaran: Madam President, please again. The question was formerly asked in a different way. What we did was reduce the number of years and the burden that would be placed on the administration at the Judiciary; making it easier for a response. Is it possible that some matter of content could be

considered in this case, notwithstanding the separation of powers? As a signal, when a request is made by the Parliament it should be respected or some reasonable written response be now given by the Judiciary to the Parliament of this country.

Sen. Jeremie, SC: Madam President, before we get to that stage, would you accept my undertaking that I would write to the Judiciary again? I would send the question to them again and I would express to them the views of the Senate in relation to this matter and see if that would elicit a response.

Sen. Dr. Gopeesingh: May I humbly draw your attention to the request for written answer to question No. 6 under questions for written answers, which has been outstanding for about nine months—November last year—and the number of questions subsequent to that due from the February 14 earlier on this year, almost six months ago as well, and there are about five or six questions. Would you be kind enough to implore the Government that the country and the Parliament need responses for these questions.

Madam President: Ministers, all I can do is appeal to you to see how many of these answers we can bring as quickly as possible; we are coming to the end of the term. Thank you.

FINANCE (AMDT.) BILL

Order for second reading read.

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

That a Bill to amend the Finance Act, 2007 be now read a second time.

Madam President, this Bill simply seeks to correct some anomalies arising out of the amendments which were done at the time of the Finance Act earlier this year. It concerns amendments to the Retiring Allowances Legislative Service Act, Chap. 2:03.

Madam President, you are aware that Members of Parliament are subject to the Salaries Review Commission (SRC) and in its 82nd Report, the SRC made certain recommendations with respect to the pension and gratuity of Members. Specifically, the SRC recommended that gratuity be increased from 10 per cent to 20 per cent and that certain amendments which they recommended in the 36th Report dated May 15, 1995, be also implemented as from that date.

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The amendment before us that deals with legislators, which is defined as Members of Parliament, Ministers who are Senators, the Speaker of the House, the President of the Senate and Members of the Lower House, does not deal with Senators who are not legislators as defined, because provisions for their gratuity were covered in the 82nd Report of the SRC and does not require legislation.

In fact, in the 82nd Report, on page 6, it says in summary: “recommend that Members of the Senate who are not legislators as defined and who have served for at least one year, be paid a gratuity of 20 per cent of the basic salary paid over the period of service when they ceased to hold office. Such payment to be made administratively.”

Therefore, this Bill is simply correcting the anomalies related to the question of the 10 per cent to 20 per cent and changing the dates as recorded in 2(c) of the amendment to the May 15, 1995 Report of the SRC.

Madam President, I beg to move.

Question proposed.

2.00 p.m.

Sen. Dr. Eastlyn Mc Kenzie: Thank you very much, Madam President. The hon. Minister’s introduction was very brief I should say and I think there are one or two matters I would like to make clear.

One of them is that according to the law Chap. 2:03 and supported by the Salaries Review Commission’s Eighty-Second Report, Members of Parliament who are Senators, who are not Ministers, junior Ministers, parliamentary secretaries, nor the Vice-President of the Senate or whatever we want to call them, are not considered legislators. So, the legislators would be considered the elected Members of the House, Senators who are Ministers, people like yourself and the Speaker of the House.

I remember when the announcement was made earlier about the retiring allowances, the public got the impression that everybody who was a Senator was entitled to the benefits that were expressed. I think we should make it abundantly clear that people like, for example, the Opposition, the Independent Senators—not that we are clamouring for ourselves, but we want to make it clear that we are not considered legislators according to the law.

However, the Salaries Review Commission made provisions for people like us. This was never in existence before. In fact, those people who served as Senators—and I have been here from 1995 and I met people who were here long before me, even people like Sen. Wade Mark, Sen. Prof. Spence, Sen. Martin

Daly, Sen. Diana Mahabir-Wyatt and all these people are no longer in the Senate, but until the Salaries Review Commission made these recommendations, they left with nothing.

My next point is the Vice-President of the Senate, and it has nothing to do with Sen. Rawle Titus. I am talking about any Vice-President of the Senate. In all the years I have been here it is the first time I have witnessed a Vice-President acting in your Chair as long as this Vice-President has.

I am saying that he does not qualify as a Vice-President of the Senate for any type of retiring allowance as a legislator. But I will ask the question; what happens when he acts for you? Then he is the President of the Senate. Do they calculate all these acting appointments, total them, make some sort of calculation? I think these are things that we need to iron out.

Madam President, when you read through the amendments, sometimes it is not very clear. I do not know whether anybody else has that problem of really extracting from the amendments something definite and clear. I do not get that impression. I think if we were to go down to the accounting unit, if we are no longer here and we say, "Tell me what do I get or do I not get and why and why not?" I am not sure that they understand very well. For example, it was not clear to me until I re-read the Salaries Revision Commission Report over and over again. One part of the amendment as we are reading it today, talks about Chap. 2:03, (2)(c)(iii): "Section 8(1), of the Retiring Allowances (Legislative Service) Act is effective in relation to a person serving as a legislator from October 17, 2002 or thereafter." And I had some problems sorting out whether the calculation would be made from 2002, if you are in the Senate, or whether it takes into account, all the years you have been in the Senate.

Well, I had to go to the Salaries Review Commission Report to get the answer, where it tells you that the payment will be made over the period of service when they cease to hold office. So, I think you need too many documents to give you a clear and definitive answer. I am saying that, whenever the Ministry of Finance, whether it is the Minister in the Ministry of Finance or whoever has to send the final instructions to whoever employs people not holding legislative offices or who are not legislators, that they spell out, very, very explicitly what people are entitled to; how much they are entitled to, and make it much clearer to us.

But, Madam President, the amendment does not include Senators who are not Ministers nor the Vice-President of the Senate. This amendment does not include Senators or the Vice-President of the Senate at all; except those Senators who are

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Ministers! And, therefore, it really is asking us to amend this Bill to take into account some of the things mentioned in the Salaries Review Commission Report and also to sort of support it.

Madam President, I know the hard work that Members of Parliament do. Not only in the Senate, because I can witness and I know and so on, but I also know how difficult it is to serve as a Member of the House of Representatives. I have no problem in supporting the amendment. But I want to say—not for people like us who are probably on our way out—and bemoan the fact that those who went before us, that there is no retroactivity in the Salaries Review Commission Report. So those people who would have served for so many years, they never got a gratuity, they never got a pension and they never will; according to the rules, and it is lamentable.

Probably, you know, I feel a little peeved for people like Sen. Wade Mark, who actually served long before I came in here in 1995. I think he was here from 1990 and had it not been for this new accommodation of the recommendations, and had it not been for his short stint as a Minister, he also would have left empty-handed. Madam President, I do not like how Sen. The Hon. Dr. Lenny Saith is smiling so broadly and so on. [*Interruption*] [*Laughter*] So I support it.

Madam President, there are many other things that we need to look at in terms of the retiring allowances for legislators and also people deemed non-legislators by the law. I do not know what to call us! [*Laughter*] However, this is not a plea for us. [*Inaudible*] Exactly, it is not a plea for us. It is just to bring to light and to expose the type of thinking. I am sure that Members on the Government side will understand this because, Sen. The Hon. Danny Montano, when we came in 1995 sat on the Opposition Benches. So he would have been someone who is now in Government, who was in Opposition—am I not telling the truth?—and therefore, it is probably the only time he would have gotten some sort of consideration for what he did in the Parliament, was when he went on the Government side and became a Minister.

Madam President, I sat here and I looked at the service of people like Sen. Prof. Spence and Sen. Prof. Julien Kenny. Those persons worked on some committees and at that time there was no allowance for working on a committee, it was granting, and sometimes they came here—they get a pittance now to cover their gas change to come to and from where they live, that is the pittance they get. But I am telling you about those days when they came and worked on committees. You had Members of the Opposition then, too, working on committees, no allowances, nothing, and they really worked as if they were the

people in charge. I always thought that they were legislators. I did not have it as tough because coming from Tobago I always said, well, to come from Tobago to a meeting and go back and so on, it was difficult for me. But the people who were stationed and lived in Trinidad, they had the brunt of it because of their expertise.

This is why, you know, Madam President, it is painful to think that for such people there is no retroactivity, and in some instances it goes back to 2002. I want to make a plea to this Government and to the people in Opposition, who, probably, according to how, listening to the campaign who knows who will be in Government next, and I make an appeal to them to see about themselves. You know sometimes in our local folk talk in Tobago we say, “Parson does christen he own baby first” and the older people say, “Just in case the holy water run out”. [Laughter] [Inaudible] You see how cynical he could be. I would not tell you what Sen. Mary King said. [Laughter] But she was talking from another standpoint.

To be very serious, Madam President, let us not have any sort of hypocrisy and pretence about the thing. If you are in Government or whatever—and I am sure that the Opposition will support me, although they will be quiet and silent because they do not want to appear as if they are sounding their own trumpet and trying to make points for themselves. But I am saying, see that the terms and conditions of service in the Parliament are proper!

Hon. Senator: Clear.

Sen. Dr. E. Mc Kenzie: And clearly, when you have this uncaring type of attitude, you limit the type of people who will want to serve. I am sure that if you have people who really want to go full time as Senators, as non-legislators, you think very hard as to what—can I afford to give this up for five years or 10 years? You know sometimes I have paid tribute to all those people who have served in Government, Opposition and so on; who served as Attorney General; who served as Minister of Finance; people like Sen. Arnold Piggott, Sen. The Hon. Conrad Enill, Sen. The Hon. Danny Montano and all these people with professions and they become Ministers to work for a month, a year, what they will hold a brief for if they are lawyers for a month.

I do not know how they feel when they ask them questions. I read where somebody in the Lower House asked the question as to how these attorneys—how much pay they get for this and that, and you look at how much they pay “Senator This”, that one and so on. I say, but the Attorney General must be sitting down

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there and saying, “Lord, God what I leave my work for!” [Laughter] Sen. Kangaloo and these people, and you look at Sen. The Hon. Christine Sahadeo— [Interruption] [Laughter]

You know, Madam President, I remember in 1995—2000 when the now Opposition was in Government and I spoke to one of the Ministers who in her professional life was an attorney, the lady was pauperized, when you compared how she could have lived before she became a Minister and held on to her profession and you compared that to after. You know sometimes they ask me the question; sometimes those people ask me and so on and say, “Eastlyn you are older than me, why am I in this?” And I say: “Service to country; service to your fellow men; bringing your professionalism and your expertise to the service of the people to help to make laws and so on, to the best of your ability. Had it not been you, it would have been somebody else and it could have been somebody without your type of professionalism.”

So I say to all those people on the Government side, on the Opposition, on the Independent Benches, and I say this to every one of my friends and so on, if you are asked to serve, for heaven’s sake serve. It is not only in counting the cost, but at the same time let us encourage other people to want to serve, who have the expertise and so on, by the types of conditions of service that you prepare and make for them.

Madam President, I am not saying that parliamentarians should be paid what they pay in the private sector, but I am saying make their conditions of service worthwhile, that young bright people—I see them on the platforms in the campaigns; young, bright professionals—they would not only want to talk on the platform, they would say, if given an opportunity I would want to serve in the Senate. Although you are not serving for the money, you want to be able to live by what you do, to live properly and to discourage the types of things that would cause corruption and that would discourage people from wanting to serve.

So, Madam President, I support the amendment, but I also make a plea, that let us not be afraid, ashamed and hypocritical in setting terms and conditions for people to serve in the Parliament of the Republic of Trinidad and Tobago, to set those conditions properly, good, high and worthwhile that the future Attorneys General, Ministers of Finance and all these people with their high level of qualifications would not feel too badly to say for the service of country, I am willing to give up three quarters of what I would normally get and take a quarter or one-tenth because I can live with it and I can live by it.

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

Sen. Prof. Kenneth Ramchand: Madam President, I entirely support the statement of my colleague, Sen. Dr. Mc Kenzie. Before I make my one and only point, I want to say that I sincerely hope that it is not the collective opinion of the Salaries Review Commission that the Senators on the Opposition side and the Independent Senators do not do the same kind of work as other Senators. I sincerely hope that is not their collective opinion. *[Interruption]*

Madam President, I want to see the law which says I am not a legislator. *[Desk thumping]* I want to see it with my own eyes. I want to read it. *[Interruption]* And I want to read it not to be convinced but to point out to you that if there is such a law it is against the Constitution of the Republic of Trinidad and Tobago. *[Desk thumping]* According to the Constitution:

“There shall be a Parliament of Trinidad and Tobago which shall consist of the President, the Senate and the House of Representatives.”

And when you go to Part II, section 53 “Powers, Privileges and Procedure...” it says:

“Parliament may make laws for the peace, order and good government of Trinidad and Tobago...”

So, I took an oath as a Member of Parliament. The Constitution says I am a Member of Parliament; the Constitution says, “Parliament may make law...” What does that make me, not a legislator? I know there are some people called cooks who cannot cook.

Sen. Montano: Would you give way to—

Sen. Prof. Ramchand: No, not yet. *[Laughter]* I know there are some people called cooks who cannot cook, but I do not think this is the case. We are legislators according to the Constitution and whether we are bad legislators or not, we are legislators. *[Interruption]*

So I would like to see the law which says I am not a legislator because we have a serious matter. That law goes against the Constitution. *[Desk thumping]*

The Minister of Labour, Small and Micro Enterprise Development (Sen. The Hon. Danny Montano): I would just like to explain exactly what the good Senator was trying to deal with here. It is not that you are not a legislator in the ordinary sense of the word or within the context of the Constitution. As defined in the Retiring Allowances Act; as defined in that Act, you are not a legislator. *[Interruption]*

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For purposes of that Act alone! That Act is under review, so that the pension arrangements that all Members of Parliament should be entitled to are under review at this point. That has not been finalized. What has been agreed to is the issue of the gratuity, and that is all that we are dealing with here this afternoon. So, it is not factual to say that Members of this House are not legislators in the ordinary sense of the word.

For the purpose of this Act only, this Act defines legislator in a schedule to the Act and it defines a legislator as being the Speaker of the House, the President of the Senate, Members of the House of Representatives and Ministers. That is it. That is for the purposes of that Act only. [*Inaudible*] Of course. [*Laughter*]

Sen. Prof. Ramchand: Madam President, through you, the hon. Minister has just confirmed that that Retiring Allowances Act goes against the Constitution. [*Desk thumping*]

Hon. Senator: Yes, yes.

Sen. Prof. Ramchand: He just confirmed it. [*Desk thumping*] And if he is telling us that it is now recognized [*Interruption*] and something is going to be done about it, that is fine, but it does not really alter the fact that I am a legislator according to the Constitution and they cannot find any special terms to tell me I am not a legislator. [*Interruption*] The Constitution says we are legislators! [*Desk thumping*]

Sen. The Hon. D. Montano: Madam President, I think that the Senator has been in this Senate long enough to know that if the Parliament in its wisdom wants to describe something as a particular now, it can do so. It can do so for the purposes of any Act, and if for the purposes of that Act, Parliament says that the Clerk of the House is a legislator, so be it for the purposes of that Act only. Okay!

It does not change the Constitution and it is not in conflict with the Constitution. It is at odds with what one would normally think of as being a legislator and I do not think there is any argument with that. But it is not ultra vires the Constitution. The Act is constitutional and perfectly valid; there is no problem with it.

Sen. Prof. Ramchand: Madam President—

Madam President: Did you ask to give way?

Sen. The Hon. D. Montano: I will give way.

Sen. Prof. Ramchand: If you go ultra vires the Constitution you come and ask for a special majority.

Madam President: One minute please! I think we are having a sort of a debate between both of you and I do not think that this can go on. So, allow the Minister to continue and wind up his contribution, please.

Sen. The Hon. D. Montano: Madam President, it is as simple as that. It is not ultra vires the Constitution, it simply defines what a legislator is for the purpose of this Act. It is not ultra vires the Constitution; the Act is perfectly valid.

Thank you very much.

Madam President: Okay. Thank you. Is there anybody else? If not, Minister.

The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill):
Thank you, Madam President:

“One of the issues raised by the representatives dealing with this matter concerns Senators without ministerial portfolio. They argued...”

And I am reading some elements of the report:

“notwithstanding service to country, which in some cases spanned several parliamentary terms, those Senators were not eligible for benefits under the existing legislation.

Another concern expressed was that some parliamentarians who serve as Ministers of Government, after demitting office, faced difficulties in securing gainful employment in Trinidad and Tobago.

The Commission last reviewed pensions and other terminal benefits for office holders within its purview in its Thirty-sixth Report in 1995. In preparing that Report, we considered proposals which included the provision of pensions for members of the House of Representatives who served for one term and benefits for dependants for Members who die in the line of duty. The recommendations of the Commission contained in that Report were accepted by Cabinet and approval was given for appropriate legislative amendments to be made. We advised that this is yet to be done.”

So, that is one of the amendments here.

“In this current exercise of reviewing the Retiring Allowances, we examined superannuation arrangements provided to legislators in a number of Commonwealth countries such as Jamaica, Barbados, Bermuda, Belize and Australia. In the case of Australia, we noted that the Scheme established under the Parliamentary Contributions Superannuation Act,... which had provided retirement benefits similar to those which exist in several other Commonwealth

countries has now been closed off. Under new legislation, benefits are now provided on a different basis from those existing in other countries. Therefore, Australia was not considered a suitable comparator country. With respect to the Caribbean countries, we observed that while the structure of benefits is similar, the formulae on which the benefits are based as well as the qualifying periods for benefits vary.

Amendment to the list of Specified Legislative Offices:

The Committee has proposed the inclusion of additional offices in the existing schedule to the Act, Chap 2:03 which identifies 'specified legislative offices'. Specifically, the offices are those of Member of the House of Representatives, Vice-President of the Senate and Senator.

The Commission notes that since a member of the House of Representatives is an elected member, a holder of that office is a legislator as defined in the Act. It is our view therefore that the proposal to include the office of Member of the House of Representatives in the Schedule of specified legislative offices was not necessary.

With respect to the proposal to include the offices of Vice-President of the Senate and Senator as specified legislative offices, our research revealed that similar offices in Jamaica and Barbados are not specified legislative offices and therefore the holders of such offices are not eligible for superannuation benefits. In the case of Belize, the office of Vice-President of the Senate is defined as a legislator while in Bermuda, all members of the Senate are defined as legislators. Given that the comparator countries indicate no established pattern in the treatment of offices of Vice-President of the Senate and Senator, we continue to be guided by one of the principles underlying the award of pensions as set out in our Thirty-sixth Report, viz, that a retirement pension is provided to an employee who has given many years of service to an organization or industry, such service to be of a continuous and permanent nature. The appointment of a Senator is temporary in nature in that he/she can be replaced at will. We maintain the view that there is no compelling reason to include the offices of Vice-President of the Senate and Senator as specified legislative offices."

Madam President, this is not the view of the Government. This is the view of the Salaries Review Commission, an independent organization that was set up under the Constitution to advise the Government on matters of terms and conditions of remuneration for those who are either elected or in fact selected.

And therefore, Madam President, it is possibly a view that recommendations and representations can, in fact, be made to the Salaries Review Commission at the appropriate time. This is subject to review every three years and I think that would be the appropriate place for those concerns to be addressed.

Having said that though, I also agree with everything that Sen. Dr. Mc Kenzie said. She just missed out two: Having young children and undischarged of obligations are also part of the mix in terms of the liability issues.

Madam President, on that note, I beg to move.

Question put and agreed to.

Bill accordingly read a second time.

Sen. The Hon. C. Enill: Madam President, in accordance with Standing Order 63, I beg to move that the Bill not be committed to a committee of the whole Senate.

Question put and agreed to.

Question put and agreed to, That the Bill be read a third time and passed.

Bill accordingly read the third time and passed.

2.30 p.m.

INSURANCE (AMDT.) BILL

Order for second reading read.

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

That a Bill to amend the Insurance Act, Chap. 84:01, be now read a second time.

Madam President, the matter for consideration of this honourable Senate is the amendment of the Insurance Act, Chap. 84:01, to revise the limit on investment in equities by private occupational pension plans. Currently, a private occupational pension plan that is registered under the Insurance Act, Chap. 84.01 can invest in ordinary shares not exceeding 50 per cent of the accepted value of its total assets in Trinidad and Tobago.

Madam President, owing to the continuous increases in local equity values beginning in the year 2002, several pension plans saw their equity holdings rise above the 50 per cent limit. As at the end of December 2004, 42 out of the 204 active pension plans had exceeded the 50 per cent limit.

Pension plan holdings of equities in most countries rarely exceed 40 per cent of total assets, as they are heavily invested in government and corporate fixed-income securities. The situation in Trinidad and Tobago is that there is a shortage of both Government and corporate fixed-income securities. A number of initiatives are being implemented to address this. In the last few months, a programme in Trinidad and Tobago to increase the supply of government securities has been initiated and steps are under way to develop a secondary market for government paper.

More fundamentally, as part of the Government's financial sector reform programme, the Central Bank has initiated work on new pension legislation which is intended to be in line with international best practices. What that basically does, is that it would reduce dependence on portfolio limits while emphasizing the adoption of a prudent person approach. Because of the need to have broad-based consultations with major stakeholders, the new pension legislation is unlikely to be ready before the end of 2008.

Pending the introduction of new legislation, it is critical that any additional leeway given to pension plans to purchase equities in Trinidad and Tobago is subject to the maintenance of the most stringent prudential safeguards. This is so, because a pension fund is really a promise to pay at some point in the future, and therefore, what you would want to ensure, is that the investment that you have can meet the obligation when the payment is required. Therefore, after wide-ranging discussions and agreement with major stakeholders, including the actuarial community, the Central Bank has formulated an amendment to the Insurance Act, 1980, Chap. 84:01.

The merit of this amendment is that it provides the room for well funded and only well-funded pension plans to invest in additional equities if:

- their funding situation is significantly in excess of minimum regulatory requirements;
- they have an investment policy approved by the Central Bank; and
- they provide quarterly financial statements to the Central Bank.

The proposed amendment says:

- All plans with a surplus of 50 per cent or less of pension liabilities will remain subject to the existing equity limit of 50 per cent.

So if you are under 50 now, you will remain subject to 50 per cent.

- Plans with a funding ratio of 150 per cent will be allowed to invest in equities beyond the 50 per cent limit. Put another way, these plans will be able to make additional equity investments with any surplus in excess of 50 per cent of pension liabilities.
- The value in aggregate of the investments permitted in the two conditions that I have just described, will be such, that it is not to exceed 70 per cent of the total assets of the plan.

The merit of this option is that it provides the room only to well-funded pension plans as additional equities are financed out of the pension fund's surplus, after providing a significant buffer, equivalent to 50 per cent of pension liabilities.

The policy rationale for the amendment is as follows:

- The investing activities of pension plans have a significant impact on the liquidity and vibrancy of the stock exchange. As individual plans have reached the existing allowable limit for investing in equities, 50 per cent of assets, there has been a sharply bearish trend on the stock exchange.
- This amendment is intended to effectively increase the allowable limit for pension fund investment in equities from 50 per cent to 70 per cent, subject to the criterion that the fund's assets must exceed 150 per cent of its pension liabilities. This criterion has been established in order to compensate for the inherently greater risks that derive from higher levels of equity investment allowed.

The purpose of a pension fund, Madam President, is to ensure that pensioners, after having served or having made payments for 40 or 50 years of their life, can in fact receive it when it is due to them. Therefore, equity investments, because of their long-term nature, usually over time increase in value. In this situation, however, what we are seeking to ensure is that the risk in the equity market that is being provided, will not interfere with the fund liability on the basis of its expected pay out.

This measure is expected to increase trading activity by releasing some \$690 million of investible funds, and in fact should contribute to a reversal of the bearish trend on the stock market. It however represents the upper limit of the relief that may be won from this source. While this measure would contribute to greater vibrancy of the market, it needs to be complemented by additional efforts on the part of the government, regulatory agency and the private sector. These efforts must be devoted to reviewing and development solutions to the well-known systemic problems that impede more active trading on the stock exchange.

This amendment will also provide additional room for well funded pension plans to make up additional investments in equity up to a certain level, and subject to adequate prudential safeguards. At this time, even without this amendment as we speak, there is approximately \$712 million of unused capacity for equity investments for the sector as a whole. So there are in fact, pension managers who have taken the decision not to carry the limit to the 50 per cent. With this amendment, capacity will be increased by \$1.8 billion for the sector as a whole. In other words, this amount if invested in equities—and again that will be subject to the pension managers—will be a significant boost to the stock market.

Madam President, I will now examine the amendments to the Bill clause by clause:

- Clause 1 cites the short title and that is self-explanatory.
- Clause 2 specifies that “the Act” means the Insurance (Amdt.) Act, 2007.
- Clause 3 will amend section 46 of the Act to clarify that the Second Schedule of the Act sets out the securities and other assets in which the assets of a statutory fund could be invested and the manner in which such investments are to be made.
- Clause 4 amends section 186 of the Act to ensure that the trustees of a registered pension fund plan could invest the assets of the plan in the assets permitted by section 46, as well as in the manner set out in the Second Schedule.
- Clause 5 amends the Second Schedule to set out the criteria that will allow over-funded registered pension fund plans to invest in ordinary shares in excess of 50 per cent of the accepted value of the total assets of the company/plan.

Madam President, as I did on the last occasion, the Central Bank of Trinidad and Tobago provides and submits to the Parliament on an ongoing basis—and they have certainly done this since they have taken over the regulatory responsibility—a report on insurance and pensions and I believe that the last report we had was 2004, but 2005 is available. Basically what it sets out is the pension industry or the insurance industry. It talks about the long-term business, general insurance business, association of underwriters, insurance intermediaries, pension fund plans, and it lists in details issues related to registration, amendments, revenue, annual accounts, balance sheet, and of course, the results and recommendations of actuarial valuations. This report and the statistics were used in coming up with this particular recommendation.

Madam President, on this basis therefore, the Senate is being asked to approve the amendment of sections 46 and 186 of the Second Schedule of the Insurance Act, Chap. 84.01 in the manner set forth in the Insurance (Amdt.) Bill, 2007, now before this Senate.

Madam President, I beg to move. [*Desk thumping*]

Question proposed.

Sen. Sylvester Peter Ramquar: Thank you very much, Madam President. In my short contribution, I hope to assist this honourable Senate in deciding this important issue of investment of pension funds.

The task we have been asked to do this afternoon is one of the most important Bills that will ever come before this Senate. It is about the life and death of almost every worker in Trinidad and Tobago, except public officers, and by public offices we are talking about teachers, public servants, police, firemen and the whole works. The implications are too grave for us to simply pass over. When I am finished, I am sure you would agree that the issue of workers pensions, workers' only source of income during retirement should be the referendum that this election should decide.

This matter that you have, what *Business Review* called, "Pension Roulette" or what was described by other international writers as "building a nest egg without a yolk," can be described as a Bill to amend the Insurance Act of 1980, Chap. 84.01. In short, this amendment will give the trustees of the pension fund the power to invest up to 70 per cent of pension plan assets in equities on the stock market. Oh yes, let me hasten to add that the power is based on certain conditions. Are we the correct body to give that ultimate power to the trustees at the exclusion of the people who depend on this little pittance to live in retirement? I am tempted to say golden years, but the experience determines that pension in Trinidad and Tobago is nothing golden. In fact, it is a life of hell and misery. Should we add to that human suffering?

This Parliament is supposed to level the playing field, take action to protect the poor, the downtrodden and ensure fairness and justice for all. We are supposed to use this power bequeathed by the President, not by the people, to oppose them, to take away their rights, legally squander their property, or play Russian roulette with their last days. Pension is their property. I will attempt to assist the Senate in fully understanding the ramification of the Bill that was not clearly thought out.

The real question that must be asked, is whether the trustees should now be the legal beneficiaries to the trust; beneficiaries to the pension plan? What are pension plans for? Were pension plans designed to prop up an ailing stock market, to create artificial demand for shares, or were pension funds created by workers' contributions to provide them with a source of income during their retirement? Why would a caring Government bring legislation to destroy workers' pension funds? Were they duped? Were they misinformed, or do they not care because they never provided a pension fund for the public officers of this country, or just to destroy others? In whose interest are they acting?

Madam President, reading this Bill, realizing that we wanted to isolate a certain aspect of statutory funds, namely, pensions in the Second Schedule to give trustees the right to invest up to 75 per cent of the fund on the stock exchange and leave two other issues hanging: Statutory funds dealing with the insurance companies—long term, short term, motor vehicle; some people would call it general, some people have property insurance, and the other aspect is insured pension plans that the insurance company controls.

Madam President, what I am saying this afternoon is that if we look at the definition of statutory fund in the Insurance Act, we will see “‘statutory fund’ in relation to a company means a statutory fund maintained by the company under section 37”. Section 37 says:

"Every company that is registered under this Act to carry on long-term insurance ..."

That is life insurance;

“business or motor vehicle insurance business (which is short term) shall establish and maintain a statutory fund in respect of each class of business.”

Section 46 that the Bill attempts to amend, tells you that:

“The assets of statutory fund shall not be invested except in securities specified in the Second Schedule.”

And the Minister from time to time may amend the Second Schedule.

Section 186 deals primarily with the question of the trustees and pension fund and the Second Schedule deals with all the statutory funds, whether it is statutory deposit by the insurance companies, statutory fund or pensions by the insurance companies and self-administered pensions. Why would we single out self-administered pension funds for this kind of action? That is the burning question before us.

The Minister in his presentation submitted solutions to the well-known systematic problem that intercedes more active trading on the stock exchange. What he was saying is that they needed to get the stock exchange going. This measure will contribute to greater vibrancy of the stock market. We have to look at a pension plan; what a pension plan was designed for. Was it intended to prop up a stock market? Was it intended for anything in the stock market? A pension plan was designed to ensure workers have some form of retirement benefit in retirement. There are those pension plans in this country where workers have no contributions to make towards the plan, the employer alone contributes. And I want to say from the beginning pension funds are workers' money.

When you begin negotiations, that I had the honour to lead on more than one occasion, the employer always tell you, you have to consider the increase against the pension benefits he provides. Therefore, you will have to sacrifice some of your earnings now to receive some pension in retirement. That is what a pension plan is about. We pay contributions in most cases, that is the employee makes a contribution towards a fund; it is invested and the contribution plus the investment will ensure some kind of benefit in retirement.

There are two kinds of arrangements. You have what is called a benefit defined plan and a contribution defined plan. A benefit defined plan is one in which you are guaranteed a benefit regardless of what happens to the fund, and the contribution defined plan is basically a bank book. Your contributions plus the earnings on your contributions are arranged in a stream of payments upon retirement.

The Minister was quick to add—or the Bill itself deals with the question of surplus and this is not about excess of liability and assets and so on, this deals with surplus. How is a surplus created? A surplus is created by a number of factors. The first one is that the actuary makes certain assumptions, especially for future service. In fact, when the actuary is called upon to do a valuation, he looks at the two parts of the plan. He looks backward from the day he is called upon to do the valuation, that is to say, that we know how many people are in the plan, we know the service to date, we know their salary to date, and we know the actual rate. So it is an easy calculation to determine past service liability.

It is also easy to determine the assets of the fund because there is a fund and the actuary himself will put certain prudent guidance in accessing the fund. That is why the words "accessible assets and liabilities" are placed in the Bill, because you are not going to use all the money in the fund, especially in a case where the mortgage portfolio will be in trouble or the stock market may be slipping as we

are seeing now. So they will give an actual value to the assets, we will minus the asset from the liability and if the asset is greater than the liability you create a surplus, and if the liability is greater than the asset you create a deficit.

But the problem becomes a little more serious when he begins to look at future service and future liability and future asset base. And I normally say he is called upon to play God. He will assume some of us will die before we reach 60; he will assume some of us will be promoted before we retire, so the salary will change; he will assume that we will get salary increases of a certain percentage yearly; and he will assume there are certain rates of return on the investment and he will come to look at asset and liability for future service.

Madam President, when these assumptions do not materialize, if they are greater than what he assumed, we end up with surpluses. If for instance the workers get a bigger increase, he assumes it is a strain on the plan because you have a greater liability because the salary goes up and we are using a bigger salary to calculate the pension. If on the other hand, the Government through its joint negotiating team instructed the private sector not to increase workers' salary, then the assumption that we made for 5 or 6 per cent per year would not take place and therefore there is a source of surplus in the fund in terms of an increase in the asset base.

Similarly, if the stock market is moving at a rapid rate and increasing itself, you get surpluses coming out of that investment. But my concern is that we have plans in Trinidad and Tobago that are billions of dollars in surplus. The hon. Minister gave some figures, and they are now targeting this surplus to use elsewhere to prop up the stock market. No pension plan is required to prop up the stock market, brother. No pension plan. That is not the pension plan's responsibility. We have to ensure we have money available to pay people when they retire. [*Desk thumping*] That is what the issue is.

More than that, Madam President, there are three rules of thumb, classical, whatever, standards methods of how you deal with surplus. The first thing is, we set up what is called a contingency reserve, sometimes no more than 10 per cent of the fund. So we put aside a little bit of money, assuming the actuary who is called upon to play God has failed in his assumptions, there is some money to cater for the shortfall.

3.00 p.m.

The second thing we do with surplus, and it is stated in most plans, trustees and loans, is to increase benefits. The third thing we do is to reduce contributions. That is stated in almost every plan in Trinidad and Tobago. What the hon.

Minister should have done is to come to us and say, “Listen, we need to take steps to get an increase for these people who are living on starvation pensions.” I met a former Member for St. Joseph, a former parliamentary secretary in the previous administration, and his pension, up to a couple days ago, was \$311. [*Interruption*]

Sen. Sahadeo: What is it today?

Sen. S. Ramquar: I will deal with that after.

Madam President, if you remember the Permanent Secretary in the Ministry of Education who in a published article said that as a PS in this country his pension was \$300. We have plans in billions of dollars of surplus that somebody wants to use for some other reason.

Hon. Senator: Why?

Sen. S. Ramquar: That is the big question.

There are a number of things that we are short of in pension plans. I have had the honour to look at pension plans for the last 37 years. I have had a say in almost every pension plan in Trinidad and Tobago. I have either designed it; negotiated it; implemented it; managed it and invested the funds too for the last 37 years.

If you look at the average pension plan in Trinidad and Tobago and the history of development, when a pension plan is introduced for workers in this country, we have always been told that there is a lot of past service liability; we do not know what is going to happen, so let us go for moderate benefits, small benefits. Like the workers at Caroni and their plight, they ended up with a pension plan that was based on a career average. A career average in the case of the Caroni workers was based on a pension using all the years of service for their entire lifetime, from the period they were getting \$5 a day in the Paria Gas gang, to when they were getting \$20 a day in whatever range, and people do not understand why the pension is small. That simple word, the definition for pensionable salary or what is defined as the pension, could lick you up all the time in terms of your pension calculation.

So when you take this and find the average, you may leave a job at a very nice salary, a fairly well decent standard of living, and when they use the pension formula on you with what the average is, you could end up with no relationship to your last standard of living. This is what the pension plan has to do.

We recognize that when you are in retirement, you no longer need the kind of clothes to go to work; you do not need the transportation, so there will be some discount from the salary, but it would bear some relationship to your last standard

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of living. You do not want to be a Prime Minister in this country, you retire and end up with less than a senator's pay. You want him to live in some kind of lifestyle. That is why this Parliament enacted legislation to give 100 per cent of salary to the President, the Prime Minister and the Chief Justice.

The pension laws in this country are so antiquated, discriminatory and whatever else; we have three people getting 100 per cent of salary as a pension. We have the police service giving between 82 and 87 per cent salary as a pension and we have others who are limited by a draft regulation that was not assented to by the President of this country, that never took effect, but the Board of Inland Revenue insists that if you go to register your deed and seek approval from the former Supervisor of Insurance, now the Central Bank, you must put in a clause to limit your pension to 66 and two thirds per cent. The average of these arrangements is that the actuarial rate is so structured to look for the maximum service you could produce to get that.

I remember in the early 1970s in the T&TEC pension plan, you had to work for 80 years to get your salary as a pension. [*Crosstalk*] If you had worked for 40 years, you would get 50 per cent of your salary as a pension. That is what they were using, one-eightieth as a formula and then it came down to one-sixtieth. Today, we have been able to change it a little. This is what we face in the pension world today.

We have persons outside who do not understand why they die shortly after being sent on retirement. They say that we are missing the gas in the oilfields or we are missing the job and the "lime" with the boys. But when you are 59 years and nine months and the human resource manager calls you in the office to show you what you will get, your heart gone through. [*Laughter*] Your ticker cannot make any more. [*Laughter*]

We have had a very senior officer from J Peter Grace who used to be head of the Fedchem pension arrangements; one of the hardest negotiators you would have met. When he retired, he got \$375 a month as a pension. He went to J Peter and said, "But I cyar live on this", and J Peter Grace told him, "But you negotiated the pension; so what you talking about now?" That is a message for all who negotiate pension plans or take reckless decisions on people's money. It is a message for all of us, because one of these days we are going to retire and we have to face that kind of situation.

Retirees are living on fixed incomes. Some people feel that it is a blessing when you live beyond three scores and 10, but it might be a curse to some of us, because the day we retire and inflation take us at more than 8 per cent per annum,

in five years, when you reach 65, you can only buy 60 per cent of the goods and services you started off with. So you start off with a substandard pension; no relationship to your standard of living after only five years.

Madam President, do you know what is worse? If you live to 70 the old lady has to look for a boyfriend, because the plan guarantees you a pension up to 70 years; 10 years guarantee. At age 70, we are asking a lady who has served us all our lives to find some kind of new arrangement to live.

I talk pension from my heart. I am not here talking about winning or scoring points. I want persons to understand what we are talking about when we talk about pensions. This is reality. A lady at 70 years, her husband dies, he lives through the guarantee period, which is 10 years, and there is nothing to get. Would we not expect the Government to come with legislation to ensure that we have some spouse allowance?

Let us go back to the fixed income. Should we not try to assist to ensure a directive from the Government to state enterprises, with these billions of dollars in surplus, to put in post retirement increases, so as inflation goes up they get a little "cacada" every month so they could continue to live? [*Desk thumping*] Should we not expect that from them? Is that asking too much from a caring government?

On the same score, we have had persons who leave pension plan companies, leave the money in a deferred annuity or a deferred pension, you are not getting a cent on that money. You have no access to the money because of the law and you are not getting a cent on the investment return. Should we not have pre-retirement increases also? It is your property; that money inside there is yours. We should get some kind of increase based on the money the plan earned. But no; we hear instead, "Take de money and prop up de stock exchange." That is what we will do with the money. [*Crosstalk*] Should we not make attempts to amend the draft regulations of the Central Bank?

I heard the hon. Minister speak; unfortunately he has left. It was a sad thing; the poor fellow was sent to do a job. We have these archaic draft regulations of 1965 and 1967 not assented to by the President, but the BIR holds it as gospel. They force you to put in your own trustees and rules; rules which say that you cannot get in excess of 66 and two-thirds of your salary as a pension. That may sound nice to a lot of people, but as I indicated just now, it is at what salary? Is it your career average? Is it the average of the last 10 years? Is it the average of the last five years? Is it final year?

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In 1986, workers in this country got a shock of their lives. They had contributed all their life at a particular salary and when the salary cut came they got a pension based on the cut salary. [*Desk thumping*] Therefore, without the Government's help, we have instituted measures. We changed the definition of salary to say the average of the 12 highest earnings, so anytime you get cut it would not affect you, because you would have been contributing. You put this money in the plan at that rate, while in the last year of your life, somebody, for whatever reason, cuts your salary, there might be salary adjustments, belt tightening or what have you, and then you are in trouble.

We needed to hear from the Government side actions on these matters; this is what we wanted to hear; but they are not too concerned about that. I could go on and on, but I know we have a time limit. I crave your indulgence if I go over, for a minute or two. The question before us is: Why do they not care? Let us take the public officers; we have heard budget after budget in this House. Have they put aside one cent for public officers? They will boast and tell you that they have a pension plan. A pension plan without a pension fund is zero.

There is no money, not a cent put aside. If the Ryder Scott report happens to be true—I am not saying it is true—what will they cut? The first thing they are going to cut is those persons getting pension. I have news for you. In Latin American when the barrel or the bucket fell out, whatever it is called, at the end of the day, pensioners went to the pension office and hung themselves. So if we are talking now about persons getting small pensions, you could imagine if we start to pay pensions late or if there was no pension at all, because there is not one cent.

It is millions and millions of dollars that we owe the public servants. When the UNC was in government, I had the honour to be on the Task Force on Pension Reform. We proposed and we started negotiating. We could do nothing with the past, but from then on we set up a pension fund. We were prepared and we offered the unions the increased equivalent to the employee contribution to the plan, so they would not have had anything. Had those negotiations been concluded, we would have seen some semblance of money put aside for public officers.

But no, who cares about that? A caring government, “We got the vote; we give you a pension, because when I do not give you as a public officer, you will come back for poor relief and I will sign letters as a minister to hasten it up, so you will get it fast.” That is what they are interested in. If we talk about 2020, this is not about optical vision or whatever it is called. This is about people living in a society with some kind of fair method.

The level of civility of a society is judged by how we treat senior citizens. [Desk thumping] Look at Sen. Dr. Saith—[Laughter]—he has served the society. I do not mean that you are talking, Dr. Saith. He has served the society all his life, and we are talking about real life; probably half of my life. [Laughter] Is it that we will throw him on the dump heap? I saw a movie in which when the chief dies they put the squaw outside to freeze and die. [Crosstalk] This is what we face in society.

Sen. Abdul-Hamid: “He pay extra for that seat!” [Laughter]

Sen. S. Ramquar: The Minister is trying to tell us why we would give trustees in this society the power over people’s pensions. They did not put a cent. What he should have come with is legislation separating the trustee from the investment manager. The trustee is the big brother in the house; the employer is the father. He set up a system called a trustee, which is a relationship with the big brother, appointing him chief executor of the will. The plan rules are the will. How are you going to distribute the money I leave? But hear what happens: You gave the big brother, who is now the executor of the will, unlimited power to determine what his share is, “All is mine.”

Madam President, we have trustees in this country all of which have a vested interest in the pension plan. Let me give you an example. There are very few pension plans that are ever managed at all in this country; I could tell you three: T&TEC; the pilots and, to some extent, the former Texaco. You have a management committee that is supposed to look after the affairs of the pension plan. Nine out of 10 times it is one versus seven: one employee representative; three board directors; four management members and all kinds of connotations that, at the end of the day, “he loss he vote”; he has no say over his own money.

If you look at the persons involved in pension plans, from trustees, to actuaries, to auditors, to whoever, everybody makes some kind of input: the employer makes an input by a contribution; the trustee looks after sharing the money and so on and makes sure that it is evenly done; the only person who has a real stake is the employee. He puts it and gets out. That is the only person who has any say in the pension plan.

The pension plans to the trustee is, “Is my own to do as I will.” Madam President, it will surprise you to know that trustees have been written in this country, sent to employers to sign and there is the famous clause, “The trustees shall invest the funds in such instrument as they deem fit without question or

enquiry.” That is in the pension plan rules. Then there is an indemnity clause that they are not liable if they use assumptions or they depend on charts and all kinds of things. At the end of the day, they spend your money and “loss it”.

Sen. Bro. Khan: Workers’ money jump up!

Sen. S. Ramquar: Madam President, by fiduciary responsibility, by law, a trustee is not supposed to gamble or interfere with shares of their own company that is in a pension plan. So you appoint a trustee by way of a trust deed; you appoint the company by name by trust deed. The company sets up a company inside, Trintrust. So if the T&TEC pension plan has Republic Bank shares, Trintrust will now be the trustee, without authority. My friends at the Central Bank, hon. Minister, cannot deal with this. I will show you why after.

We have a situation where they set it up. When we became active managers of pension funds we called different banks to find out the going rates. A certain trustee got mapped and realizing they were losing the deposit, because they could not quote, they started to quote for us based on a kind of funny name. We did not recognize it at first, and they were quoting better rates than we were getting between Scotia Bank and all the rest of banks. We examined it a little closely and realized that it was not the same name as the company, so we wrote him a letter asking him to explain the RSL. That was not RBL, “What is RSL?” The trustee wrote a seven-page letter saying nothing. They tell you all kinds of things; all kinds of “footsie”.

We called them in and he told us that company did not have to fund the statutory reserves that the bank was required to fund, therefore, they could give a better rate of interest, because all the funds under their charge would be used to be invested and they got a full rate of return on it, so they could give a better rate. [*Crosstalk*] The same trustees that the hon. Minister wants to place my pension plan in to invest the surpluses, rather than give me an increase, are the same trustees who made investment in a number of areas; Stephen Ross, to call one or two; WF Woolworth; NCB; BWIA; K Plaza and REMA, Southland Mall.

All these investments went belly up. I did not talk about Metal Box and a whole host. In 1987, pension plans in this country had a negative growth. Negative growth does not mean that you get less interest; you get no interest and they eat your capital. That was the period when Republic Bank shares were trading at 87 cents and they did not pay dividends for three years; and we want to give these people an opportunity with our pension plan.

If you look at the majority of pension plans in this country, they used to put it on fixed and call it deposit; they changed it now and call it money market instruments. At the end of the day the pension plan gets less than 3 per cent. We lend to persons who borrow money on short-term either in tyre or potato businesses. We lend you at 16 per cent; take 13 per cent and give the plan 3 per cent. Do you understand what I am talking about? Do you have an interest in your pension plan? Where are we going with this?

Hon. Minister, I beg you, do not go in that direction. If you feel brave about it, let us do a referendum for it. This is not an issue for this House to deal with.

The mortgage portfolio: in 1987/1986, some citizens chose to turn refugees and go to Canada, especially with the belt tightening and the 10 per cent cut. Some were honest enough, they went to the bank and gave back the keys; remember it was not the bank's money, is pension fund money they were using. They gave them back the keys and they said, "Okay, we will take steps to protect the property, the assets, sell it and try to recoup some money." Some persons abandoned them; when you went there, even the tiles from the walls were dug off. Every time the workers take the loss. Have we ever put a trustee in jail? Have you ever seen them put a bank in jail? I have been up to the prisons and I have never seen a bank in jail.

We have to make laws in this country, hon. Minister and Madam President, to ensure that the directors are personally liable; but workers do not have money to take on any big lawyers in this case. If you sue one of the trustees for breach of trust it is Jacelon, Michael Alexander, all the big firms. Where are you getting a cent? You will have to take some "two by four lawyer and yuh loss yuh case before you enter the court". This is the redress we have. The hon. Minister should come here to talk about protecting the pension funds. [*Desk thumping*]

Madam President, we have a number of pension plans in this country that are not being funded; to use a nice language you might call it "misappropriation"; to me is "tief". You take workers' money out of their pay packets and there is an agreement for you to use that money plus your contribution to give to the trustees; you never do it.

In the case of Caroni, billions of dollars; October of 1988 Caroni stopped funding the pension scheme, and the pension plan was a similar matter. What was worse was that trustees in this country in the Caroni case went into the pension plan; when the pension plan trustees and rules say that the employer is responsible for admin fees that deal with trustee, investment and actuary fees, lawyers,

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auditors and whatever. They took money out of the pension plan to pay for it. I did not hear anything at all. Where was all this big research to help poor people in this country? We have a very sacred responsibility in this House to protect the people against these kinds of thing.

It was not just Caroni; they did not fund the National Broadcasting Network (NBN). Of course, they were hurry to pay the deficit plus the interest in the NBN and TTT pension plan, but we have not heard anything about paying for Caroni as yet. They were hurry to pay for the wind up of BWIA. I have been involved in all those winding ups, so I am talking first hand.

The Government of this country used a loophole in the BWIA pension plan. They wound up the pension plan. It might have been the only pension plan in this country which said in its trustees and rules that upon wind up the surplus belongs to the employer. So they first tried to get the unions to agree to build the BWIA headquarters and when that failed, they look at the trustees and rules, saw the loophole and wound up the pension plan, because they knew that they were getting the surplus. So the workers are getting no good benefit and the surplus is gone at the end of the day, because they wanted to sell to Acker and they have to pay suppliers.

Madam President, the trustee went to court for an interpretation and we used that means to enter the court as an interested party. We stalled the whole process, negotiated a settlement outside and the hon. Minister of Trade and Industry offered the trade union, as a kind of compensation for the money they were taking, shares in the BWIA equivalent to 15.5 per cent of the shares. When this Government closed BWIA, did it ever consider that it was the pension fund 15.5 per cent lost? [*Desk thumping*]

We have been hearing about the Central Bank and its role and functions. I do not envy those fellows; I know most of them personally and they are hardworking persons. Let us take the period prior to the amendment to the Insurance Act that placed the supervisory power from the supervisor to the Central Bank, where one officer when he went on leave, the Supervisor of Insurance also went on leave; nobody else in the office. There are 285 registered pension plans in this country and he has to look at an annual report for each one of them every year; audited financial statements.

He is going to look at them, not just the covers to see how glossy they are, but he wants to look at where the investment is, whether it is in accordance with the Second Schedule. He wants to ensure that contributions were made and received

by the trustees. These were some of the things we were doing. Madam President, 285 pension plans, if he did one a year he cannot do anything else. He also has responsibility for the insurance.

So we put it under the Central Bank and we have set up the Inspector of Financial Divisions, a whole set of managers dealing with pensions and other areas under him. For them to reach the pace they have to go to look at this whole thing, it is a different story. I will give you an example. Workers in the Caroni situation felt they could have gone nowhere. The State was using its might and power to crush the workers in their pension plan. They never put the money in the pension plan, therefore, they could not get anything.

Despite the promises, I am sure the hon. Minister knows that there was a letter given to the workers to retire. Persons who had worked through the ranks from a daily paid to staff; who had served this country and Caroni (1975) Limited for 47 years. They were promised a \$2,800 a month pension by letter signed by the manager. It would not shock you to know that upon retirement they are getting \$138 a month, by letter too. That is the state we have. A man who has served this country at the highest level of the company, \$138 a month.

Let us look at how the Central Bank could become involved. One of the requirements is that the pension plan or the trustee-produced audited financial statements to the Central Bank now has a document they could look at. But if you check the Supervisor of Insurance report and you would see that in a number of areas they have not at all submitted audited accounts. Do you know what is more important to me? This surplus is based on the latest actuarial valuation. So one of the actuarial firms in this country is hired by the trustee and he does an evaluation which reveals a surplus of a certain nature. Now the trustee has a right to invest that money, if we allow this Bill to pass, he is going to invest that money.

What is more dangerous is that if you look at the history of actuarial reports in this country, hon. Minister, you will see that actuarial valuations have met actuarial valuations and none has been submitted; they have not been completed. So you do an actuarial valuation in the year 2000; for three years you are working on the old valuation, so we are investing the money based on the old valuation and a number of demographics have changed: people's salaries; people's service and the pension requirements change. [*Interruption*]

Madam President: Hon. Members, the speaking time of the hon. Senator has expired.

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

Question put and agreed to.

Sen. S. Ramquar: Thank you, Madam President and Members. I hope I can finish.

So we have no audited statements for the Central Bank to look at and no actuary reports; or they are very late. Let us take the question of Caroni (1975) Limited; there was no audited report because they could not produce any figures; they had no data. The Government was acting on that information. The actuaries have reported that and there are documents to prove what I am saying. There was no data. So there are no accounts and if there are no accounts there can be no actuary's report.

How could Central Bank get involved in this? How could Central Bank ever get involved in documents that were not before it? So we wind up the company and up to now you cannot produce an actuary's report. This is what is happening. Caroni again; the law of this country requires that if you need a refund or in order to get a refund of your pension plan you can only do it for three reasons: you have to apply for permission by the Board of Inland Revenue and you have to ensure, state or prove that you are going to be married, never to work again, that you are going away from the country or there is extreme hardship.

So the house mortgage is up for sale, whatever, whatever, and the Board of Inland Revenue will give you permission to take back the plan. You hear very glibly that 2,400 workers of Caroni are not entitled to a pension, because they took back their money. It is instructive to note that nobody got any permission from the Board of Inland Revenue and they broke the law. But they duped the workers into accepting the fact that, "Hear nuh, yuh go get old age pension bigger than the Caroni pension plan; therefore, doh worry, take back yuh money; yuh go get some money in your hand." But the company did not say that it was twice the contribution, they were not paying in the plan; if they were allowed to get away with it. That is the fact of what happened with Caroni.

Every pension plan in Trinidad and Tobago that is invested in foreign accounts or moneys from pension funds placed into foreign investments is lost; every one up to now. If we examine them: First it was Wall Burke, they went belly up; then Mercury Assets bought out Wall Burke, and they still cannot produce a return. I already dealt with the question of judges.

The stock exchange is really designed to raise finance capital. There are two ways you can raise finance capital for business; one is that you go to a bank and take a loan on secured credit; so you pledge some kind of security. The other one is unsecured credit, where you put your shares on the market for somebody to buy. Unfortunately some of us lost our business putting it on the stock market. That is not the issue; that was not what the stock market was created for.

Investors or entrepreneurs realize that you can buy shares and as the price moves they make a little money off of it. We are not here to create a market for them or to create a share. This market is highly manipulative; 10 per cent every day, you can go on the stock exchange and raise a share price however you want it. So for instance, there was a certain bank that had an interest in its own shares and a certain company had interest in its own shares. They drove the share price up. They gave instructions to brokers, "Every day put it 10 per cent more", both of them bid and drove the share price up. It ended up at \$114 per share.

Do you know that the bank and the insurance company never put a cent from their pockets? Do you know the shares they bought were at the accounts of the pensioners? So the trustees used the T&TEC pension plan and all the rest of pension plans under their control, bought shares and put them in the pension plan, but they were protecting their interest. The insurance company did the same thing with the pension plan under their control. They had no money to put in; they drove the share price up. Now with the share price, they bought control of the bank. Who are interested in the shares, would they buy it at \$114? So it starts to slide from \$114 to about \$80; \$34 lost.

Let us look at the persons we are looking to defend us: the Securities and Exchange Commission (SEC). I have in my hand a memorandum of information submitted to workers to buy shares in a company. If you look at page 2, in big, bold writing:

"The issuance of this document has received the approval of the Trinidad and Tobago Securities and Exchange Commission"

So I say, "Well, listen, I doh know much about this ting; de big boys say dis ting good; I going and buy." The share price moved from \$46, where some people made \$400 million, to \$18. Then I went to the SEC and said, "Well, hear nuh, where is my protection; you approved this?" They then turned to page 1 where, in very fine writing, it says:

"The Trinidad and Tobago Securities and Exchange Commission has not in any way evaluated the merits of the securities offered hereunder and any representation to the contrary is an offence."

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How could you approve a security to be traded in this country without looking at viability of that security? What are you looking at? Are you looking at the glossy cover? [*Interruption*]

I am quoting from the information memoranda issue of share rights by Guardian Holdings Limited, dated June 30, 2005, pages 1 and 2.

Do you understand what is happening? People are being taken for a ride; \$400 million “we put in we pocket” and the share price dropped to \$18, never to recover. “We bring a Irish man, we bring a farmer; we bring everybody to manage the company.” [*Crosstalk*]

Sen. King: It was an Englishman, not Irish. [*Interruption*] [*Laughter*]

Sen. Jeremie SC: Sen. Ramquar, would you give way? All that the Securities and Exchange Commission is required to do is to approve the form of the prospectus. It does not underwrite or take responsibility for the securities themselves. An equity investment is by nature subject to market factors.

Sen. S. Ramquar: Thank you, Senator, I could not have said it better myself. [*Desk thumping*]

Madam President, let us look at the BWIA prospectus; the same thing happened. We issued shares and the company went under. “We have people in this country who is Mr. Integrity; dey were on the board of BWIA.” “We have people who were the Chairman of BWIA” and the laws of Trinidad and Tobago say that if you sit on a company and the company goes belly up, you can be held liable. You can be disqualified from sitting on your own company’s directorship.

So if I have a small parlour, we are set up as a company, I am named a director and happen to manage one of these state firms for or on behalf of the Government—the Government appoints me on the board—if the company fails, I am in trouble. But these persons sit and preside over important matters on people's lives. [*Crosstalk*]

The stock exchange issue deals really with the question of confidence. Can I have confidence to invest in the shock exchange? If there is no confidence, there can be no demand, except we manipulate and give the trustee the right to interfere with my pension plan. Cutting it short, that is somewhat for the local industry, but I want to refer what is happening internationally.

A couple of days ago, Monday, August 13, in the *Trinidad Guardian*, there was an article which pointed out:

“US homeowner woes felt around the world”

If you look at television every night, you will see that the stock market is in trouble all over the world. In fact, the central banks of Europe are putting a lot of money into the American system to try and hold it, because of the mortgage market, equities are falling.

I refer to an article in the *Harvard Business Review* dated June 2003, that deals with the question of investment of pension funds. It is called:

“Pension Roulette:

Have you bet too much on equities?

On July 16, 2002, General Motors disclosed that most of the \$3.5 billion in cash flow it had generated in the previous quarter had to be handed over to its pension fund to make up for dramatic losses in equity investments. It further warned that it would have to pump an additional \$6 billion to \$9 billion into the fund over the next five years to meet regulatory requirements...GM ended 2002 with a pension-funding gap of \$19.3 billion,...

GM’s problems are hardly unique. More than two-thirds of the 360 companies in the Fortune 500 that have defined-benefit pension plans are having to prop up their funds. In 2002 alone, IBM sank \$4 billion into its pension plan...”
[*Interruption*]

Because of equity in the stock market.

“Johnson & Johnson pumped in \$750 million, and 3M diverted \$1.1 billion...the bullish market of the 1990s, but the economic doldrums of the past several years have revealed just how foolhardy it really is.”

Were they talking to the Government when they talked about foolhardy in trying to invest people’s money in the stock market? I want to make one more quote:

“A company would reap greater value and flexibility by passively investing its entire fund in bonds.”

Just to try and speed up—the Minister talked about consultation. Who did they consult: the Central Bank, the trustees, the actuaries? If you look at the list in his presentation, all the people they consulted, they never consulted the workers. Nobody has any interest in the people’s pension fund except the workers. [*Desk thumping*]

If they had the gall to come to this House and say that they consulted the union, I might have given way, but I cannot, even at that stage, because the law in Trinidad and Tobago does not give the unions any rights in pension. Every worker

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has to sign. But no, we use the Parliament and the laws of Trinidad and Tobago to circumvent all of that and shove it down the workers' throat, "We are going to invest your money, because we have a dying stock exchange and big business needs to get the company to show good returns on the balance sheets." That is what they want to do at the end of the day. It will be a serious dishonour to this society if we allow this to ever take place.

I just want to make one point fast, because I know my time is up, on the question of insurance companies. The Central Bank with all its attempts cannot help; the Act is too loose. If you read sections 64, 65, 66 and 67, they deal with the intervention of the Central Bank to protect policy holders. Two went already and there are a number of them, including one I know well, that do not have any reinsurance. It is not paying judgments; not paying claims; not funding statutory reserves; insolvent by Central Bank rules.

The law is such that to intervene we have to talk to you and then 30 days after we send you a letter and then you give us a response. When you finish giving us that response, then we have to discuss the response; by which time children, parents are killed, and not one cent to get; they are waiting on payments. Not just for cars; workmen compensation; persons are losing lives and limbs and are waiting on insurance companies in lines to collect the money. The Central Bank eventually closes it and when they do, all done.

Public liability has nothing to do with a company; nothing to do with a parent; nothing to do with motor cars. You might be walking down the road and a backhoe hits you in the head; you are waiting for your little money to mind the children, to buy school books to send them to school. At the end of the day, we are in trouble.

Madam President, I want to thank you for this opportunity. I am sorry I could not do a little more, but I have no problem to talk to hon. Ministers and my friends on the other side if they need anything.

Madam President: Before I call the next speaker, I take the opportunity to congratulate you on what was a very good and, obviously, a very knowledgeable maiden contribution. [*Desk thumping*]

Sen. Mary King: Madam President, I just have a few points to make on the general discussion. I did enjoy the Senator's contribution. I also welcome him to the Senate.

The Minister told us in his introduction that 42 out of the 200 companies had exceeded the 50 per cent limit in equities, because of growth in the stock market. As a financial and investment planner myself, I was a little amazed, because that

is why we invest so that we have growth. I wondered what has happened to the words surplus and the reserve funds; surely these are cash reserves, really wealth being created through the investment; wealth which can be money available for those about to retire and/or, as was mentioned by the Senator before me, added benefits to the retirees.

I think we caused a depression in the market which really was unwarranted. It certainly was not good investment advice. I would just like to put a few facts on the table which I think should be of interest to all of us. We know that the returns on any investment are a function of the asset allocation from day one of that investment and we know that pension plans are, in many cases, a 40-year investment, maybe 45 in some cases. Persons start to invest, perhaps, when they are 20 or 21, when they get their first job and they retire between 60 and 65.

For those of us involved in the business, first of all, the asset allocation would be a function of age of the person who is the investor. We know from history, from looking back to 1899, in fact, that returns on equities far outweigh those on bonds on any money market fund over any 10-year period since 1899. Therefore, there is the opportunity for young persons 20 years and above, or 18 if they are working and have the surplus to invest, to be totally invested in equities. Of course, we are not saying they should be totally invested in equities on the local market, because that will not give us all opportunities available to that investor, they certainly at that age should be totally invested in equities balanced across the globe, both by industry, country and currency; so that we are actually taking care of any devaluations or depreciations of our own local currency.

As one reaches the age of 40, we start to plan for that person who will be retiring at 60 or 65 and, therefore, we begin to balance his asset allocation, moving it from equities into bond and money markets. By the time that person is 60 or 65, all his assets are now in fixed interest in the bank, sitting there in cash and, therefore, removed from any volatility that might be happening in the stock market. So asset allocation is one of the most important things in any long-term investment.

Surely our insurance companies and our pension fund managers do have data on the age groups of these persons whose funds they are managing. Therefore, it should not be a very difficult job to do the mathematics. So the second point I would make is the benefit of investing in the different currencies, thus minimizing the risk of any depreciations, whether that be a depreciation in the US, like we are now experiencing being tied to the USA, you do not invest in Trinidad and Tobago

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and USA, you invest across the world. So we have our clients in yen, pounds, Euros and all the currencies; of course, different allocations for different types of people. I think it is something we have to take into account.

The third point I would make is that I do not think sufficient opportunities exist on our local stock market for wealth creation and, therefore, we should allow our citizens to benefit by way of increasing the allowance that we now have of only 20 per cent of the funds being allowed to be invested overseas. That 20 per cent is really quite small and really minimizes persons' opportunities for wealth creation over a medium to long-term.

That percentage of offshore funds should be increased, but we should try to maintain the philosophy or policy that the offshore funds should be in managed type funds and not in total volatility, not in total equities, but in managed funds which are a mixture of equities and bonds.

If our current insurance companies do not have the skills to both do the data, as far as age groups are concerned, and to be able to ascertain the optimum types of assets that should be invested internationally, then, perhaps, we should insist that be part of their staff type of persons in human resource that they employ. Whether we give them incentive or not, we certainly should have analysts who are proper financial and investment planners, otherwise we will not really accrue the benefits that we could from long-term pension funds or any long-term investments, whatever it is for.

My final point may not be directly related to this Bill, but I think it is something we as a country have got to start thinking about. We have to introduce the system where each of our public servants contribute to his or her pension plan, This matter of the pension plan totally coming out of the Consolidated Fund is passé. There are very few countries in the world where the government takes full responsibility for the pension plans of their workers. The norm is that the worker pays one-third and the employer pays two-thirds. This is something very, very necessary, because we know that we cannot forever guarantee that our personnel will have proper pensions, so we should be looking at it now.

I think the carrot may be made more acceptable to them if they know that their funds are being properly managed, being properly allocated and managed so that real wealth is created through the best mix of equities and money market funds and, of course, invested internationally. One of the main benefits of the international investments, which is something we should not be sneering at, is that these pension funds will also be earning foreign exchange, which is something that goes towards the development of Trinidad and Tobago.

So those are the only points I want to make. We are asking the Minister to please take some of those on board, so that over the next couple of years we could get in place some real wealth created.

Thank you.

Sen. Raziah Ahmed: Madam President, as I rise in this honourable House, I cannot help but feel a deep sense of patriotism, a deep sense of loyalty, because my first awareness of this thing called pension was when I was but an infant. I remember my first week of primary school being in the class that was called infants, being assembled by the teachers. We were being distributed with pencils and chocolates, because it was September of 1962, our Independence.

Being my first week in primary school, I really did not understand what independence meant. I enjoyed the chocolate and I liked the new pencils. I went home and asked my father and he said to me that independence meant that we got to manage our own affairs; that we got to take care of our old people. That was what he said to me in his wisdom.

I want to go further in my little story, because I want to demonstrate, in a basic way, the meaning of the word prudent. Before my father died in 1994, he had intimated to my brother and myself a few months earlier that he had some debt and it worried him. When he passed away, God bless his soul, my brother and I went to simply pay off whatever little debt he might have had. The bankers attempted to run us away, because it was none of our business, and bankers, as you know, when they learn that a client has died, they freeze the account, close the account, "Go away from here." Luckily some senior person in the bank saw us, found out what the situation was and said, "Look, I cannot tell you anything, but hold on." I found out that day that on the morning of the same day my father died he had gone to the bank and paid off all his debt. I quote that story because I want us to remember that the operative word in all of this is "prudence". I will speak a little more about the prudent person approach as I go along.

The business before this Senate is to amend the Insurance Act of 1980. I want to focus particularly on clause 5 which now seeks to allow registered pension fund plans with a funding ratio in excess of 150 per cent of pension liabilities, to move from equity holdings, currently limited to 50 per cent, to 70 per cent. This kind of action was last taken in November 2000 when the limit imposed by the Act was raised to allow 50 per cent participation in such portfolio investments and in direct equity investments.

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It was 40 per cent originally in the Act, and in November of 2000 it was raised to 50 per cent. To describe what happened in another way or in a simpler language, the Bill at that time was seeking to allow greater participation in the stock market, that is, to allow these fund managers to buy more stocks, called equity, in companies listed on the exchange. The rationale behind the original allocation of the 50 per cent was in keeping with the prudent person approach.

This prudent person approach is critical because pension funds are really the retirement income for individuals who are old, for individuals who cannot go back out to work for any substantial money in their golden years and whose funds that have been set aside cannot be exposed to too much risk simply because if the money is lost there is no time to recover it for these people.

4.00 p.m.

The Minister in his opening address made a statement which I want to correct. It must have been a slip of the tongue, but I do not want it to be a mistake of the mind because in understanding why we have to be prudent, a pension is not as he said a promise to pay at some time in the future. That is wrong. A pension is in fact, a stream of income, a series of payments for as much as 40 or 50 years and we need to remember that. [*Desk thumping*]

So the fund managers are subject and should be subject to utter prudence in the administering of any fund. In the current scenario it is estimated that pension fund investors locally and the large institutional investors are mainly the pension funds in the country which account for about 90 per cent of the local equity. They have literally bought up approximately 90 per cent of what is available on the stock market.

The Trinidad and Tobago Stock Market continues to decline. It is against this background of a declining stock market that we have this measure. Composite indices have fallen by 2.8 per cent and in fact, the stock market index has declined by about 30 per cent from a high in mid-2005 to last September, and that is according to published figures, and our market has been a bear market for several months.

Historically, the Trinidad and Tobago Stock Market was established in 1981 with 35 companies, listed companies and market capitalization of \$2.3 billion. The number of listed companies on the market now is 32, less than what we started with. In the year 2000, when the limit was raised from 40 per cent to 50 per cent, two new offerings were listed: National Flour Mills (NFM) and NEL and that was one reason given for why the market could accommodate that shift from 40 to 50 per cent participation.

In addition, trading on the market is weak. In fact, only about 22 per cent of the shares on the market are actually traded at present. If one recalls that 90 per cent of the stocks are currently held by pension fund managers, it is easy to deduce and infer that our pension fund managers are not in the business of trading, they hold the majority of stocks and their strategy is to buy and hold for the long term. That is why trading activity is significantly weak.

The question therefore arises: How does one stimulate a stock market? We are told in this legislation that this action of moving from 50 to 70 per cent will stimulate the stock market. Let us now examine the performance of the stock market. Certainly, if one wants to stimulate something one must see how it is performing. So apart from the bear market that we currently have, one sees that in terms of performance, the ratio of price to earnings is not necessarily an attractive one.

For most of the stocks listed, at least 60 per cent in terms of capitalization, stock prices have increased 1.5 times compared to earnings per share of 0.5 times. With respect to the larger conglomerate organizations, stock prices rose 2.5 times compared to earnings per share of 0.6. More than anything else, Madam President, this is a signal of how much the market is willing to pay for a share, rather than how much value it is in terms of income or dividends.

It suggests then, that in order to win on this market, the prudent investor would sell a high-priced stock. Yet active selling is stymied in the market because the investors are simply not trading. So it really ought to be trading that stimulates a market, not a buy and hold strategy that is preferred by the current big players on the market.

In terms of the larger economy, we also need to see what has happened to our GDP growth figures to put this in the largest possible context. Growth in the Trinidad and Tobago economy was slower in 2007 than it was in 2006, falling from 12 per cent to 8 per cent. Having said that, let us go back to the concept of the prudent approach for fund managers.

On international markets, pension fund managers—as the Minister pointed out—prudent fund managers restrict themselves to a 30 to 40 per cent participation in equity. That is so because equity by its very nature is on the higher end of the curve of risk against return. If one were to plot risk against return, one would realize that the safe investments such as bank CDs, insurance products et cetera are low down on the curve of risk against return. As one goes

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higher, more risk with the hope of greater gain, one finds mutual funds, and even higher up on the curve is where one will find stocks, and the higher risk is supposed to allow investors to get a higher return.

The anomaly in our market is that there appears to be very little difference between the returns one gets from the mutual fund market and that from the saver investments from banks and insurance companies. When one looks at the existing legislation in other parts of the world such as the European Union, one finds that the law allows for participation of up to 70 per cent, but in fact, global pension fund managers are not interested in going that high. They restrain their activity because they believe that since this money is for the long term and has to be shared out in a stream of income over several years, they must be prudent and they also know that if the stock market is demonstrating low performance, it is a place from which they will stay far.

It is necessary to belabour the point because you simply cannot fool with pension funds, and our own experience, Madam President, is that—according to our actuaries' calculations and what is being done with current retirees—it appears that our calculations have not been accurate, our current retired population are not getting an adequate pension and all the more reason why we need to be extremely prudent with what we do with the funds we have in investments.

The point being, that now we bring legislation to expose the entire portfolio to greater risk and I suppose this is what the PNM is calling Vision 2020, and I want to say that Vision 2020 is as blind as a bat. In light of this heightened risk—

Sen. Enill: Senator—

Sen. R. Ahmed: Hold on a bit. In light of this heightened risk, Madam President, pension fund investments currently, according to the 2005 figures are at \$22.1 billion. As I quote that figure, I want to make a point. The Minister laid the 2005 report in this Senate and in his address, he could not even remember that he had laid it, he kept referring to a 2004 report when I have the 2005 report because I am a Member of this honourable Senate and it was laid here. To show you how astute we are in dealing with the affairs of the country, this is not, not very astute, not good at all.

Madam President: Are you going to give way to the Minister?

Sen. R. Ahmed: Sure.

Sen. Enill: I thank the distinguished Senator for giving way but there is nothing in what we have said that supports the conclusion she has just made. The only risk that we have is in the surplus. We said—and I want to correct the impression if an incorrect one was given—we are taking 150 per cent of the fund liabilities, that is to say that whatever it is we are required to provide for, we are adding 50 per cent to that, and thereafter, that is what we are allowing you to invest. I just wanted to clear that up.

Sen. R. Ahmed: Thank you. But that was no area of confusion in my mind. Earlier in this Senate, a reference was made to Jamaica and what is happening with pension fund investment in equity. Even though there is no law in Jamaica that limits the amount of investment that pension fund managers can have in equity market, the Jamaicans have decided that in light of their history and what is going on in their economy that they will not participate at more than 30 per cent. So in actual practice, they are participating at about 26 per cent in the market.

In our Latin America neighbour countries, the highest level of participation appears to be about 30 per cent. The problem that occurred in 2004 when the Central Bank took over the regulatory functions from the Supervisor of Insurance, it discovered that a number of companies were in breach of the limits and were in fact guilty of an offence. The funds that were in breach of their limits, this did not happen because they deliberately bought more than they should, it happened because the price of their shares had appreciated because of the system of trading on the local market and they found themselves unconsciously with a situation where they were in excess of the 50 per cent and were in breach.

The question I ask is, what will a prudent person's approach be when such a situation occurs; when the law says you must be at 50 per cent and because of the system of trading, your prices are now valued and you have more than 50 per cent? The prudent fund manager would sell off the high-priced stocks and capitalize the gains, because essentially a stock is a piece of paper that has no intrinsic value. So if your stock has risen and you have gone beyond your legal limits, then the legitimate and prudent thing to do is sell it off, capitalize the gains and you are richer in terms of your cash value.

Madam President, you see activity in any market—and it is the same whether it is a fish market, a greengrocer, a supermarket, or a souk in Dubai, activity in any market, even the stock market is created by simply buying and selling. If you have nothing to sell, there is nobody to buy. So if one wants to stimulate activity in the market, one creates a situation for buying and selling. That is what a market is, and the stock market is no different.

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If the people who had realized gain had sold off that gain, it would have created a situation where people would have had stocks to buy. Those who wanted to buy stocks for the longest while and could not get any because of the way the market was, would then have had a situation to buy stocks and it would have created a buying opportunity and the market would have been automatically stimulated.

In fact, Madam President, that is what actually happened, when the Central Bank regulators came in and saw and determined that at the end of 2004 what was happening and raised the big stick, there was actually sale of large blocks of stocks and trading was stimulated. There was buying and selling and our local stock market reached an all-time high in mid-2005.

By December 2005, 12 months later instead of the 42 companies that were in breach as the Minister said, there were only about 11 or 12 companies remaining in breach because about 30-something of them had corrected their positions by selling on the market. It is no rocket science, if you put things for sale, people will buy and that is how the prudent governor will deal with a need to stimulate stock activity.

On top of that action, the fund managers themselves would have benefited in two ways because the way the stock market works, if the stocks are high priced that is when you sell. Sell them, capitalize some gains and the same stocks you sold at a price will be selling a few months later at a lower price. So the fund manager gets to sell high and buy low, and who gains? His policy holders, the fund managers would have achieved, but that is not going to happen with this action.

Another benefit from that action would be that other smaller investors would have been able to participate and purchase a few of the blue chip stocks that nobody could buy on our local market.

Madam President, the essential line is that we cannot expose our pensioners to too much risk and everything in terms of pension planning must be conservative. In the United States of America, which we all look up to as a world power and a leader in financial affairs of the world, the baby boomers are in trouble because their pension plans do not have enough to cover them. Their lifestyles will have to be downgraded and we, in this part of the world, this Third-World developing country, are taking a chance with our pension funds?

Madam President, one of the most prestigious financial associations in the world, the Million Dollar Round Table where approximately 8,000 members from across the world attend their annual meeting every year, convened an emergency

meeting in New York this year because as financial planners and advisers, they recognized the whole retirement industry is in crisis, because globally there is not enough money set aside. The managers have not done a good job. The people themselves may not have contributed, but the situation is that this prestigious, international association had to get into emergency planning sessions for a few days in order to come up with strategies to help individuals, organizations, and companies to cope with the impending crisis in the retirement in the market, and we want to expose our people to the vagaries of a stock market even more.

The PNM Government made that choice, Madam President, and I am asking; where is the vision in such a choice? Big ticket players on the stock market, who are the winners? Do you think the small man ever wins on the stock market? Hardly. So we entrust our life savings to pension fund managers.

Madam President, the new buzz phrase in the financial planning world and the world of financial circles is “the uncertain world” and this uncertainty is getting greater and greater every day because no longer can people predict according to the textbook theories, and the classical theories we studied in school of how it is going to play. If “X” happens does “Y” happen? It is now an “uncertain world”. Never before in the history of the stock market has it been so uncertain.

Further, Madam President, just in passing we are in an era of diminishing returns as a source of revenue. In this scenario, the strategies of the PNM Government have simply failed to turn the stock market around. Approximately in about two years when the conglomerates have mopped up the 20 per cent availability that is going to be done today—they are going to mop it up—what is going to happen? Will we come back to this Parliament to say let us raise it again? [*Desk thumping*] You would have to go to 90 per cent in a couple of years if you fail to understand how a stock market works and this is exactly what the PNM has done.

By any standards whatever, the PNM cannot remain in office because it is going to destroy everything; destroy the stock market, destroy the pension fund. Enough said on that for now. There is no vision of how to deal with a stock market.

Madam President, the last word on equity is that there are absolutely no guarantees and our pension fund managers are not in the business of trading, they are in the business of buy and hold. There is nothing to buy anymore on the market so we want to give the same people some more of the same things to buy.

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We cannot reinvent the stock market, we have to understand how it works. When the UNC raised the limit from 40 to 50, it had the vision and wisdom to introduce new offerings on the market, so there were at least two new offerings, not the same set.

If you want to stimulate, you have to create a situation where the consuming public has a better choice. In fact there are two options. The first option is to enforce the law, if you do that the fund managers are going to have to sell. Automatically overnight they will have to sell and once they sell, we can buy and the market begins to stimulate, it becomes robust in a couple of weeks. Simple equation, no rocket science. But the track record of the PNM in enforcement is about 10 per cent. The PNM's track record of implementation in any project is about 10 per cent. "Cyar finish nutten. Start everything and cyar finish nutten."

Madam President, that is one way, enforce the law, make the fund managers sell out and they will gain, they will not lose. The pension funds will not lose if they have to sell.

The second option; in fact, because the stock market is now so low, this is an excellent time to buy. So if the pension funds have excess moneys sitting, this is a good time to buy some more because the prices are down.

Another option, Madam President, is to bring more goods to the table on the market. If you want people to buy and stimulate activity, put more things to sell. How can we do that? Before I go on to give them ideas, because bereft of ideas as they are, and the short time they have, I do not know if it will help.

In addition to the fact that the market is low and it is a good time to buy, there is in the law a 20 per cent limit on overseas investments and that is not being utilized by the pension fund managers. So when my learned colleague was talking about participating in the foreign market, it is in the law and they are not using it. So it is not like they have maxed out every possible option, they are simply not utilizing that 20 per cent limit for participation in the overseas market.

In fact, the PNM Government was given all the data by the International Monetary Fund (IMF) when it did the mid-2005 review. They were advised—and if we consider the IMF to be experts—in its financial sector review, mid-2005, that the spread between price of shares and earnings per share was too great and it was a symbol of a weak market infrastructure and, therefore, we had to do things to strengthen the market infrastructure. It also said that there was a poor supply of stocks with 32 listings—I do not know if it is still 32, it may be less by the end of today—a trading system on the market that allowed significant price increases on

bids that have no competition. They were given a solution on how to stimulate the market and we have a situation where they have thrown that out and come up with this idea to increase the limit for the same set of people to buy the same stocks.

Madam President, if trading behaviour of the participants on the stock market does not change, if the participants on the stock market do not mature sufficiently to recognize that buy and hold is not really the best thing, if the law cannot be enforced to stimulate selling and buying, nothing would change. The market would not change, activity would not be stimulated and two years down the road there will be this same problem. How does one create more securities on the market? It is a simple thing, something called ADRs. We have MNCs and TNCs, but time is running out and besides when we get into office the Government of a United National Congress Alliance, we will put those things in place to stimulate a robust stock market in the short term.

Thank you.

Madam President: Hon. Senators, we shall now suspend for tea and return at 5.00 p.m.

4.30 p.m.: *Sitting suspended.*

5.03 p.m.: *Sitting resumed.*

Madam President: We do not have a quorum. We are 30 seconds early. I am going to give everybody a little time and see what happens.

[Short pause]

I will address this matter later on in the sitting. Go ahead, Minister.

The Minister in the Ministry of Finance (Sen. The Hon. Christine Sahadeo): Madam President, in the absence of Sen. Ramquar, let me extend my warmest welcome to him and albeit we have a new Senator every week, I think it is incumbent on civil society to do what we need to do. So I really express my heartfelt congratulations and I am sure the Leader of Opposition Business, Sen. Dr. Tim Gopeesingh, will convey the sentiments.

When this Bill was presented, I really did not plan to speak because—I do not want to say simplistic, but when you look in terms of this amendment, it really is, in fact—the element of the Bill is really discretionary with regard to trustees. What I mean by that is, in the first instance when the limits were set, they were set in terms of, this is the limit. We are now giving the trustees the opportunity for well-managed funds, funds which have done exceptionally well, in saying: “You now have an opportunity to invest part of your surplus in terms of the stock market.”

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So, really, if we were to start on that premise, right away we are saying that there is an obligation on the part of investment managers and trustees to say—by the way, it would be those investment funds which have demonstrated that they have always adopted a policy whereby the returns of their investment have been above average, because to have funds in excess of 150 per cent of your liability, tells you that you have, in the first instance, 50 per cent surplus. What this piece of legislation is saying, it is not dealing in the first instance with the first 50 per cent surplus, but with any surplus beyond the 150 per cent. I thought that it was important for us to understand that it is discretionary and therefore we are saying it applies to those funds where those trustees and investment managers have demonstrated commitment and certainly very good practice.

What is a little strange is during last year's budget, I remember in the other place one of their colleagues on the other side made a very passionate plea for us to look at how we could stimulate the stock market and, in fact, it was the responsibility of Government in various ways. I want to say again, this is not in response to that, but merely in response to the request made by Government's review of the position in terms of how we should move forward.

There have been very interesting articles in the last two weeks in terms of what is happening on the international market. On Saturday, August 11, 2007, the front page of the *Trinidad Guardian* said: "World Stocks Tumble." Everybody is aware of the correlation between the stock market and the property market. Here you saw the stock market certainly tumbling in response to the real estate market.

There was an article again, in the *Guardian* on Saturday, August 11, headlined: "World shares fall on credit fears". It reads:

"Global stock markets came under pressure for a second day yesterday amid fears that problems in the the mortgage market would prompt a worldwide credit crunch.

Billions of dollars, pounds and Euros were wiped off share values, hitting businesses and individual investors."

I will go to a third article, if you will bear with me: In today's *Business Guardian*, it states: "Understanding Recent Market Turbulence." This paragraph so well explains it:

"Investors need to remember that periodic corrections are completely normal and, in fact, healthy for the markets. You should also know that it will happen again, we just don't know when—this is the nature of stock markets. It is this fluctuation that creates risk that allows us patient investors the opportunity to earn superior returns over bonds."

I took time to bring this here because these were all public statements; these are articles in the newspapers throughout the world, which means to say, certainly, we have a responsibility to ensure that we protect our investors and make sure that when we pass legislation, we are certainly taking care of our investments and our investors.

Sometime ago, after the whole introduction of—50 per cent was enforced because this legislation was here for some time and I think Sen. Ahmed very clearly stated that they made the visionary decision to increase from 40 per cent to 50 per cent. So when those on the other side do it, it is visionary, when we are now introducing measures for a well-managed pension fund, it is derailed; at least the intention is not to accept it; not look at it beyond face value and look into the depths of it and see what purpose we want to serve.

As a matter of fact, instead of increasing to 50 per cent, the legislation we are passing today is what should have been passed. I see concurrence by those on the other side. [*Desk thumping*] So it is not to say we are reversing it, but at this time we are now saying that we must recognize that well-performing pension plans, certainly we must give them the autonomy in terms of how they invest.

When my colleague, Sen. The Hon. Conrad Enill, made his presentation, he indicated very clearly that at this time there are several funds which have not even utilized their 50 per cent limits. Again, you have different trustees with different risk profiles and the way they approach investment is going to be different. All this legislation is seeking to do is to allow the investing company to make investments which will bring a higher return.

I want to—again, you have to allow me to refer to this because it is such good reading. Here you have Managing Director, Subhas Ramkhelawan—everybody knows him—talking about boosting our local equity market. He says very clearly in the *Express* of Monday, August 20:

“As many market watchers are already aware the local equity market is entering into the third consecutive year of decline. Additionally, the local equity market is currently over 20 per cent undervalued based on historical P/E multiples.”

Let me repeat it:

“...is currently over 20 per cent undervalued based on historical P/E multiples.”

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It is almost telling everyone, go out there and buy stocks, but I am not going to be so irresponsible. I am sure everyone will go to their various agents and decide how they move forward. It goes on to say:

“This market condition is an anomaly from the standpoint of:

- 1) An economy which has doubled since 2000...
- 2) Stable investment grade credit ratings from international credit rating agencies...”

It has been upgraded:

- 3) Substantial foreign reserves.
- 4) Stable political and economic environment.”

Let me repeat that:

“4) Stable political and economic environment.” [*Desk thumping*]

Do you know what this is saying in a very simple sentence? What we are, in fact, saying is that we are leaving a lot on the table right here at home, because when you look at those low P/E ratios, you are telling our investors: “Why can I not invest locally in our stock market instead of looking to go abroad?”

Madam President, let me give you a hypothetical question. If our investors had gone abroad and invested in the external stock market or the external real estate market, let me ask you, Madam President—I trust you and I respect your business acumen—what do you think would have been the situation today for some of these companies? The reason I feel passionate about it is, I believe we should not let partisan politics affect how we legislate. [*Desk thumping*] There are a lot of bright people across there—I am the first person to agree with that. Therefore, how could you stand and make a statement all because you sit on the other side? At the end of the day it is the country we serve and it is the people who will benefit.

Much was said about the Caroni workers and their pension. This Government took the decision to fund those pensions by \$360 million. [*Desk thumping*] I really do not even like to make these statements because this is not who I am, but for six years, those on the other side have come here and talked about the Caroni workers. I call them my Caroni workers because I have worked with them for four years now. What did they do for them? Do we know what we did? Those pensions were so low, we agreed to put in place a minimum pension of \$650, which included both pensioners and deferred pensioners.

Sen. Dr. Gopeesingh: That is not enough.

Sen. The Hon. C. Sahadeo: I really will take time, Sen. Dr. Gopeesingh—if you did not get the time as yet to look at the budget statement—to let you know by increasing the Senior Citizens Grant to \$1,650 and increasing the ceiling to \$2,500, we have now introduced another measure that allows the average citizen who has other income to still participate in the Senior Citizens Grant. [*Desk thumping*]

I want to say this was certainly in response to many of the requests of the former Caroni workers, because before this arrangement last year, which has been substantially enhanced this year, they were unable to access the Senior Citizens Grant. So when I hear those on the other side making spurious statements, I think it is my responsibility to clarify it.

The Senator has just returned. I welcomed you during your absence, Sir. But I want to bring clarity to this situation. Very often we bring data to this Senate and we have a listening public, and, yes, you are correct. Many years ago there were retired persons who were certainly enjoying low pensions based on which pensions in this country had been designed. Let me also say that we are in the process of reviewing the entire system to bring new rules and regulations to address it. But when the Senator said someone is getting \$300, again let me draw to his attention, through you, Madam President, that right now in this budget alone, we introduced a minimum of \$1,650 and with the increase in the pension arrangements under the National Insurance Board, that brings it to \$2,000. So, certainly, the minimum pension is now \$3,650.

I think I even gave you an inaccurate figure, because when I reviewed the National Insurance Board arrangements, the minimum is \$2,000 to \$2,500, dependent on what scale you are, and based on your contribution—a number of years—you can therefore have more than that. So what I am really giving is the minimum pension. Of course, we would love it to be more; of course, we are now looking at \$3,000—

Sen. Ramquar: Will the Minister give way?

Sen. The Hon. C. Sahadeo: Certainly.

Sen. Ramquar: Madam President, the Senator either misquoted me or is attempting to misquote me. I have nothing to do with old age pensions, Senior Citizens Grant or CDAP. Workers in Caroni contributed to a pension fund and if they fund the plan properly, there will be no need for \$300. The second point is,

she is making you believe that people who are getting \$300 and \$140 were old people a long time ago. When they accepted VSEP, they were given a letter before they accepted to base their decision on, that if they retire or take VSEP, they would get this amount of pension—\$2,800. When they accepted the VSEP, they reduced it back to \$138.

Sen. The Hon. C. Sahadeo: Madam President, the Senator is new and I will be kind. I do not want to enter into an argument. Certainly, after the Senate I will engage in discussions and elucidate to the Senator.

Let me again discuss where we are regarding various pensions. You will be pleased to note—we are not in the budget debate. You know, this is what makes it so difficult, because I do not say the same thing twice, but I am forced now to again remind this honourable Senate that we have again increased the allowance from \$12,000 to \$25,000 in terms of annuities. So what we are now encouraging citizens to do is certainly to provide for their retirement. The State needs to intervene in those circumstances where individuals are unable to provide for their pension. Of course, there is still an argument that should the State provide a pension for everyone, but we would not discuss that today. Certainly, countries all over the world are right now in a dilemma in terms of funding of pension plans.

What I am, in fact, saying here is that this Government continues to act responsibly regarding pensions. As I indicated, I did not plan to speak too long on this issue or even to make an intervention, but the other point I want to raise is that we must look in terms of investment in the local market vis-à-vis investing in overseas markets. As I said before, some time ago there was a concern regarding the demand for foreign exchange and it was a direct response where the investors, both institutional and individual investors, when this market was not getting the returns that we were accustomed to—or should I say we were spoilt because this market certainly gave returns that I do not recall any other market giving. What happened, we saw investors starting to go outside and there was a very strong demand for foreign exchange. So there is another consequence in terms of investing locally as opposed to investing externally.

I certainly have to speak about my friend, Mr. Ramkhelawan, because one of his recommendations included how to boost our local equity market. When I heard the comment from our new Senator stating this is the Government's response to boosting the local equity market, I am a little taken aback because our responsibility first is to the citizens of Trinidad and Tobago, and to suggest that our motive is otherwise, is certainly unacceptable.

Some of his recommendations included investing moneys from the Heritage and Stabilisation Fund. Let me say again, as a responsible Government, all the funds under the Heritage and Stabilisation Fund must be invested externally for us to isolate—and I am glad I am seeing nods of approval, because, really, we will be wasting our time establishing a Heritage and Stabilisation Fund if we invest it right here. So when people come and show these newspapers, this is what the experts are saying. Let us take time to understand it and let us not come here and say this is what a good government will do.

So in winding up let me say, when we talk about visionary, this piece of legislation demonstrates that. [*Desk thumping*] I believe it is rude of us to suggest that actuaries do not understand demographics and they are not quite sure of what is happening. I have the highest regard for all peoples, particularly actuaries, because their role is an extremely important one, because they are literally playing with the lives of all our senior citizens.

Only recently the National Insurance Board, when they conducted the actuarial review, before establishing a minimum of \$2,000, really had to rely in terms of the actuary evaluating how these payments were going to impact on their investment income and looked at their asset base. Do you know what they did? They undertook to do a special actuarial review in June 2008 in order to determine how the portfolio and everything needs to be restructured and how it could, in fact, be harmonized with the Government's pension arrangements.

Again, we must commend them for taking this initiative. Let me again thank you. It was certainly my pleasure commenting on this Bill. [*Desk thumping*]

Madam President: Before I call anybody else, I just want to draw the attention of Senators to the fact that myself and seven Senators sat here for three minutes before we were able to get a quorum to start this session of the Senate. That, really, is unacceptable, because if the rest of us could finish our tea in time to get here for 5.00 p.m., I think all of you could do that. I hope it will not happen again.

Sen. Ronald Phillip: Madam President, as I rose to make my contribution to this Bill to amend the Insurance Act, Chap. 84:01, I looked at the amendments and saw good intentions if we are talking about an ideal world, an ideal economy and a well-performing economy. When I looked further, what came to mind was bad money driving out good money, and I want to explain that.

This Bill and the amendments lead and ask more questions than answers that were supplied, so the Minister of Finance, the hon. Senator, will have to give some further explanations in several areas really to boost the confidence of the

people, the pensioners and the people who will manage the assets. This Bill speaks to very specific parts of the pension arrangement. I say, very specific parts, because it has to be related to the whole macroeconomic scenario that is happening in Trinidad and Tobago, and people really need to understand that before they could make these choices; these discretionary measures that the hon. Minister, Christine Sahadeo, mentioned.

It is with an abundance of caution that we really look at how these pension arrangements relate to the ability of pension plan schemes to invest. When we talk about investment, according to this amendment, we are talking about transferring the liquidity into long-term assets really to be able to use some of the surplus cash flows that the insurance companies get because of premiums paid and contributions by individuals. So the hope, really, is to match the long-term liabilities, and as my colleague said, the pension is a series of payments paid over a long period of time.

So they want to be able to pay this money, and these amendments, really, should be able to build the pensioners' confidence in the scheme's ability to repay. I agree with the Minister when he defined a pension fund as a promise to pay in the future. It is to pay future pay. But it is more than just a promise. We do not build the confidence by telling people "we are promising you", and I know the Insurance Act—I have looked at it—has provision to ensure that there is a certain amount of coverage. In fact, the Insurance companies match their investment of securities and assets to their liabilities, and this has been well covered in the Act. So the insurance companies create, what is called, a policyholder fund reserve. With this, now, they have to put assets held by the Central Bank to cover the liabilities.

It is really that exposure we are talking about, that additional cash flow that the insurance companies have and they are now looking to convert it into some assets that they are hoping will be able to grow and develop to match all the eroding factors in the economy, or all the shocks in terms of financial shocks caused by overpriced oil and gas and being able to look at the overheating of the economy and inflation.

So the need of the pension fund, really, is to meet its financial obligation when its liabilities would have matured and so would have the ability to pay with some basic guarantee of an interest. This interest is, of course, needed to offset the future buying power of the dollar, because a dollar today and a dollar 20 years ago would not be the same thing. In fact, when you look at it, our dollar would really have less buying power, and you have inflation.

Actually, these are the phenomena of the economy that we should look at. We should look at the overheating, the inflation; the fact that you have a gross mismanagement of the economy because you are not developing the non-oil gas sectors sufficiently to drive the business. What you are talking about, it is not Government expenditure that really drives and builds the economy and says we are growing; it is the private sector investment. It is people being able to provide, if we talk about an open market economy with prices of goods on the supply and demand side—as my colleague was talking about the market—you are definitely talking about the ability to provide the goods and if you have a large amount of money chasing those few goods, then you definitely will have inflation rates, because people could now jack up the prices.

So we really want a stable economy. We want small incremental steps; we want to manage the economy better. As the Minister was saying, the pension funds holdings of equity in most countries rarely exceed the 40 per cent of the total assets. The reason for that is that they want to be able to put a certain amount into fixed assets so there is this guarantee and protection, because at the end of the day, it is to give people confidence. This issue here is about confidence, to make sure once and for all that the Government is managing the economy with proper fiscal measures.

5.30 p.m.

The Central Bank is now using proper monetary measures to do their part. There is an environment for investment and if that is the ideal situation, the market will determine the price. These trustees are investing in government and corporate fixed income securities to guarantee payment through Treasury bonds. The trustee has to take the money wherever he or she is buying the asset and leave the money there. Because it is a long-term repayment process the trustee would feel insecure because the money is so far away from him or her, especially when you have economic shocks in the environment.

Can we look at our situation in Trinidad and Tobago and say that the Government has managed the economy well and has been able to create a balancing and stabilizing environment for insurance companies too? When we look at the shareholders' equity, it is added to the liability and offset against the asset. When we talk about equity we are looking at the insurance company creating their investment portfolio. You have a liability to assets ratio on one side, but on the other side it is pressure. Everybody is dealing with the assets. It is the rate of return on this investment. We are considering how much money we can get. Once these companies invest the money they would have the ability to repay.

That is what the pensioner is thinking about. People who want to put their money want to know that they will get the best value for their money because they realize the diminishing returns on the money and if you have to give it back to them, they need to get it with something added.

The idea is to provide this golden nest egg, this retirement benefit that does not compromise the individual's standard of living. Given the fact that you do not need so much money, you would be able to make some adjustment and not suffer hardship. Creating this golden nest egg reminds us of the Midas touch, the guy who wanted to touch everything and turn it into gold. If we could have done that easily—this good intention became a curse. All of us will suffer. It is a good intention. If we are not able to create this enabling environment to allow people to receive a pension—several ideas are bandied about that the State will contribute. In certain services like the teaching service and the police service, a non-contributory pension is paid out of the Consolidated Fund. We need a revamping of the entire system to ensure the quality of the lives of our citizens who have contributed so well. Today, a desperate plea was made by Sen. Dr. Eastlyn Mc Kenzie about legislators. It catches every person because all of us are getting older by the day and we have to take care of ourselves, especially with the increasing cost of medicine.

I did some calculation about what will provide a decent pension for somebody and I came up with \$4,000. As the young persons tell you the insurance companies take about 10 per cent. If you invest 20 per cent in this pension portfolio for retirement, that would give a household income of \$20,000. If you are thinking about this household income of \$20,000 with a workforce of about 600,000, we are talking about 3 per cent of the population being able to earn that amount. A chief executive officer of a company will probably start at that range and few people are at that level. It is a concern for many people that you must be able to provide this unless you are in the private sector and own a business and you are transferring it to your children.

I will raise some concerns for the Minister. Will there be enabling fiscal policies by the Government to stabilize the economy? While we are talking about growth of the economy, I am not convinced that this economy has been stabilized. There are shocks that we will see in this economy. By 2020, probably, we hope that Jesus Christ will come and take all of us because we will not have a decent country to live in. Will there be monetary policies practised by the Central Bank that will allow for a more fixed interest rate? The fixed rates in terms of asset allocation will guarantee a decent amount of returns. We need a planned and structured economy.

Things are being done very ad hoc in this country. You hear about smelter one day and there is a big hurrah. You hear about art centres and it is probably something that we should be excited about, but people are not excited about that. People want to know that our economy is growing incrementally, ensuring that it is sustainable at each point and the people who come on are able to contribute and create jobs in the non-oil and gas sectors. This will allow a diversified economy. Trinidad and Tobago being heavily oil and gas, it means that we are susceptible to this Dutch disease. We are seeing more and more of the trend where the economy is moving away from whatever mechanisms are put in place to diversify, to a total dependence on oil and gas which we know is a non-renewable resource and it would finish. If we think that we will have oil and gas for the rest of it, God in his good wisdom put a finite amount.

To some extent, the Central Bank cannot be supporting monetary policy to prop up the bad fiscal policy of this administration just to make it look good. The administration has been very reckless in terms of its investment portfolio to be able to inflate the economy of Trinidad and Tobago.

We are talking about insurance companies. I created this macroeconomic picture to show the sphere in which we wanted our investment portfolio to be. There must be more security so insurance companies could spread the risk.

One that has been identified by the Minister is the stock market. In some cases where there is loss in one sector, if we diversify the economy and there is loss in one sector with a divestment portfolio and there are some gains in the other sectors, the company would show some growth because they would be absorbing the losses in those areas.

The Second Schedule of the parent Act states the assets in which the statutory funds may be invested. It is well laid out and clearly defined. It means that the insurance companies have guidance and I am happy for that.

The Minister said that the risk and equity market will not interfere with the fund liability. That I find to be a bit disturbing because how can we guarantee that there is no interference in terms of the equity issue? Even though we are saying that 75 per cent will be invested in the stock market, the stock market is a textbook concept. In an ideal world you have companies that want to raise finance and they put their shares on the stock market so people would buy. People with more money could invest in equipment and capital growth; grow the business and pay them dividends, the dividends which my colleague, Sen. Ahmed showed that our stock market is doing so terribly.

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The nice thing about the stock market is that companies that trade on the stock market, one condition they must comply with is that they must publish their audited accounts. There must be transparency. If pension plans look at the stock market to place their investment and acquire these assets, we realize now that the current nature of the stock market is not that you buy stocks and leave them there and hope that they grow. I will use the word “played” the stock market. When I looked at the national stocks—I followed them. Allow me to share this experience. I followed this bank and a share was \$18 and I looked at it. When it was \$22, I bought some and in six months it went to \$42. At that price I sold everything. I never went back. I made a big profit. It should have induced me to go back but because of price fixing, there is no confidence for the investor. To deal in the stock market you have to be a savvy investor; you have to learn about trailing the stocks over a period of time. I am happy that I was able to do that and make some money.

If it is a good place for the pension scheme to put this huge cash injection in the company, we expect that you would be able to put an extra amount of liquidity in the stock market. Hopefully, that should create the vibrancy that they are looking for, but it would also create another problem of more money circulating. If more money is circulating in the system you would be heating up the economy to some extent because the stock share price is a paper price, rather than the net worth of the company. It will look good on paper but behind the scenes there will be no productivity.

This administration has mashed up—the manufacturing sector is declining rather than growing. Rather than looking at those tangible indicators of growth and performance, we see different types of examples that make me think about an abundance of caution.

If we are looking at the Central Bank looking at Treasury bonds with a lucrative rate of return which are more in the asset allocation, that is an area you will probably want to put your money. The Treasury bonds will be competing with the private stocks of the company. Sometimes, the private company loses out. Treasury bonds that the Government is issuing to raise money and hopes to pay 9 per cent in the future, we as taxpayers will have to pay that down the road. The Central Bank is calling to mop up this extra liquidity in the overheated economy which cannot sustain itself. Since 2005, the stock market has been going down and there continues to be much gnashing of teeth as people look at the financial scenario.

Clause 3 which amends section 46 of the Insurance Act broadens the security assets. The pension scheme's ability to match the assets and liabilities to offer some stability, to some extent is good. The idea is excellent because we are able to allow people to put the money in the asset building. If the asset building could be more in terms of property, especially land which we know does not depreciate, you could have sustainable growth. It should not be in short-term gambling because it does not provide well. All the experience we have seen is that the big businesses in Trinidad and Tobago manipulate the whole playing field and walk away with cash. As Sen. Ramquar said, it is poor people's money. That is where we have the concern.

Clause 4 amends section 186 of the Act to ensure that the trustees of a registered pension fund could invest the assets of the plan permitted by section 46 of the Second Schedule. We are asking the third party to do the investment. Can we trust these people who are not doing anything free? They want to make a pound and a crown. The example that was quoted was \$18. They are taking \$15 for themselves but giving the people \$3, but the people's money covers the risk.

Clause 5 talks about looking at the investment of the ordinary shares in excess of 50 per cent up to 55 per cent. I am happy with the movement. I am happy if Sen. the hon. Sahadeo has caution. We are happy that there could be a sound investment to guarantee the pension fund. We do not see the enabling environment. We want these people to benefit to the optimum from the pension fund. I want to be very optimistic.

The insurance companies should have some leeway for diversification of the investment portfolio. By having a very diverse investment portfolio they would be able to spread the risk. If they are able to take some of the liquid cash they have to do that, they can guarantee the ability to repay as the Minister said, in the future.

The extra money will allow the insurance company to invest. My concern is where bad money—in this society because of what we are doing and what is happening—could erode the good intentions. Everything I have been speaking about is the ideal situation in terms of the finance of the macroeconomics. When I talk about bad money, I have been looking at the real estate market—and I know that the hon. Minister was looking recently at Miami—and I saw the whole slump in the real estate market. She quoted from articles. Probably, she has enough money to buy the house there to ensure that she is secure and could live with the pension. The rest of us will be living in Trinidad and Tobago. When we think about real estate it is people investing in this type of asset. It seems to be the best

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asset. As I mentioned, the land is the only asset which does not depreciate in the balance sheet. What is happening here is false high pricing with distortions. That is the macroeconomic environment in which we operate.

This bubble will burst and people will lose money. The drug lords and people who have large amounts of money—we are talking about people who are able to come here and clean their money. The Government is using taxpayers' money to prop up this bubble as in the housing development. The Government has to pay exorbitant prices and because we want people to have houses we have to subsidize them at the taxpayers' cost. I have no problem with giving people houses to live in and subsidizing a lot of land for \$20,000. If taxpayers' money could be used better by all means. You have parallel markets; the drug trade and money laundering. Those things erode the macroeconomic environment. We have legislation for money laundering; a police unit and due diligence at the bank where you have forms to fill out. You have this quick sale where drug lords have money.

Madam President: Senators, you are getting noisy and restless.

Sen. R. Phillip: The Prime Minister walked and people asked for jobs; the next time he walked people asked for jobs. The people are getting a bit savvy in terms of what they want because they realize that sometimes people use business to claim money. They claim the money through quick acquisition and resale. It is unfortunate that the Prime Minister probably, at that time was a victim of it. Let us not forget that our hon. Prime Minister had aided and abetted with a known drug lord.

Sen. Kangaloo: Madam President, on a point of order. On the point of relevance I think that he has strayed tremendously far from the Bill at hand.

Madam President: Yes. I think that I am forced to agree. I was going through the legislation to see whether I am hearing wrong. I think that you have strayed way beyond the Insurance (Amdt.) Bill which is what we are talking about.

Sen. R. Phillip: Thank you, Madam President. I was making the point that we are talking about bad money in our society that could be driving away and eroding and what you have is money laundering. The other side does not want to hear that their honourable political leader had aided and abetted with a known drug lord, Dole Chadee.

Sen. Kangaloo: Madam President, again, on a point of order. Apart from being irrelevant he is now imputing improper motives.

Madam President: I think that you should withdraw that statement, immediately, please. Get back to the matter at hand.

Sen. R. Phillip: With your guidance I will withdraw the statement.

I will raise some concerns that I have. What measures can we put in the Central Bank to ensure compliance? You made your recommendation and I am asking about compliance. What are the checks and balances? You have an administration that is able to write policies that look good on paper but there is no follow-up. Tell us what has been done at Central Bank in terms of increase in staff, compliance and administration? The rule of thumb is that in recession people buy insurance. What you are talking about here is persons buying insurance in times of plenty. We are not operating in an ideal economic environment. You are making the assumption that people have extra money and they would buy insurance. I need to know how these extra cash injections will help to stimulate the economy and give the pensioner that confidence that we are managing the money properly; good fiscal policies are in place and we could definitely ensure that we have some golden nest eggs.

Thank you.

Sen. Brother Noble Khan: Thank you, Madam President, for allowing me to share some thoughts on what is before us and has so much to do with the question of retirement allowances and investments. I recall that some time in the past I had mentioned that with respect to investment portfolio, there should have been a widening of those opportunities. Because of the limitation of investments at the time it had caused certain negative effects particularly in the areas of investment in property and real estate. It seems to me that this opens the door.

I will like to share on the whole question of legislation and how it would affect government pensioners. I am a government pensioner and that has been mooted here very much today. This is a question for investment because this is a non-contributory system and we are thinking in terms of investments to come. The point was covered by previous Senators that in the case of the government officer who is non-contributory, part of his contribution is what he will draw when he retires. It has been put in more sophisticated terms when you speak about a continuum as it goes forward.

If we think about revising and this has been around before I had joined the service because I came and heard that there were plans to bring this non-contributory scheme in place. It has implications for what is before us. In terms of the retirement benefits that government officers get now as part of the retirement

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allowance are still based on formulae that might not be relevant. When someone works for 33 $\frac{1}{3}$ years, he has reached the maximum that he can draw. I will come back to this. This leaves room in the event if we are to go into a contributory scheme or partial, there would be need for investment.

We have heard that because of government pension scheme they have to meet their bill and there is a direct charge on the Consolidated Fund. As the law exists, the Exchequer and Audit Act could provide for the creation of funds. Even what has been referred to as the long-term funds were used in certain ways that were not foreseen when they were constructed at that time. I speak of the development funds which emerged. One could think in terms of the concept of funding being enshrined in the law. The question of its use will arise as the world unfolds and our country, at this stage of development.

On the other hand, when we think in terms of the investment portfolio, we have had some experience in terms of the National Insurance Scheme that emerged some years ago and the ache that came out of the initial investments that were made in the way of real estate and the ricochet that came in, that they never realized what they were supposed to produce. One could think in terms of how we will invest what we have accumulated for some purpose.

In respect of the money flows and the chaotic scene that exists on all stock markets, when you look at the television and see what happens in New Delhi, Bombay, London or New York, one wonders at what stage that would reach our country if it is kept within the minds of our people. I recall some of the early investments in some of these attractions to money. People invested and some of that money just evaporated. I know of a person who is in his 90s and had invested in one of these evaporating companies. It came to my mind, why the sum of \$80 was not invested. It was terrible on the question of this person taking poor people's money while some people at the upper end drew out their money first. In those days you could have had a shotgun for \$80.

6.00 p.m.

Madam President, this came to my mind when someone mentioned that you had pensioners hanging themselves and, that is, in 1929, you also had people diving off tall buildings in the United States of America and in other countries. It seems to me that in our country when people do these things, they go away with their pockets full. These are the things that struck my mind here today.

Madam President, look at the people who are suffering for this. At the moment, I am a bit hesitant when I think in terms of the public service pension which is a direct charge on the Consolidated Fund, the Exchequer and Audit Act

and so forth. If we go into this area of investment or make it contributory where we would now have investments, the question is: Are we prepared for this type of thing? How do we prepare ourselves for this? We are talking about big investments here and, perhaps, that is the way to go.

If one were to look at the demographics and the actual things that are coming out, one would find that the whole thing would be skewed away. One wonders if at one stage one would not reach the point where the Government would establish through the Consolidated Fund for pensioners—and this could happen.

Presently, we have superior flows and so forth, and that might be able to cushion it, and if that thing drops, it means to say that the ratio will definitely show a different picture. I would like to bring this to our minds here and, perhaps, hasten the establishment of such a matter that is before us and for which we have had talks on for more than 50 years and beyond. It looks like that is what we are heading for.

As we talk about civil servants and their pensions and so forth, I never looked upon any government that we have had since Independence as being oppressive or being unjust but, at times, you will find the emergence of behaviour that you can label it with that. I refer particularly to the time when I was in the public service and people's salaries were cut and so forth. I would not go into those details. An important aspect of that was that at that time, a judge said that it was illegal, and he directed that salaries be restored. Now, that occurred for quite some years and some restoration took place and people were paid. Those who were least able to defend themselves—those who are old and who have given service and left—many of them, as far as that injustice is concerned, are in an unsatisfactory state. I refer particularly to those persons who had gone beyond, and those who had retired and that adjustment was never paid on their pension benefits, as small as it is.

I know of a person who had retired at range 55. That person served for more than 35 years in the public service. When that person retired, he was in range 55, and for those of us who do not know, range 55 is above the medium of the ranges in the civil service. The highest range, I think, is 70 or 71, and range 55 is closer to that than the lower end. So, one would say that person was not receiving a "bad" salary. Even after that person had retired, the adjustments that were made up the line, that person's retirement benefit would be just about \$3,000 per month. There is no argument about that and so forth, but the system provides for that.

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When one thinks in terms of inflation and so forth, as far as living is concerned, it seems to me that the bulk of the people are below that number. If those persons had retired at that cohort point, there were no settlements for many years. I can say that many of them had gone to the great beyond. I do not know how some of us, knowing that and having that responsibility, can sleep comfortably at nights. It is an important indictment. I would like to see if some recognition could be given to this matter. What is correct should be done.

With respect to what is before us, as I said before, there are some elements of widening as we progress, and there will be need to make adjustments if we are going towards that 2020 vision and that developmental mode.

Finance is the chief instrument. I like to refer to it as the cement in any construction material, like the gravel. If you do not have proper finance and proper systems in place, it means that you would just have so many weaknesses in place.

Again, I know that the Central Bank has been foreseen in the earlier days—if some of us could remember when it started, people came from England, and since that time, I am sure all of us are satisfied that our central bankers have done us proud, and they have continued to do so and to build our nation as far as they go.

The question of the instruments that they have, one wonders if they are sufficient. There is a continuous play between those of us who should know better from the academic end and possibly the professional end. If we bring that to bear then we could really have something in place.

I have touched on what would motivate us and guide us, and I have also touched on the question of the law. I once asked my nephew to tell me: What holds a certain people together so well and causes them to advance? He studied and thought: “Uncle, it is the law, the law.” I gave him some points for that and I appreciated that. We were talking about persons who proceeded many centuries ago; many millennia ago, and still continue to be a powerful force, as far as their movement forward and contribution in the world.

Madam President, within recent times, I have been looking at something, and I am going to share it with you. There is a book that was written more than a thousand years ago, but it is as fresh today and relevant today as it is. The author is Zacharia-Yahya ibn ‘Adi. He is one from the eastern Christian community out of the Middle East. His book is *The Reformation of Morals*.

At the time, when he had written the book, the influence of the West was now emerging, coming out of ancient Greece, Egypt, India and so forth. It was a melting pot of knowledge that came about, and even at that time the mathematics was emerging also. I would have loved to see the models that they would have created mathematically, even today as our actuarial scientists are doing, and how that fit it.

What is important here is the question of the moral commitment of what we do and for which there could be no legislation, and that has to be developed within ourselves, and this is something that all of us are aware of. I am sure we are all morally strong people here. It is not too often that we could remind ourselves of that. As I said, even just borrowing one expression from that book *The Reformation of Morals*, I think if our nation could look to what that implies it would be one of the great controls that would allow us in meeting our legal systems, and even what is before us upon which so much has been said.

Madam President, thank you and may God bless us all. [*Desk thumping*]

The Minister of Labour, Small and Micro Enterprise Development (Sen. The Hon. Danny Montano): Madam President, thank you very much. As usual, I shall be very brief in trying to explain how this thing came about and how relatively simple this message really is.

Madam President, much has been said by Senators on the Front Bench on the other side that is quite misleading. What happened was that about two and a half years ago, an officer at the Central Bank made an utterance indicating that many insurance companies were over the statutory limits in terms of investments in stocks and shares.

What happened was very simple. It was not that insurance companies have been investing funds in excess of the statutory limits, but they had a book of investments plus other assets that were part of the statutory fund, and as the share value went up on the stock market, they were required by the accounting regulations to carry their investments at market value, and some of the companies that made no new investments suddenly found themselves in contravention of the regulations.

An officer, speaking on her own from the Central Bank, but speaking as an officer at the Central Bank said to get rid of it and bring it down to the required level, and many of the insurance companies found that after bringing it back down to the limit, they were now holding fewer investments than they were actually holding before, and because the values were higher it came down. What then happened was, as they started to lay off shares in the marketplace, the shares came down.

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Now, the problem is, as soon as the market starts to go up, they have to divest because many of them are at that limit. So, as soon as the market starts to go up they have to sell shares. Their investments in the market are so significant that every time the market goes up they have to sell off, and then the market comes back down. So, the market cannot move from where it is.

Madam President, this amendment will give them just a little breathing space so that they do not have to keep reacting every time there is a little uplift in the value of stocks in the marketplace. It is as simple as that. It gives them a little breathing space. If the value goes up, they do not have to divest the next morning. That is what it is.

As the Minister said, in a technical sense, it creates a situation where theoretically more money is available for the marketplace, but it is unlikely that would actually happen. What will happen is that it will allow the shares to float upwards. The investment that the Minister is talking about, and the amount of capital that will be available for further investment is really being done to stimulate the entire marketplace.

This is a country where we have many very successful private companies and private firms. This Government, the last one and the one before have looked at the market and said that they would like to create an environment where companies that are privately owned can look to the stock exchange and drop their shares on the marketplace.

What is intended here is to widen the market, and that new capital would be interested in new investments in the marketplace. That is one of the long-term objectives of this measure. I hope that happens. I do not know that we would have any immediate effect of that, but that is certainly one of the desirable outcomes of a measure like this.

So, Madam President, with all that was said—all the many hours that we have listened to and we are going to hear—this is really simple. This is really just to allow the stock market to have a little flexibility so that it can move. This is a very small economy, and it needs to be managed in a particular way.

The Government has to respond to situations that are systemic. This is not something that happened overnight by “vaps” as they say here. The Minister did not wake up one morning and say, let us go and do this. There are experts in the marketplace who approached the Government and said why do we not do this, since it is going to allow them a little cushion and breathing space so that they could manage. The Minister did not just wake up and say, let us do this. This is a

response to the market. This is the Government listening and engaging the private sector and saying that we will try to find a way to meet their needs and, in fact, this is exactly what they recommended. This was recommended by the marketplace. This is the Government's response saying, yes we have looked at it and it makes sense and, therefore, we will do it. I ask for the support of the House.

Thank you very much. [*Desk thumping*]

Sen. Dr. Glenn Ramadhar-Singh: Madam President, thank you very much. I just want to give a few thoughts on this very important Bill that really has significance for those who are looking in time to come for future money. In many instances, it affects those who are insured for general insurance, motor vehicles and public liability, and there are deep consequences for these persons.

It is the people who put their trust in insurance companies who are sometimes left in a position of anguish, pain and hurt. Some of our elderly persons have pulled money from under their mattresses and all different places to pay their insurance premiums and, suddenly, they find out that their insurance certificates are no longer valid. This has to do with the risk and all the decisions that are made at a high level to get more life into the stock exchange, but it really impacts on the small man in the society.

Insurance is a very important safety net for the small man. It protects them from the financial costs that are associated with loss of lives; loss of health, lawsuits and property damage. It provides a means for individuals to deal with the risks that they are faced with in everyday life. Insurance creates a situation where the fortunate many help the unfortunate few.

With regard to the amendment that is sought, on one hand, if we increase the number of investments it could lead to greater benefits. However, it would be unwise to invest so much that you place the basic contributions at risk, and with any mishap, it would be unable to protect the persons who have invested their moneys in these funds. So, with all of this long-term financial planning, I just wanted to point that out.

Madam President, Sen. The Hon. Christine Sahadeo said she gave the workers the right to invest, but it is not the management committee that comprises the workers. Trustees belong to the banks and they have a vested interest and invest workers' money. So, we have to look at all of these matters in that context.

When one looks at the way that this affects the ordinary man, for example, on Wednesday, August 15, 2007 in the *Express* newspapers there was the headline: Citizens' Insurance sour ending.

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Although many of the policy holders registered with Citizens' Insurance Company were surprised to find themselves having to seek an alternative insurance as the company had declared themselves insolvent in June. Officials have said that the review of the company's financial records began sometime last year after the company was red flagged.

Madam President, there are 25,000 policy holders who have mainly third-party motor vehicle coverage and some fire and general.

PROCEDURAL MOTION

The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith): Madam President, I beg to move that the Senate continue to sit until the completion of the debate on this Bill, and not any other.

Question put and agreed to.

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Sen. Dr. G. Ramadhar-Singh: Madam President, the Central Bank is no longer the supervisor of insurance, but it is the same Central Bank that will be regulating this amendment to the Insurance Act. The idea is regulation.

In the situation regarding Goodwill Insurance, some of the previous speakers showed that the warning flag went up as far back as January 2006, and it was not until September, that the company was actually shut down, although their liabilities were alarming. In the case of Goodwill Insurance, the liabilities totalled \$34 million. It was described in a *Guardian* headline on January 25, 2007 as a "sorry mess".

Madam President, these are serious issues that we are dealing with that impact on the people of this country. Despite all the challenges that the Government has, it must face its social obligations to its citizens. The success of a nation depends on many things: the spirit of the people; the wisdom of its Government or lack thereof; and our constitutional foundations. Surely, if we have learnt nothing in six years, we have learnt that many fundamentals are not in place under this administration. There is a serious problem with management, regulation, policing and monitoring organizations and institutions.

We cannot have good governance if we do not focus on the individual. The individual must not be seen as an integer in a calculus equation, or be traded and sacrificed in the name of an idea. We must never fall into the trap of thinking that

the few must be sacrificed for the many. [*Interruption*] Madam President, I am focusing on the individual. We have these amendments to liven up the stock exchange, but when we go into risky investments and the company falls, it affects the poor man.

Madam President, for example, there was a statement made that one should seek the advice from a stockbroker. We have to understand that stockbrokers make the money. They buy and sell shares and they never lose when the shares fail, but it is the investor—the people who contribute to a plan; the person who buys into the plan; and workers of companies who lose their money. It is not the stockbroker who buys and sells shares for a commission. Nobody except a stockbroker can go to the stock exchange and buy or sell shares.

In instances where there is the lack of regulations, and the Government does not deal with the liabilities of these companies—the fact that they are insolvent and selling insurance to persons—

Sen. Dr. Saith: Again, we have had this repetition of irrelevance with speaker after speaker. This Bill does not talk about insurance companies; it talks about the investment by pension funds on the stock market. What do insurance companies have to do with this?

Sen. Jeremie SC: Answer that question.

Madam President: Get back to the Bill. You are being very irrelevant. We are not talking about insurance; we are talking about pension funds.

Sen. G. Ramadhar-Singh: It has to do with compliance, regulation and the monitoring of these agencies so that they fall in line with the Central Bank.

Madam President, let me deal with some of the statements made by the Minister. He said that this measure is expected to increase trading activity by releasing \$690 million of investible funds and this should contribute to the reversal of the bearish trend on the stock market. Later on, he said that there is approximately \$712 million of unused capacity for equity investments for the sector as a whole. When we look at the parent Act of 1990 we see that a person who is guilty of an offence under this part is liable on summary conviction to a fine of \$5,000, and in the case of a continuing offence, a further fine of \$100 every day during which the offence is committed after conviction. Therefore, you are dealing with a situation where you are trying to police millions of dollars, and the fine is \$5,000 and \$100 every day—

Sen. Dr. Saith: Again, on a point of order. We are not debating the Insurance Act. We are debating an amendment which is specific to some elements of the Insurance Act which deals with the ability of pension funds to make investments in stocks and shares. I think Sen. Montano made it quite clear. You are smarter than that.

Madam President: Senator, please, come back to the amendment. Take up the amendment and see what we are dealing with.

Sen. Dr. G. Ramadhar-Singh: Madam President, it really has to do with if things are not done in compliance with the parent Act—the fees are weak, laughable and they invite violations of the Act. That is my point.

We must also encourage the Government to have a public relations programme; a financial education programme—

Hon. Senator: We have that.

Sen. Dr. G. Ramadhar-Singh:—where members of the public will understand the risk that they put themselves through. We should also have user-friendly certificates with the fine print that was divulged today on documents that are being put out for the public to buy. The Government has a responsibility to educate the population on these matters and to provide information to the ordinary consumer out there to be well informed. We must hold the industry to higher standards, and we must protect our consumers by prohibiting excess profits by insurance agents.

Madam President: Senator, we are not talking about buying insurance. I am not a financial person, but my understanding of this and following your colleague, Sen. Ahmed's contribution, this is about the pension being invested. That is what I gathered. This is not about an insurance policy. I think you have based your whole contribution on that. You need to change your focus completely.

Sen. Dr. G. Ramadhar-Singh: Madam President, thank you very much. I was really dealing with how it impacts on the ordinary person and what are some of the steps that the Government can take.

Madam President, I think I have touched on a wide range of issues here. I have touched on the fact that it is the trustees and not Caroni (1975) Limited workers who make up the management committee that has a say in their investments. We have situations like BWIA where the workers have been treated unfairly and the Government should deal with that matter.

I am appealing to the Government that when they are framing legislation and making amendments to keep the ordinary man in mind; the people whom this legislation will impact upon.

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

The Minister in the Ministry of Finance (Sen. The Hon. Conrad Enill): Madam President, I want to thank all those who have contributed to the debate, but I am extremely disturbed by the contributions that came out, simply because to a very large extent many were irrelevant.

Madam President, one of the questions that were asked that I consider to be important is: What are the safeguards to the employees or the workers? What are we attempting to do? Those who read the Central Bank report on pension fund at the section that deals with the valuation of these pension funds will find the following in the section entitled “Results and recommendation”. In the instant case of one pension plan with an actuary and record and a valuation date it says:

“The valuation revealed a surplus of \$2.2 million.”

In the second case it says:

“The valuation revealed a surplus of \$8 million.”

In another instance it says—let me put it differently in percentage terms. In this case, it has a surplus of 149 per cent; a surplus of 199 per cent; a surplus of 121 per cent; a surplus of 300 per cent; and it goes on and on.

What you have is a situation where a pension fund requires a different set of assets with different maturities, providing you with a specific return over a period of time. The way it works is as follows.

If you decided that you wanted to have a pension fund, you would basically get an actuary, and the actuary would design a template by which this fund would deliver one or two things: either a benefit that you have defined or a contribution that you have defined. After that, the law on the basis of asset allocation of categories of assets will come into play. In any pension fund you could have Government securities, mortgages, real estates, equities, fixed deposits and others. What would really happen is that depending on your choice of classification, you would have a rate of return relative to the risk.

Insofar as equities are concerned, the characteristic of equity is that you are looking at long-term investment, and within the long-term investment you are going to have highs and lows, but over the period you will always find that the equity would have increased in value over time. So, if you look at the time horizon, you will see that the asset has, in fact, improved.

We found ourselves in a situation where companies were doing well. When companies do well and trade takes place, the value of the company increases.

When the value of the company increases, you do a calculation to determine whether or not your investment in that company in aggregate has a particular number. There is a trigger.

For some time it was at 30 per cent, then it went to 40 per cent and then 50 per cent. If you look at the history of the amount of investment that is available, you will find that in Trinidad and Tobago, notwithstanding the best efforts of the Government many, if not all family firms, have decided that they do not wish to have their companies under the scrutiny that is required to become listed on the stock exchange. As a consequence of that, therefore, you have small offerings, and you could do one of two things with people's money. You could take it and put it in the bank at 2 per cent and have it eroded by inflation; that is a fact of life, or you could look at the value of the investment over time by putting it into equities and determining whether that investment is going to meet the criteria for the return.

When you decide that you are going to take somebody's money to put in a pension fund, what you are basically saying is that the money will accumulate in value. When it gets there, after you have dealt with the inflation factor—after you have taken that out—it will do what it is intended to do.

What this amendment is seeking to do is this. So, you have a pension fund and the pension fund has a surplus, you ensure that the liability that you have established—that is to say whatever it is that you have promised the poor man or the pensioner you have taken care of that—is not at risk. You have to multiply that by 150 per cent so you will get an additional 50 per cent buffer, so you will take care of the liability, and then you will put something else. Anything over that, we are saying that you are now free to invest, but the criteria for that is up to 70 per cent of total asset. What is the risk to anybody? The reason that you are doing that is because, on the other side of the equation—this thing works in two ways.

Money by itself has no value; money by itself does not increase in value, but money working has value. Therefore, insofar as wealth accumulation is concerned, which is really what a pension fund is about, you have to invest it.

The stock exchange today is simply the repository of companies which go through a particular set of criteria in terms of how they make offerings to the public, and how the public trades on those things—how do you buy and how do you sell. Intuitional pensioners buy and hold, because they have long tail-end liabilities. So, how else are you going to do it? That is what it is and, therefore, there is absolutely nothing wrong with it.

In fact, what we are looking at now is whether or not the method that we have used in the past with respect to the escalation in value is still relevant. Maybe we should go market to market. We are engaged in that discussion now to prevent this from happening in the future, but it is a technical discussion and we are not ready as yet to talk about it because we have not done the work.

Madam President, that is all that is being done here to give companies—

Sen. Dr. Gopeesingh: Would the hon. Minister give way?

Sen. The Hon. C. Enill: Sure.

Sen. Dr. Gopeesingh: Could you help us to understand when does a pension fund go into excess? How do you calculate when you have reached a particular value and beyond which is excess? In keeping with that: Do pension funds have the actuarial analysis done regularly and how regularly? Does the Central Bank have the ability to analyse all these pension funds that are on the market on a regular basis to give that type of supervision that is necessary so that this legislation can work effectively?

Sen. The Hon. C. Enill: All of that is yes. There is a requirement by law that every three years a valuation must be done. The valuation is basically done by the actuary and his valuation is further reviewed by the Central Bank actuaries. They have a whole team and they have consulting actuaries and so forth. The principles that follow accountants and most professionals are the ones that operate here.

When an accountant signs off on a set of accounts, because he says that on the basis of his examination what is represented here, there is no material difference and so forth, we basically take that and move to the next level, because there are a series of standards and principles by which we operate.

What the surplus basically means is that on the valuation of the assets based on the liabilities, you have this plus this, and they will express an opinion insofar as that is concerned. Now, that deals with the pension issues

Let me just deal with one more issue as it relates to some of the confusion that came up. Let us talk a little about some comments made by some of my colleagues about this question of general insurance and life insurance. The way the thing works is as follows.

An insurance company works on the basis of a solvency principle, that is to say, at the end of every year, you assume that the company is going to be insolvent and you determine what the liabilities are. Once you do that, you hold

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assets to the tune of the liabilities in the statutory fund. Once you do that, those assets are held to the order of the Inspector of Financial Institutions. So, in effect, it is held there and it is isolated.

Those companies that are in trouble—those companies that have been prevented from writing business—are companies which the Central Bank has been in discussion with to make up any differentials that they will have insofar as their statutory fund liability is concerned. In other words, they do not have the money to meet the claimed liability that is in place.

When they are unable to pay, the Central Bank intervenes and puts in place a judicial manager to make sure that the company does not put itself into more risks. In some instances, these companies have been doing this for years, and they have been unable to comply. This has happened recently with companies. The reason that we were able to do it is that when we moved the supervision from the Ministry of Finance to the Central Bank, we did one other thing and that is to change the law.

In the past, what the law basically said is that once you disagreed with the insurance supervisor, you could continue writing business. What we have said is that, in this case, we would intervene unless you could get the court to stop us. That is why we were able to do some of the things that we are doing now.

Insofar as Sen. King's contribution is concerned, we are looking at some of the higher end derivatives investment type issues, but we are looking at them in the context of the development in the international financial centre and the regulatory environment that is required in order to deal with that.

One of the fears we have is that if you decide to expose some of your local assets to foreign investments, then the question of the regulation and the risk that is involved with us—not having the ability to use other jurisdictions to get the regulators talking—is going to be some kind of a challenge, and we are going to be working on that.

Many questions were asked about the public service and that is something that we are addressing at this point in time. I have spoken about that in the past. Most of the other comments were outside the remit of the matter before us, and unless there is something anybody wants me to explain, I beg to move.

Question put and agreed to.

Bill accordingly read a second time.

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Bill committed to a committee of the whole Senate.

Senate in committee.

Clauses 1 to 4 ordered to stand part of the Bill.

Clause 5.

Question proposed, That clause 5 stand part of the Bill.

Sen. Seetahal SC: I just have one question which is nothing of substance really. In clause 5(3) in line 4: Is that how you spell “actuarial”? I just wanted to make sure that it is a typo and I did not misspell it.

Sen. Jeremie SC: It is a typo. It is an “actuarial investigation”.

Madam Chairman: I saw that.

Question put and agreed to.

Clause 5 ordered to stand part of the Bill.

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

Senate resumed.

Bill reported, without amendment, read the third time and passed.

SPECIAL SELECT COMMITTEE REPORT

Parliament Building (Adoption)

The Minister of Labour, Small and Micro Enterprise Development (Sen. The Hon. Danny Montano): Madam President, I beg to move the following motion standing in my name:

Be it resolved that the Senate adopt the Report of the Special Select Committee of the Senate appointed to consider and report on the Adequacy of the building that houses the Parliament of the Republic of Trinidad and Tobago with a view to planning for the long-term accommodation of Parliament.

Madam President, you will recall that there was a Motion moved by Sen. Dr. Mc Kenzie, and she graciously agreed to a very slight amendment that was necessary. This went to a Special Select Committee of the Senate and we met four times.

We did a number of things. We looked at some documents that were prepared. The earliest one was actually a report of the Senate from 1969 which basically pointed out many of the deficiencies of the Parliament as they are. In fact, in 1969 it was much worse than it is now. Many improvements have been made, but many of the fundamental issues were there in 1969.

We also looked at a report that was done in the other place and we took a tour of the building. The committee went through the building to actually see the facilities in the building. Of course, the southern half of the building is now being renovated, and the support offices are housed only in the northern part of the building. It is extremely cramped, and there are some very real difficulties trying to manage the Parliament under these conditions.

We also met with the Clerk of the House who gave us a first-hand report on certain things. We looked at some of the practices in other Parliaments and what has been done, and some of the new buildings that have been built and so forth.

Madam President, after that, it was not all that difficult for us to come up with some findings and conclusions. The major finding, of course, is that the building is a historic building first and foremost, and ought to be preserved as a historic building no matter what its use.

Unfortunately, as you walk through the building, almost at any point, you can see a tremendous amount of damage that has been done to the original structure as it is. If you look at some of the woodwork and so on, you will see that it has been patched and fixed in a very simple way, and the real value of the original craftsmanship has been lost. We felt that much of that needs to be restored.

In some cases, the staff is working in extremely cramped conditions. We saw one that is completely unsatisfactory and really bad and things need to be changed.

There is no room for this Chamber to be expanded. Where we have the press gallery was not part of the original architecture. That was a more recent addition and the stairs leading up to the press gallery are somewhat less than satisfactory. So, we have issues even with the Chamber as it is. It cannot be expanded and, clearly, it must be expanded. The public gallery is not adequate when we have occasions such as the budget or the opening of Parliament. It is very inadequate because it cannot hold many persons. That is one of the difficulties that we saw.

Madam President, we came up with some recommendations. We recognize that if we are to move the Parliament that we need to find a site at the earliest opportunity and that the Parliament should remain in the Red House until a new

building is built. Until then, it is desirable that the support services be kept in the proximity of the Chamber. While we recognize that it may be necessary to split things up, we recommend that it is desirable that it be kept in one place.

We recommend that the building be constructed with a view to a long-term accommodation of 150 years and so on. That is basically it.

With those few words, I beg to move.

Question put and agreed to.

Report adopted.

**STANDING ORDERS COMMITTEE
(Presentation)**

The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith): Madam President, I beg to move the following motion standing in my name:

Be it resolved that the Standing Orders of the Senate be referred to the Standing Orders Committee for consideration and report.

I have been advised by the Clerk of the Senate that a similar exercise is taking place in the other place, and as we are coming to the end of the session, given the experiences over the period, it would be an inappropriate time for the Standing Orders Committee of the Senate to look at our Standing Orders. Therefore, I am proposing this Motion.

Madam President, I beg to move.

Sen. Dr. T. Gopeesingh: Madam President, I would like to ask the hon. Minister if there are any particular considerations that he has identified which have caused the necessity for moving that the Standing Orders be referred to the Standing Orders Committee. I do not know if he feels that the entire Standing Orders need to be looked at, or there are particular areas within the Standing Orders that he feels need to be brought to the attention of the Standing Orders Committee.

Sen. Dr. L. Saith: Madam President, I indicated that the Clerk of the Senate pointed out to me that we are coming to the end of the session, and there is a Standing Orders Committee. All I am doing is sending it there for those Members—I do not even know who they are—to have a discussion on the matter and come back to us. They may come back and say that it is fine or we need to change A, B, or C and strengthen the relevant statements

Sen. Dr. Gopeesingh: I understand they want to cut the speaking time.
[*Interruption*]

Sen. Dr. L. Saith: I do not know.

Question put and agreed to.

ADJOURNMENT

The Minister of Public Administration and Information and Minister of Energy and Energy Industries (Sen. The Hon. Dr. Lenny Saith): Madam President, I beg to move that the Senate do now adjourn to Monday, September 03, 2007 at 10.00 a.m when we will begin the budget debate. It is my intention to meet on Monday at 10 o'clock; Tuesday at 10 o'clock; Wednesday at 10 o'clock and Thursday at 1.30 p.m. and to complete the debate by Thursday evening.

Madam President: Is there a Motion on the adjournment?

Hon. Senators: No.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 6.58 p.m.