

Leave of Absence

Monday, September 20, 2010

SENATE

Monday, September 20, 2010

The Senate met at 10.00 a.m.

PRAYERS

[MADAM VICE-PRESIDENT *in the Chair*]

LEAVE OF ABSENCE

Madam Vice-President: Hon. Senators, I wish to inform you that the President of the Senate, Sen. The Hon. Timothy Hamel-Smith is currently acting as President of the Republic of Trinidad and Tobago.

Hon. Senators, I have granted leave of absence to Sen. The Hon. Brig. John Sandy, and Senators Embau Moheni and Corinne Baptiste-Mc Knight who are currently out of the country; as well as to Sen. Elton Prescott SC, from today's sitting.

SENATORS' APPOINTMENT

Madam Vice-President: Hon. Senators, I have received the following correspondence from His Excellency, the Acting President, Timothy Hamel-Smith:

“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency Timothy Hamel-Smith,
Acting President and Commander-in-
Chief of the Republic of Trinidad and
Tobago.

/s/Timothy Hamel-Smith
Acting President

TO: MS. LYNETTE ABRAHAM

WHEREAS Senator Brigadier John C.E. Sandy is incapable of performing his duties as a Senator by reason of his absence from Trinidad and Tobago:

NOW, THEREFORE, I, TIMOTHY HAMEL-SMITH, Acting President as aforesaid, acting in accordance with the advice of the Prime Minister, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, LYNETTE

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ABRAHAM, to be temporarily a member of the Senate, with effect from 20th September, 2010 and continuing during the absence from Trinidad and Tobago of the said Senator Brigadier John C.E. Sandy.

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 14th day of September, 2010."

"THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency Timothy Hamel-Smith,
Acting President and Commander-in-Chief of the Republic of Trinidad and Tobago.

/s/ Timothy Hamel-Smith
Acting President.

TO: MR. SHANE MOHAMMED

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

NOW, THEREFORE, I, TIMOTHY HAMEL-SMITH, Acting President as aforesaid, acting in accordance with the advice of the Prime Minister, in exercise of the power vested in me by section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, SHANE MOHAMMED, to be temporarily a member of the Senate, with effect from 20th September, 2010 and continuing during the absence from Trinidad and Tobago of the said Senator Embau Moheni.

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 14th day of September, 2010."

"THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency Timothy Hamel-Smith,
Acting President and Commander-in-Chief of the Republic of Trinidad and Tobago.

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/s/ Timothy Hamel-Smith
Acting President.

TO: PROFESSOR DAVID PICOU

WHEREAS Senator Corinne Baptiste-Mc Knight is incapable of performing her duties as a Senator by reason of her absence from Trinidad and Tobago:

NOW, THEREFORE, I, TIMOTHY HAMEL-SMITH, Acting President as aforesaid, in exercise of the power vested in me by section 40(2)(c) of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, DAVID PICOU, to be temporarily a member of the Senate, with effect from 20th September, 2010 and continuing during the absence from Trinidad and Tobago of the said Senator Corinne Baptiste-Mc Knight.

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 16th day of September, 2010."

OATH OF ALLEGIANCE

The following Senators took and subscribed the Oath of Allegiance as required by law: Lynette Abraham, Shane Mohammed, Prof. David Picou.

DECORUM OF MEMBERS

Madam Vice-President: Hon. Senators, over the next few days and nights, this Senate will take the 2010/2011 Budget through its second stage. I expect many, if not all Members, may wish to contribute to the debate started in the Lower House. While the scope of the budget debate allows for wider interpretation, Standing Order No. 35(1) will be invoked if Members are unreasonable in their interpretation so far as relevance is concerned. Some latitude will be allowed, but please be mindful of this as you make your contributions.

I advise Members more particularly to pay attention to Standing Order No. 43, which speaks directly to tedious repetition; either of your own arguments or the arguments of other Members in the debate thus far. According to established parliamentary standard, good temper and moderation are the characteristics of language and behaviour in this place. Offensive expressions, imputation of false or improper motives, deliberate misrepresentation and abusive or insulting language are considered by protocol, precedent, as well as the guidelines of Standing Order No. 35 to be unparliamentary and will not be encouraged. The Standing Orders will be invoked.

Decorum of Members
[MADAM VICE-PRESIDENT]

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And finally, a bit of housekeeping. The Members' handbook of this 10th Parliament clearly refers to the use of the Members' dining room and lounge for the exclusive use of Members with some stated exceptions. I urge all Members, old and new, to be guided accordingly; and so, we now open the debate.

APPROPRIATION (FINANCIAL YEAR 2011) BILL

Bill to provide for the service of Trinidad and Tobago for the financial year ending on the 30th day of September, 2011 [*The Minister of Finance*]; read the first time.

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

Question put and agreed to.

PAPERS LAID

1. Annual audited financial statements of the Water and Sewerage Authority for the year ended September 30, 2003. [*The Minister of Finance (Hon. Winston Dookeran)*]
2. Annual audited financial statements of the Water and Sewerage Authority for the year ended September 30, 2004. [*Hon. W. Dookeran*]
3. Annual audited financial statements of the Water and Sewerage Authority for the year ended September 30, 2005. [*Hon. W. Dookeran*]
4. Annual audited financial statements of Caroni (1975) Limited for the year ended June 30, 2008. [*Hon. W. Dookeran*]
5. Annual audited financial statements of Caroni (1975) Limited for the year ended June 30, 2009. [*Hon. W. Dookeran*]
6. Annual audited financial statements of the Trinidad and Tobago Electricity Commission (T&TEC) for the year ended December 31, 2008. [*Hon. W. Dookeran*]
7. Annual audited financial statements of National Enterprises Limited for the year ended March 31, 2010. [*Hon. W. Dookeran*]
8. Annual audited financial statements of Seafood Industry Development Company (SIDC) for the year ended September 30, 2009. [*Hon. W. Dookeran*]
9. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Tunapuna/Piarco Regional Corporation for the year ended September 30, 2000. [*Hon. W. Dookeran*]

Papers Laid

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10. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Tunapuna/Piarco Regional Corporation for the year ended September 30, 2001. [*Hon. W. Dookeran*]
11. Administrative Report of the Ministry of Tourism for the year 2009. [*Minister in the Ministry of National Security (Sen. The Hon. Subhas Panday)*]
12. Administrative Report of the Zoological Society of Trinidad and Tobago for the year 2009. [*Sen. The Hon. S. Panday*]
13. Administrative Report of the Ministry of Housing for the years 2005 to 2007. [*Sen. The Hon. S. Panday*]
14. Draft Estimates of Expenditure for the financial year 2011. [*Hon. W. Dookeran*]
15. Draft Estimates—Details of Estimates of Recurrent Expenditure for the financial year 2011. [*Hon. W. Dookeran*]
16. Draft Estimates of the Revenue and Expenditure of the Statutory Boards and Similar Bodies and of the Tobago House of Assembly for the financial year 2011. [*Hon. W. Dookeran*]
17. Draft Estimates of Development Programme for the financial year 2011. [*Hon. W. Dookeran*]
18. Draft Estimates of Revenue for the financial year 2011. [*Hon. W. Dookeran*]
19. Social Sector Investment Programme—2011. [*Hon. W. Dookeran*]
20. Public Sector Investment Programme—2011. [*Hon. W. Dookeran*]
21. Public Sector Investment Programme (Tobago)—2011. [*Hon. W. Dookeran*]
22. Supplementary Public Sector Investment Programme—2011. [*Hon. W. Dookeran*]
23. Review of the Economy—2011. [*Hon. W. Dookeran*]

10.15 a.m.

24. A special report of the Auditor General of the Republic of Trinidad and Tobago on the Targeted Conditional Cash Transfer Programme (TCCTP) of the Ministry of the People and Social Development (formerly the Ministry of Social Development). [*Hon. W. Dookeran*]

APPROPRIATION (FINANCIAL YEAR 2011) BILL

The Minister of Finance (Hon. Winston Dookeran): Madam Vice-President, I beg to move,

That a Bill to provide for the service of Trinidad and Tobago for the financial year October 01, 2010 to September 30, 2011, be now read a second time.

This is a money Bill and it was approved in the other place on October 17, 2010. It provides for the issue from the Consolidated Fund of the sum of \$41,352,300,000 under the various heads as indicated in the Schedule of the Bill.

In presenting this Bill, I make reference to the various reports that were laid before this honourable Chamber. I thank you for the privilege to be here to share my thoughts as we proceed to debate the budget statement of 2010/2011. To do so, I would like to, first of all, very briefly identify what are some of the global challenges ahead of us and in the context of that to determine how we in Trinidad and Tobago should approach our own situation.

In the first place, the world economy is undergoing what I refer to as a "rebalancing" of its flows of investment and trade. Today, we are in the midst of the fundamental re-ordering of those flows between the different major economies of the world.

Secondly, our financial markets in the world have, in fact, been engaged in what I refer to as the "reluctant recovery" and at many times exhibiting volatility in its conduct; matters that are of significant importance to us.

Thirdly, the world economy, as a whole, in the post-crisis period has now been threatened with what has sometimes been referred to as a "double dip recession". This broad categorization of the state of affairs of the world economy has, indeed, affected what is possible and the challenges ahead of us.

In the Caribbean, we continue to be characterized by what I refer to as a "fragile and exposed economy", not only in Trinidad and Tobago, but throughout the English-speaking Caribbean and, indeed, beyond that. This fragile economy has reflected itself in major challenges, particularly on the fiscal account of our sister Caribbean countries and our own. It has also reflected itself in terms of being exposed to what is happening in this open economy of the Caribbean.

It is in that context, therefore, that we come to Trinidad and Tobago, which over the last few years has been undergoing what I refer to a "stumbling of the growth effort". The stumbling of the growth effort has been the result of two

major factors: one is the uncertainty of which I spoke earlier and, more specifically, the uncertainty with respect to those particular issues of the price of gas and oil, which are the transmission agents through which the international economy affects our own economy.

It has also been due to the fact that we have found our growth process somewhat choked. Although we have had 15 years of growth prior to 2008, we have found that within the last three years we have been choked in the growth process. This has resulted largely because, in my view, we have had a situation where our fiscal situation has left little room for manoeuvre and, more specifically, little room to wiggle through, and secondly, our ability to be competitive in the global economy has, in fact, deteriorated. Both of these considerations have led us to a situation where our economy today is choked for the resumption of growth.

It is against that context, therefore, that in preparing the budget presentation for 2011, I identified the two key issues facing our economy. The first would be to ensure that we can remove the uncertainties around us, many of which are uncertainties that are the result of domestic policy and some of which are as a result of the external economy, and the second would be to clear the blockages so we can remove the choke on growth that has taken place. Those were the two major objectives of the budget statement. In so doing, we have analyzed the current situation and came to the conclusion that the foundations upon which we have built our economic edifice was a foundation built on sand, as a result of which, we now have to do two things, one of which is to rebuild a foundation on a bedrock of rocks and, at the same time, to ensure that we initiate and trigger a growth process in Trinidad and Tobago.

Madam Vice-President, that is why I believe the People's Partnership Government came into office, because there was a fear that our situation which was built on sand was likely to crumble and, secondly, there was the hope that we could exercise the necessary surgery required to bring about a new sense of life in the economy.

To some extent, the population at large intuitively sensed these two situations which led to the change in government, and the fact that we are here today as the People's Partnership Government, to start the process of removing the fears that have kept us down and to initiate and ignite the hope that must take us forward.
[Desk thumping]

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In terms of our economic framework, there are four basic objectives that we in the People's Partnership Government have attempted to do in our budget presentation. The first is to ensure that we can once more find a return to financial responsibility. I consider the measures outlined in the Financial Action Plan in the budget statement as a recipe for the financial recovery of true fiscal responsibility. That is our first objective.

Our second objective would be to create conditions for financial sector stability which remained a matter of some concern although we have been able to withstand the weather on this issue, to some extent. Thirdly, we are to take measures to expand the economy and design a pathway for growth. Fourthly, we are to build and bridge the gap between entrepreneurship and development. These four objectives are outlined in great detail in the budget statement which I have the honour to present today.

To some extent, moving onto this new path has obviously created some discomfort as we depart from the old ideas and, therefore, it is expected that there will be a clash of ideas; the clash of ideas that informed the development strategy in the past and the clash of ideas that will inform the expectation of fiscal policy in the future. In addition to that clash of ideas which, essentially, is what this debate is all about, there is also the need to establish the courage to put the economy back on track and to take bold measures to do so. That courage requires us to move into paths that we have not moved on before and paths that sometimes may be seen as too promissory, but courage becomes an important part of the path ahead of us. Thirdly, we must at all times be faithful to the mandate of the people and to capture the aspirations of the people as we move into building that new future on the economic front.

I believe that the debate so far in the public arena in Trinidad and Tobago, both within the other House and the wider public, has really been anchored on the three basic thrusts: the clash of past ideas, the courage to take on head-on what has to be done and, thirdly, to capture the aspirations of the people for a better tomorrow, because, after all, that is why we are here in this House. [*Desk thumping*]

Madam Vice-President, in order to do so, I now wish to outline very quickly what the economic imperatives are that we face. In order to do that, I would just outline the six basic thrusts of the budget statement and the budget measures that are before us.

Firstly, we thought we should, in fact, clean the slate and remove uncertainties, because we cannot move forward if we have looming over our head a lot of uncertainties of a financial nature that simply add to the sense of lack of confidence.

We have inherited a situation in which those uncertainties were high in number and large in impact and it was necessary for us to go head and deal with that situation. Clearing the slate allows us the opportunity, therefore, to move ahead; without doing so we will always have looming over our shoulders these uncertainties. This is not to say that the measures we have adopted would by a magic wand clear the uncertainties. It will take time to implement and execute; it will take a sense of confidence that must be built among the population that it is a direction that we must move together on for the collective benefit of our nation.

The first imperative that I saw was removing the uncertainties ahead of us. The second broad imperative would be to start the process of rebuilding the confidence, a confidence that is absolutely essential, both from the point of view of the external confidence required to build the necessary inputs into the economy and, secondly, to build the confidence that the path we are moving upon would no longer be a path that is based on a foundation of sand but one based on the foundation of a rock.

10.30 a.m.

Rebuilding confidence required us to do many things, one of which is to realign both our priorities with respect to expenditure and our priorities with respect to our development targets. It is in that context that the measures that we have outlined attempted to do both. At the same time we recognize that we are in a period of transition and that a society cannot move from one point to another point without acknowledging the need for an easy and soft transition.

Therefore, in realigning our priorities of expenditure we were careful to realign the social objective of the expenditure, to move from social expenditure to ensuring that that expenditure becomes social capital. It will take time in order for us to make that definite path forward, but that is one of the areas of realigning our priorities.

The other area of realigning our priorities had to do with the question of our development targets. For too long we had recognized that our development targets were, in fact, the wrong ones. It was that very recognition that led to the sense of discontent in the country and the feeling of fear that had developed and the

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expectation that there would be a collapse if something did not happen. Therefore we had to redefine our development targets. It is therefore with that bold move to undertake a new transformation in this economy that will now be based on a new set of development imperatives that many of the measures that are outlined are, in fact, incorporated.

The third area had to do with the recognition of what were the development requirements in Trinidad and Tobago today. I recollect as a young economist many, many years ago when we began to look at the missing link in the development paradigm before us, we talked a lot about the issue of capital and you would remember the debate that took place then that the missing link of capital had to be dealt with and industrialization via investment became the order of the day. But soon it became evident that capital alone was not, indeed, dealing with the problems and the missing link had to do with the issue of foreign exchange. That led to the emergence and the supremacy of the international financial institutions coming into play, whether it be through the IMF or the World Bank or wherever, in order to deal with the missing link of foreign exchange.

But then it soon became clear that that, too, was not really the answer and that what was required was that the technology gap had to be reduced and a developing country must now move to close that technology gap. Many measures were undertaken to attempt to deal with that and I am pleased that in the Senate there are people who are very much aware of how to close that technology gap.

But even that was seen to be somewhat insufficient. As economies strive for a higher level of development expectations, it became sooner rather than later to recognize that the human capital factor was perhaps more important. Therefore, the focus began to change towards the human capital factor and included in that was the development of social capital in the communities.

It is against that kind of background that we analyzed what are the requirements of the economy in the 21st Century, and having recognized that all these may have played an important role in moving us to where we are today, the most important link that is missing in Trinidad and Tobago is the link between entrepreneurship and development and that is the link that we attempt to establish in this budget, setting in place the platform for the building of a new entrepreneurship in the country, not an entrepreneurship that has been imprisoned by the past triangular trade; not an entrepreneurship that is risk-averse; not an

entrepreneurship that in due course will simply allow us to carry on the future as if the past will be with us forever; an entrepreneurship that will call on the private sector to establish a new framework for risk-taking and a new impetus for resuming growth and also an entrepreneurship in order to be able to deal with the issue of building a new class of entrepreneurs.

In that respect, large effort was placed in this budget on the development of the small business sector, the micro-business sector and setting the seeds in place for the growth of a new entrepreneurship for the future. That, therefore, became one of the premises upon which we have placed this budget's assumptions.

Then we recognized that what is required, having set the framework for this change and having identified that we cannot carry on in the past as we have done to our own peril, we recognized that there are two critical areas that must be addressed if we are to address the issue of the triggering of growth in the economy. Growth has been somewhat elusive within the last few years and although there has been a slight improvement due to the external factors this year, we recognize that we are coming from a very dark area.

Re-energizing the economy, therefore, was based on three main pillars, the first of which had to do with the energy sector and the capacity of the energy sector to regain some of its strengths, especially with the production of oil and gas which will remain for some time the basis upon which this economy will derive its foreign exchange and its government revenue.

The second has to do with the revitalization of what has been called the onshore sector and specifically with the agricultural sector and the manufacturing sectors. Those two sectors, we believe, must now come to the forefront in order to create a new sense of resilience to the onshore sector in Trinidad and Tobago. Many of the measures that are incorporated in our proposals are aimed at reenergizing both of those sectors. At the same time, recognizing the international challenge that has been brought to us as a result of the situation on competitiveness and the fact that Trinidad and Tobago has exhibited a fall in competitiveness by any standards that you may wish to measure, that it was necessary to set in motion those directions to regain our competitiveness. That will take some time; it is an institutional matter but it is a matter that has to be tackled. Therefore the ease of doing business is one of the indicators that we have used as a start in the process of regaining our competitiveness.

Finally, in terms of the basic imperatives before us, it has to do with what has been called in the budget statement, public offerings. We believe now that we must build a strong capital market, one that will be able to be vibrant and will be able to attract capital and provide opportunities for the excess liquidity in the

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banking system and at the same time to allow us to have a new partnership between the people and the State. It is in that context that we have outlined the very different approach to public offerings, starting the process of reviewing many of the enterprises in which we believe people must now participate. Therefore, that becomes the sixth basic premise upon which this proposal has been made.

Let me therefore now go on to some of the very specific proposals that have been put before us: triggering growth, sustaining it and at the same time ensuring that we transform this economy towards one that is perhaps more competitive and also one that is likely to bring the people into development. You see, we believe that development must be owned by the people and must belong to the people and that we must at all times ensure that the people are, in fact, the main beneficiaries of development. [*Desk thumping*]

That is why we started our budget statement by talking about inclusive development, how to have development that includes all; to ensure that no one is left out; to ensure that our security system is improved; to ensure that our justice system is open to all; to ensure that our programme for poverty reduction remains strong; to ensure that we build a strong pension system for the future so that our country will not have the frivolous debate that has taken place within recent times on the \$3,000 pension, as if that is all that there is. There is much more in pension reform—and I have included that in the statement. That was only our first step and there will be many steps to come as we prepare this country for security in the future.

We looked very carefully at our housing policy and our housing proposals and suggested the large part of the problems that we faced in the last administration had to do with the compromising of the housing initiatives, particularly those institutions that were set up to do so, which were all compromised in the interest, not of housing, but in the interest of building empires and building tall buildings and building the symbols of development, leaving the substance of development unattended. We shall return this country to building the substance of development and leave the symbols to take their own course. [*Desk thumping*]

We are also conscious of the continuing need of the society for gender equity and I have attempted to ensure that that particular aspect of public life is well taken care of in the budget. Sport and youth become an important factor and in so doing we have identified some of the basic premises upon which we shall encourage the development of sport and youth.

An important area that I wish to make reference to is what I refer to as taxpayers' rights and responsibilities. This has been a thorny issue and there has been a lot of lack of confidence in the society with respect to the issue of taxation. In this respect, we have proposed that we shall establish a covenant between the taxpayers and the tax authority in order to establish what are the rights and responsibilities. Taxpayers do have rights and they must be honoured. We must go back to the day, sometime in the future, when the government debt is as good as gold. But to do that, we must ask the wider community to accept the golden opportunity to pay their taxes and pay them now. It is in that context that we have included an amnesty for the taxation of arrears that have developed in the country, the size of which is enormous and I give you the assurance that if all those who owe taxes in this country were able to pay them, then we would have no fiscal deficit to deal with and we could move on faster to the process of growth. That has been one of our major thrusts in the tax collection aspect.

We looked also at the second premise which is to sustain that future and to do so we had to expand the energy sector, of which I shall speak to you in more detail in a few minutes. We shall realign the economy, as I had mentioned to you, both in terms of development and in terms of public expenditure. We shall, in fact, attempt to protect the environment and we have taken specific measures with respect to the Green Fund to allow the Green Fund now to be accessible by many people in this country which, before now was not accessible, so that we can have a people-propelled environmental protection plan. Throughout this country, we believe that is an initiative that civil society can undertake with a great sense of purpose and therefore we have included measures to expand the access to the Green Fund in addition to the resources that will be there.

I mentioned to you earlier, the question of the competitive economy and the question of public offerings and the question of the ease of doing business. But let me just briefly deal with the issues of how we intend to open new economic space. The measures that I have outlined are located in this framework and cannot be dealt with in isolation. They must be dealt with in the context of the framework for the future. Improving the infrastructure: In that respect we identified the need to establish definite access to the south-west peninsula for once more bringing forth the proposal to establish the highway to Point Fortin, but this time around to give the assurance that the People's Partnership Government will make it happen. [*Desk thumping*]

In addition, we have identified other avenues for infrastructure development that will support the growing economy. One of the problems we felt that had

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happened with respect to the transportation problems in the country was that the transportation infrastructure and initiatives were meant to support increased demand for transport and we wanted to increase the access of the country to new development areas, so that we could have a wider development space from which to move.

10.45 a.m.

In that respect, we talked about opening new economic space and identified five broad areas in which we shall do so, with a specific fiscal regime to support it: the south-west peninsula, the northern coast, the north-east of Tobago, central Trinidad; and the fifth one has to deal with East Port of Spain.

In each case, we have a peculiar response to that because we believe that if we want to expand the economy, we have to find new space that has not been used. In this respect, we had a special section on rethinking Tobago's development. We believe that Tobago has become too dependent on development based on public subvention. The potential of our sister island, Tobago, in the new global economy is untapped and we want to move into that area. At this stage we said: Let us start the process of rethinking Tobago and I have already had meetings with the Tobago House of Assembly, suggesting that after the budget we would relook at that issue with them and with others.

We felt that the free trade zones had too many restrictions and to the extent that they were successful, the Free Trade Zones Company has been showing a profit, they need to remove the restrictions so that we could apply that to the economic zones ahead of us.

In that respect, we have suggested a very bold measure in the context of the past; but in terms of the future, a new model to manage industrial estates, where we are suggesting that our industrial estates should now grow and expand at a fast rate and a new management style put into place; that retains public ownership and allows these estates to have an objective of their own through which a new private initiative will take place.

This has been the experience of the Dominican Republic as it embarked on what has turned out to be a phenomenal industrial programme. To that extent, we thought we could move in that direction and start that with the new industrial estate; that we would resuscitate in this our correspondence to that and move beyond that.

We have not ignored what clearly is a matter of concern to many people in this country, that is, the efficiency of the public service and throughout the various measures that we have put into place, we have indicated our intention to improve the efficiency of the public service by first of all ensuring that many of our financial institutions that deal with small business, be they development corporations, small business development companies, or the other bodies that have been involved in that, that they return to the focus of supporting small business.

In so doing, we have looked at the port, inland revenue, customs and we have indicated our intention to move directly to improve the level of customer service in these areas. This, therefore, has been the context in which we have moved.

What are some of the financial measures that we have outlined? I would like to bring to the attention of this honourable Senate these measures outlined in the budget statement. Our financial action plan is one that presumes that there will be an expenditure of the order of \$49.15 billion and a total revenue of \$41 billion plus. There was a fiscal deficit of \$7.7 billion, which represents 5.48 per cent of GDP; similar to the projected fiscal deficit of our previous year. This has been based on the fact that we have used the gas price of \$65 per barrel and an oil price of \$2.75 per mmbtu.

We have based this on a growth rate of 2 per cent and an inflation rate of 7 per cent. It is in that context that we have made our projections for the next year. In so doing, we have identified the investment requirements for the future in order to be able to resume growth in this economy and to start the process of redirecting ourselves and moving from the choke that has kept growth down. To that extent, we have embarked on an innovative programme to deal with the issue of attracting new investment both within the domestic economy and from the foreign sectors.

We have looked very carefully at a proposal to redesign an investment business company whose objective will be to move on to the areas of seeking foreign investment abroad that is required to help us in our economy on our onshore sector.

We recognize that there is need to change some of the withholding tax arrangements and bilateral arrangements required to set up the conditions for these new investments to take place. In that respect, we propose investments coming from the energy sector, which we have in the first year very conservatively put at \$8 billion. We have also included investment from the local

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economy, which we have very conservatively put at \$3 billion and within the Public Sector Investment Programme, we have included, both with respect to the Public Sector Investment Programme of the Government and the Public Sector Investment Programme of the state enterprises, a further \$9 million because, in preparing the Public Sector Investment Programme, we were very careful to identify such projects to generate some activity in the construction industry to ignite the growth process.

In others words, one of the fundamental requirements of the economic strategy for the next year is to encourage a further investment of about \$20 billion to ignite the growth and create sustainability.

Madam Vice-President, we go now to measures to improve the production of oil and gas. We have suggested a fundamental review of the energy tax regime. Essentially, those measures outlined will aim at increasing production and exploration and providing a new tax regime that will make it attractive. Already we are beginning to see some new interests expressed by international and other companies to deal with that issue. It is critical for us, especially in the deep water areas to include new exploration activities. Our measures for the energy tax regime are aimed primarily at doing that.

Oil production has been steadily declining. For the period 2000 to 2010, oil production has fallen by approximately 25 per cent from 138,000 to 103,000 barrels per day. There is a great need to revitalize activity in the sector. Consequently we will revise the supplemental petroleum tax regime. Under the new system, base rates on the sliding scale mechanism will be introduced for both marine and land operations.

We also talked about production-sharing contracts. Instead of the taxable production-sharing contracts used for the 2006 competitive bid round, we will return to the conventional production-sharing contract of the 1995/1996 competitive bid round modified to accommodate a flexible bidding process.

Measures to support the alternative energy use: In this respect, we are setting the conditions for the solid foundation for the future by opening the door for alternative energy use to the future. Although we hope and expect that the oil industry will remain an important part of our own economy, we have to anticipate the post oil/gas period and have started the steps in order to set in motion investments in that regard. We are not building this economy for tomorrow; we are building this economy for the next generation.

Measures to increase the growth of agriculture: Madam Vice-President, there are many measures that have been included and I have no doubt that the Minister of Energy and Energy Affairs will speak at length on these issues. Let me point out that we have taken the rather revolutionary step of making the cost of doing agriculture less. We believe that the basis of agricultural growth is to make it profitable. To do so we propose to reduce the interest rate in the Agricultural Development Bank from the present level of 6 to 8 per cent—although I must say that many people have told me that they are paying much more than 8 per cent. We will reduce whatever the percentage is to a level of between 3 and 5 per cent.

I mentioned earlier the issue of cleaning up the environment and spoke about access to the Green Fund. In addition to that, we have increased our penalties with respect to the Litter Act, merely to identify that it is time that we literally clean up this country; and you know that the People's Partnership Government's first act was to clean and beautify this country. The Prime Minister led that herself. We intend to carry that forward and have a clean and beautiful country in the years to come.

Measures to generate new investment: We have taken what might be referred to as a risky measure by saying that pension funds can now be utilized for expenditure in the downstream energy sector. I know that some of you may feel a little uneasy because you believe that that is an increased risk.

We have included in our proposal that this will be examined in terms of the least-risk parameters, but we do believe that such investment must take place to develop the energy sector. In addition, the manufacturing incentives that are in place have been increased.

An interest rate policy: We have argued that the repo rate, which is an indicator of the interest rate policy in Trinidad and Tobago, has reduced recently and is a move in the right direction and we will allow the monetary authorities, in particular the financial sector, to continue with that trend to reduce interest rates. We recognize that there is a risk between fighting inflation and fighting growth. In other words, you keep the rates high in order to fight inflation; you keep the rates low in order to induce growth. We recognize there is a need for a risk decision. We have taken the risk to move towards growth and hope we can deal with inflation by increasing production in the agricultural sector.

We have a new measure of ploughing back profit incentives by increasing the depreciated allowance to 90 per cent as well as 25 per cent and to apply this beyond the specific industries named in the Aid to Industry Act, which include shipbuilding, recycling and other new industries that we have identified.

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In order to support the housing sector, in addition to the current programme with respect to house building, and in addition to the programme of reorganizing the companies that are involved in giving mortgages, we will introduce a first time house owners tax credit at the level of \$18,000 per household on mortgage paid in the year of income for five years with effect from the date of acquisition. This measure is aimed at increasing investment in the private sector housing industry and providing support for the first time householders.

11.00 a.m.

We have also suggested some modification to the employee share ownership plan that is in existence in order to allow workers to have easier access to share ownership. That is the objective of this, so that we will increase public participation in share ownership in plans and we will now make it very attractive for workers to become greater shareholders in the plant in which they work.

We have included a special measure to sustain small business development, by establishing for the first time the Pioneer Innovative Fund window, which will now allow those who have pioneering ideas and are in acknowledgment of the fact that the area in which we have scored least in the competitive index has to be in pioneering and innovative activities—We have included a \$10 million allocation in the first instance, which would allow young people or others to be able to access that at very soft rates, in order to encourage new ideas.

Wherever we go in this country and we talk to the people of the land, what we find is that they seem to have much better ideas as to how to develop the country than those of us in public offices. I want to give them an opportunity to now come forth and create that development they have been speaking about. I am sure that all members of the Legislature would have had that experience.

We shall expand the research and development facility of the Business Development Company and also expand the list under the approved manufacturing industries that will have access to duty exemption to allow for the removal of customs duties on equipment and parts, which are now excluded, so that we can have a greater input of investment in the manufacturing sector.

In addition, we shall have incentives to small businesses; in terms of trying to make doing business much easier and in that sense formal customs entry is required now for goods valued \$1,000 or more. We have increased that to \$20,000 or more to allow small business people to have greater ease of doing business in Trinidad and Tobago.

In addition, we have made provisions for the expansion of the free trade zones to improve the tax collection system and to support social equity. We have mentioned earlier that we will in fact repeal the property tax and reintroduce the old rates and at the old values, the lands and buildings taxes.

We have not only honoured our pledge to start the process of pension reform to a harmonized universal system by the \$3,000 pension, but we also increased the minimum pension to public servants to allow that to take place.

We would allow the contributions to be made to the Children's Life Fund, so that the private sector, who are inclined to give support to those children who are in dire need, will have an opportunity to do so and get the necessary tax benefit for so doing.

Finally, in terms of measures, we have included strong measures with respect to arts and culture and entertainment. In this respect, the Government will increase the arts and culture allowance applicable under the Corporation Tax Act from \$1 million to \$2 million, so as to encourage greater activity in arts, culture and entertainment.

It would be remiss of me if I did not deal very briefly on one of the measures that have created much concern and that has to do with the proposals we have made with respect to the CL Financial problem. Let me put on the record that when we analyzed the situation, and this was done very deliberately, professional advice, we found that there are in excess of 400,000 taxpayers who are affected by this decision, because they are the ones who will have to pay for whatever is being proposed. There are also 225,000 policyholders in Clico and British American who own traditional insurance products, who were at risk as a result of what has happened. There are approximately 25,000 investors in Clico and BAT on short term investment products, which have been referred to as EFPAs and mutual funds. There are approximately 450 agents in Clico and BAT and approximately 500 employees in Clico and BAT. That was the constituency that would be directly affected by our measures. It is in that context and bearing in mind the need to satisfy the legitimate aspirations of all these groups, including the aspiration of the State, which is to ensure that it relies on the principle of fiscal responsibility, there are three particular options that were laid before us.

The first option—I would not go into the history of this and I would not go into ascribing blame. We can do that and the country knows it. I can do it at any other time, but at this time we attempted to identify what were the options before us. The first option was to have no additional funding to what was previously

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given by the then government. That will require liquidation based on the current assets available. In other words, the option was to close down the operation.

The second option was to have full funding of the assets shortfall and repayment based on contractual terms. That is to meet all requirements before us. It not only would have required us to find an additional \$7.2 billion, sometimes people think the word billion is the same as million. But, let me make it clear, \$1 billion is \$1,000 million. The sum of \$7.2 billion. And in addition to that we would have had to recover some funds from the sale of Clico and BAT assets to be able to repay the shore term liabilities that would arise.

The third option before us was an option to have an initial payment of up to \$75,000 and a deferral of the remaining liability for the repayment over the longer term. Even that option required us, as we intend to extend the \$75,000 to all—but it would cost us \$1.5 billion, to simply honour that obligation and a further \$1.8 billion for the investment that is required to generate the income to pay for it. Therefore, it was in these costs, in terms of financing and also the one that is fiscally responsible—One of the things that would differentiate this administration from the last administration is our penchant for fiscal responsibility in Trinidad and Tobago.

It is against that background that I should just give you some of the basic figures that are before us. If these proposals, those with traditional policies are among 225,000—they are now protected under this scheme for their policies would be honoured in a restructured Clico/BAT operation. EFPAs and mutual funds amount to 25,000 people. I am advised that 50 per cent of those fall within the \$75,000 or less category. There is a further 14,000 who will be covered by this new scheme, without any problem.

With respect to non-resident policies that were written in Trinidad and Tobago, there is a sizeable figure, \$1.2 billion, written in Trinidad and Tobago but from abroad. That will be included in the programme as well. This does not include Clico/BAT policies written in foreign jurisdictions. That is Clico companies aboard.

We have also noted that and we looked very carefully at two areas. One has to do with citizens in particular who for some reason, based on the investments that do materialize their income coming out of their interest payment. We are informed at this point that 1,262 persons are 60 and over and that we need to look at that particular matter at this stage. Based on discussions in the other House and discussions with others, we would look into that matter.

We are also told that the credit unions and the trade unions have had substantial investments in these failed institutions; the sum of \$605 million with respect to the credit unions and trade unions. State enterprises are also very much exposed, with respect to these investments; \$285 million with respect to the Government of Trinidad and Tobago state enterprises; other CLF related finances to entities, example CIB, a total of \$400 million; and other non-state corporations, a further TT \$445 million. That is to show you the size of exposure that the Government has on this matter, over and above the needs to meet the requirements for the depositor at this point in time.

We have agreed that we will look at the special situation, with respect to the credit unions and have started to have discussions with the group at this point in time. We will continue those discussions, but the model that we have put forth is clearly the model that supports the principle of fiscal responsibility on one hand, and on the other hand it provides the maximum welfare support that is required in these circumstances to allow the people to move on and build something in the future.

Let me point out that the 20-year bond that we have spoken about is 20 one-year bonds, which will be paid at the end of each year, one-twentieth of it to the full face value. But if one wishes to use it before, they may wish to undertake to get it redeemed at a financial institution at a discounted rate. Or it may be used, for instance, to borrow money so that people can then use that as a basis for further investment on their own.

We will, in due course, explain in greater detail to the population all the details of this very innovative and creative plan. I am convinced that this plan is perhaps the most creative plan that has been designed on this issue as a result of the problems that have been created for 18 months of inaction on the part of the previous government, having diagnosed the problem wrongfully in the first place has put this country, this nation and the Caribbean at risk. We have to correct that and we shall correct that with creative plans. We are open to dialogue, as I have pointed out, on special situations, but the policy is clearly well worked out. In those respects, I intend to have more discussions, not only with other stakeholders and other taxpayers, but I also intend to hold discussions with the workers and the bankers who must also have a responsibility in sharing the responsibility for the solution to this problem.

In this particular proposal, we have indicated that we will restructure the CL Financial/BAT, so those who are engaged in it should see the possibility of a new enterprise which we hope will be done in such a way that it becomes attractive to

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other investors in the future. Therefore, the allies that they may have had, we do not know what the outcome of those things are going to be, but that is the direction in which we are moving.

The budget that we have put forth cleans the slate, deals with some of the outstanding issues, sets in train the basis upon which we can now move ahead. We know that it is bold in many ways. We know it is moving in uncharted waters. We know that it is creating a new dimension to the economic management in Trinidad and Tobago. We know that we have inherited something that would bring us into a state of complete dejection if we had not changed it. We know our fiscal accounts were in shambles. I said that in the budget presentation when I pointed out that the cash balances of this country had reduced from \$17 billion two years ago to the level of \$5 billion when we took office. Today it is now in the vicinity of \$4 billion. That represents the sense of fiscal irresponsibility that we have inherited.

I want to let you know that we of the People's Partnership Government are determined and committed. We have now worked out the direction in which we shall move. We have put in place the framework. We have attempted to satisfy the needs of the people and to respond to the issues of the people's mandate. At the same time, we recognize that there is a clash of ideas and we expect those who have been wedded to the ideas of the past will try to bring it forward again for today.

11.15 a.m.

At this time, I invite those to come and think of new ideas in order to deal with the problems. It is a clash of ideas that we are involved in, and the measures are aimed at that direction. It is also an attempt to have a courageous effort to deal with the problems, recognizing that there will be problems as we emerge, but as they emerge, we will take on those problems with the courage that we have taken on the election the last time around, and with the courage that we shall take on the economy this time around. At the same time, we will capture, as I said, the inner aspirations of our people, particularly the aspirations of the young generation for a new Trinidad and Tobago. [*Desk thumping*]

SENATOR'S APPOINTMENT

Madam Vice-President: Hon. Senators, before I propose the question we do have a swearing of a temporary Senator.

Senator's Appointment

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“THE CONSTITUTION OF THE REPUBLIC OF TRINIDAD AND TOBAGO

By His Excellency Timothy Hamel-Smith,
Acting President and Commander-in-
Chief of the Republic of Trinidad and
Tobago.

/s/ Timothy Hamel-Smith
Acting President.

TO: MR. RAVI RATIRAM

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

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

NOW, THEREFORE, I, TIMOTHY HAMEL-SMITH, Acting President as aforesaid, acting in accordance with the advice of the Prime Minister, in exercise of the power vested in me by section 40(2)(a) and section 44 of the Constitution of the Republic of Trinidad and Tobago, do hereby appoint you, RAVI RATIRAM, to be temporarily a member of the Senate, with effect from 20th September, 2010 and continuing during the period that Senator Timothy Hamel-Smith has temporarily vacated his office as Senator.

Given under my Hand and the Seal of the
President of the Republic of Trinidad
and Tobago at the Office of the
President, St. Ann's, this 16th day of
September, 2010.”

OATH OF ALLEGIANCE

Sen. Ravi Ratiram took and subscribed the Oath of Allegiance as required by law.

APPROPRIATION (FINANCIAL YEAR 2011) BILL

Question proposed.

Sen. Dr. Lester Henry: Madam Vice-President, thank you, and a warm welcome back to all Senators of this honourable Senate after our month-plus hiatus. Unlike much of what happened in some contributions in the other place, I would actually try to stick within the guidelines outlined by Madam Vice-President, and address some critical issues that emerged out of this fiscal package that was presented roughly two weeks ago.

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Now, one of the things that I want to give the Minister full credit for before I move on to my points, is for his accurate prediction of no magic in the budget. On the eve of the budget, Mr. Dookeran was quoted as saying, "Don't expect any magic in the budget", and he delivered. Certainly, there was none. [*Desk thumping*]

Now, what we had is a budget loaded with contradictions; short on specifics; and generally appears to be noncommittal to many projects in which they say they are planning to engage. It is almost as though the writers of this budget were afraid to actually commit to most of the programmes that they claimed to support.

In fact, it seems like a deliberate attempt at obfuscation, so that sometime down the road you can always come back and say, well, we never really promised this; we never really said that. The budget contains a tremendous amount of conditionality; conditional statements and prefaces and so on about we will study the issue; we propose to do this; and we propose to do that.

I commend the Minister today because he sounded more reassured about many of the programmes, but in the actual budget document, it is not so clear. First of all, let me start by pointing out some of these contradictions not all, just a few, because if I go to point out all I would overrun my time by a wide margin.

First of all, after all the talk about reckless spending, squandermania and so on, this Minister comes with the largest budget in the history of the country. Now, big spending appears to be okay. Many of the people that sit opposite me ranted and raved for years about the big spending of the former government, suddenly big spending is convenient, contrary to what they set up the population to believe, prior to the presentation of the budget.

If we believe their rhetoric before the presentation of this budget, you would swear that they would have come with a budget of about \$40 billion or \$45 billion, something a lot less that would show fiscal responsibility, as the Minister likes to pride himself on, being one of his famous mantras.

Now, some of the same people—and the Minister just mentioned this—who were the loudest critics of the tall buildings have recently engaged in a large scramble to occupy those same buildings. There seems to be no compunction about going back and saying, well, okay, let us find some alternative—sell them or do something and raise some revenues.

Secondly, the budget talked about the big projects and so on—cancellation of mega projects; wasteful spending, and yet they would stand with a straight face and announce plans to build a tunnel to Maracas from either Tunapuna to St.

Joseph or some place—you hear different variations of it—without actually hinting at the cost of such a mega project. Instead of something as useful as a rapid rail that could solve the transportation problems of the country, they would prefer to mention something as ridiculous as that proposed tunnel.

Well, as people around town are saying, if you are in a hurry to get to the bake and shark, then just come out and say so. You do not need to put taxpayers through all this expense. Seriously, how this could be taken as an economic growth pole? It made very little sense when the project was first announced back in the 1960s, I believe. I saw an author commented on it, and it still makes no sense now.

One of the problems common throughout the contributions of Members of this Government and included in the budget speech is a consistent forging around and playing with numbers to suit their purpose whenever it seems to be convenient.

On the eve of the budget, again on September 08, 2010, as reported in the same article that I held up a few minutes ago, one of the main characters of the budget—I see over there my good friend and learned colleague from the university, Sen. Prof Watson, was actually quoted as saying that the Government would not want to undertake measures to accumulate more debt since the existing debt was almost about 60 per cent of GDP. That is the key. One day later, in the budget presentation of September 08, 2010, the Minister claimed that the said ratio is 50 per cent; one day later. That is in the budget speech. [*Interruption*] If you are writing a budget with someone, you cannot agree on how to measure a simple calculation.

Now, in addition to not running up fiscal deficits—of course they announced an almost \$8 billion deficit while they cannot agree on a simple calculation; added to that there is an official document from the ministry, and then they put out that the true figure of the debt to GDP ratio is 38 per cent. What is the point of all this mystification? Are we to believe that these very experienced men cannot agree on a simple calculation? This is not magic. Debt to GDP ratios are calculated all over the place. It is not rocket science. What is the point? Is it that they are saying—the figure whatever it is—whenever we say it is so? The sad thing about this is that it causes a kind of confusion among the population.

One of the benefits of this type of deliberate mystification is to take simple concepts and make them appear much more complex to the average person, so that you can say anything and get away with it when the time is right. This creates a significant loss of confidence and confusion among many people in the country about the true state of our economy.

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And hon. Sen. King brought a Motion supposedly to clarify issues concerning what the state of our economy was. Yet after all of that, we still have this deliberate or inadvertent misleading type of statistics being bandied about.

11.30 a.m.

Now, one of the main contradictions again—I think I am up to my fourth point now—is this whole notion of diversification of the economy, which the Minister just proudly pronounced on and outlined a lot of plans that most of us already know about for many, many years now. Not really anything new. In the budget speech, there is no concrete attempt to explain how this diversification will actually work. There are lots of platitudes about growth and growth poles and all kinds of flowery ideas. If you think I am the only one who has that problem, take the Chamber of Industry and Commerce yesterday in the *Newsday*, the same said people that appeared to be impressed with the budget two weeks ago. They said:

"Regrettably...there was no specific reference to a clear diversification thrust in the budget, either the policy objective or the implementation programme."

The Chamber of Commerce, September 19, 2010. One day ago. That is it.

So it is not obvious or you do not have to take my opinion for it, many of our stakeholders, the same people that you claimed to be listening to, are not impressed that you have a clear way forward despite your rhetoric. They also added:

"The Chamber is concerned about...diversification"—efforts—"since this Budget was placed in a three to five year context."

So this is a very long term thing, considering budgets are one year plans. Since the large portion of this year's country revenue is expected to come from the energy sector, once again, where is the evidence of any concrete diversification? One of the most startling, if not, comical contradictions in the budget is the whole idea concerning return to growth. In the budget speech—it is there on page 30; you all have it—the Minister asserts:

"...after a significant contraction of the economy of 3.5 per cent in 2009"—no argument, that is the fact—"we have benefited from higher energy prices than expected in 2010 and will be registering positive economic growth of 2.5 per cent..."

Now, the same budget speech, as the Minister just outlined, predicts that if all goes right, all of their plans fall into place, they will have a growth rate of 2 per cent, significantly lower than the 2.5 per cent we would have achieved this year. As our astute political leader on this side, Dr. Rowley, pointed out last week, that

is not turning the economy around; that is actually driving it into the ground, it is going the other way. It is as though the writers of this budget felt that they had all the answers in their heads, and the facts need not be consulted. Did you not check your numbers before? Even if you have an explanation, it would have been nice to hear it, but we have to assume that you have none when you place no proper explanation, while the growth rate based on your illustrious plan which you boast about would be less in fiscal year ending 2011. Are we to believe that hubris has already set in; that you are so caught up in your rhetoric that you cannot accept the fact that the economy was already on a growth path before you assumed power?

Now, one of the dangerous things is this, once you start off with a false premise, as many philosophers of the past have pointed out, any conclusion you arrive at after becomes valid. And it has been a very disturbing strategy of this People's Partnership Government since they assumed office to cry wolf all over the place, and then when no wolf shows up, they say look how effective we are at deterring the wolf. This is exactly their strategy. Sooner or later however, a wolf will show up and all your gloom and doom will come back to haunt you, especially based on some of the plans that you outlined and you seem to be so proud of. One of the key issues that bothers me about this budget and the budget presentation, is that the underlying theory or the ideas behind it seems to be a hodgepodge rehash of neoliberal supply side thinking.

This, Madam Vice-President, is clearly a supply side budget.

Hon. Dookeran: Clash of ideas.

Sen. Dr. L. Henry: Yes, it is a clash of ideas. But supply side neoliberal ideas have been discredited and rejected over the past 30 years, and this budget comes to us based on this type of outdated discredited ideas. Look at it: Tax breaks for the wealthy and for the businesses and somehow growth will automatically take place. Supply side theories no longer even provide comic relief among serious economists. They have been discredited all over the world, and I will get back to that a little bit later in my conclusion.

Let me explain one key reasons why I call it a "supply side budget" and why these ideas have been discredited, in case many of the population missed it. They thought it was slick; they thought it was nice economics and they slipped it in there.

The 2 per cent growth that they forecasted for the upcoming year is supposed to come from increased activity brought about by the incentives and so on. Other

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than that, they have no real plan or explanation as to where the growth is supposed to come from.

Sen. Hinds: "Vooping" for the best.

Sen. Dr. L. Henry: As my colleague says, "vooping". But that idea was first proposed by Ronald Reagan back in the 1980s, that somehow you give all these incentives to the wealthy, cut corporate taxes and so on—but you did not do that in this case—you put a lot of emphasis on making the corporations happy and comfortable in the hope that business activity will increase and because of the increase in activity, you will collect more tax revenues and so on, because as you said, I believe, the pie will get larger.

Sen. Hinds: He said it. He actually said it.

Sen. Dr. L. Henry: That comes straight out of Ronald Reagan in the 1980s. So this bankrupt idea was actually implemented by Ronald Reagan back in the 1980s, and what happened? The US economy fell into a stubborn recession, the budget deficit ballooned upwards, tax revenue fell drastically and unemployment soared significantly. I know this for a fact because I happened to be going through college in New York at that time. I was a "scrunting" student trying to find my way and I could not get a job anywhere due to Reagan's supply side bogus economic policies.

Now, I am not saying that that will necessarily happen here, because we might be saved by the same oil and gas. If the prices happen to go up, oil price might average \$80, gas price might go up to \$6 or \$7 and we might be saved. But again, that is hitting and hoping, closing your eyes and swinging. It might turn out that we weather the storm because of high—and the same oil and gas that they referred to as a curse on our economy, they will depend on that same oil and gas to save themselves and then come back next year and boast about good economic management. That is what they will do.

Generally, the result of this type of supply side thinking results in luxury consumption by the wealthy. Do not be surprised. You will see the BMWs, the Mercedes Benzes and all these other luxury consumptions. Real demand might go up significantly next year. The business expansion that comes with just throwing incentives out there generally does not materialize in the way that one expects them to, so you get luxury consumption by the wealthy going up. The corporations, again, once they do not feel that they have anything real to invest in or the economic future is not so positive, they will not continue to invest; in fact, generally, they hold back. And what also these supply side policies contribute to

is the increasing income inequality as we are seeing in the US and across the globe. So I am amazed that this type of junk economics could find its way into our budget in 2010. After all, we are not in 1962; we are not in 1982 when Reagan tried all this foolishness. We are in 2010, as one famous talk show host constantly reminds us, we should distance ourselves from that kind of influence.

The reason I am raising this point and belabouring it so long is because later on we will see that they have every intention, based on the signals they send, to drive us back into the arms of the multilateral agencies with increases in foreign borrowing and so on. All part of the neoliberal supply side thinking. That is the direction in which they are heading.

In my opening contribution to this honourable Senate several months ago, I went through great pains to point out that in economies such as ours, that what drives our economy is the implementation of real, viable investment projects which were mainly stated by the PNM. In fact, almost exclusively. We have to keep reminding you of Point Lisas, the implementation of the LNG projects and so on, that generate viable foreign exchange earnings. The Minister in fact did appreciate in his presentation today, that foreign exchange earning was an important aspect of driving the economy. I could agree with him on that, wholeheartedly.

Recently, the last major foreign exchange earner that the PNM government was attempting to implement, you turned around and scraped it—the aluminium smelter. You scrapped it with no particular clear explanation as to how other projects that you claim you will implement will generate sufficient quantities of foreign exchange to keep our economy afloat.

So it is clear that the generation of foreign exchange which we have been fortunate to be beneficiaries of primarily through our oil and gas, is what keeps us in the state of relative economic well-being that we have been able to enjoy especially over the last 10 years or so.

11.45 a.m.

As I said, the neoliberal mentality behind the composition of this budget pushes the Minister to announce that to finance the deficit he will borrow 70 per cent abroad and 30 per cent locally. In a moment when our local financial system is awash with excess liquidity, the banks have so much money they do not know what to do with it, no one is borrowing in the private sector; really, they rely on the Government as someone to whom they can lend money safely.

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Now, I have yet to see the explanation as to why we should depend heavily on so much foreign borrowing, this 70/30 split. Again, that is one of the problems consistently seen throughout the budget. They throw out something and do not put any kind of explanation to back it up. Maybe if I were to give the Minister the benefit of the doubt there could be some useful idea behind this, but again, no explanation. What do you expect the population to conclude other than you plan to increase dependency on the multinational institutions, something from which we have moved away, and that raises the spectre of austerity programmes and so on down the road, when you go back along that road?

Now, let me turn to the issue of the Clico bail out, or so-called bail out. The Minister went through great pains a few minutes ago to point out that since the announcement of the package in the budget that it has raised many concerns; very serious concerns. I have some here. Yesterday's *Guardian*, again:

“The so-called resolution of the Clico fiasco has driven a lot of our senior citizens to depression.”

That is one way to serve the people. That is a letter from a certain—signed by L. Capildeo. This plan, which appears to be very hastily conceived, is then again defended here this morning loudly by the said Minister. The Minister acknowledges that the Government is listening to the people who have raised concerns, the credit unions, the elderly and so forth, yet, in the same speech, turns around and reasserts his commitment to the plan, this same faulty plan that is causing so much distress.

In the Budget Speech the Minister says again, one of these halfway statements, the PNM government handled the issue badly, with never any follow-up explanation as to, well, what do you mean, what was bad about it. We are left to guess. No further explanation is given. I am sure that would suffice on an election platform and so on but not in a serious debate on the finances of the country and in a budget presentation. I challenge anyone, and this is a very straightforward point to assert with a straight face, that Clico did not present a systemic risk to our financial system and our economy. Virtually no one would argue with that. [*Crosstalk*]

So when Armageddon arrived in January, who—you have a regulator sitting to your left, let me remind you. So when Armageddon arrived in January 2009, what was the Central Bank and the government supposed to do? This Government seems to be suggesting, their favourite tool, they should have set up a committee to study the problem, seek foreign consultants. What are you

suggesting? Sit back and allow a run on the financial system that was already developing, and then turn around and be accused of complete irresponsibility as a government or as a Central Bank? What were you supposed to do? The guarantee that was issued was absolutely necessary to ensure the stability of the financial system, [*Desk thumping*] and the economy.

Now, I think, based on your plan, the reaction to your plan, you might learn to appreciate this in the next coming weeks, because what is involved in the case of the Clico issue is not just a matter of balancing the books. It is not an accounting exercise. It has significant real implications for hundreds of thousands of people which you claim you understand, but then the policy itself is completely opposed to the majority of the same people for whom you claim to speak or to whom you are listening.

Now, one of the problems, and I heard the Minister just read out a list of options, is that, who says that was the entire list of options? From where did the Minister get this list? I am aware that there were significant, possibly viable alternatives to all of the three options that—[*Crosstalk*—the ones that—well, I do not want to go there, but, the ones proposed—I have letters here which many people within the Clico organization, whom you never seemed to have consulted—I have the letters here of the alternative proposals that might have made more sense. I do not want to get too distracted with this, but, my point is, there are other options and the list outlined by the Minister is not necessarily complete.

Now, one of the—and I have not really completed my assault on this Clico bail out that you proposed. Again, look at what is entailed in this proposal. As I was saying, the Governor reassured investors and the country last year January 2009 about the safety and that the policies would be honoured and so on, they would get their money. The *Guardian* editorial yesterday, again, it was one of the better reads of the day and of recent times. I was going to raise it but I figure if you do not want to believe me, because I am on this side, maybe you might consider some of what the *Guardian* has to say as being, you know, something you should think about.

Now:

“While the burden of repayment...”

Says the *Guardian*:

“now rests firmly in the realm of the government, it was the Central Bank which is empowered under law to take action in the Clico matter...”

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Are you forgetting this as a former Central Bank Governor? The *Guardian* then raises the possibility that your whole plan is null and void because you have no authority to implement such a plan. [*Interruption*] Well, legal, you know, same thing.

“Section 44D of the Central Bank Act is crystal clear that the Central Bank is in control of the operations of troubled institutions after an intervention and remains...”

Under their control. I will get back to you and the Central Bank in a while. So, with the enthusiasm that the *Guardian* further comments, in which the plan was announced to deal with this big problem and the plan outlined by the Minister:

“Minister Dookeran may well have crossed the boundaries of legal responsibility which may place his entire bailout strategy on shaky legal ground.”

So let me remind you, again, Shaliza Hassanali, September 19th. The plan was only announced a little more than a week ago. People are now coming to realize: “Stabbed in the back”. That is how many of the people who voted for this Government feel after this plan was announced. Again, advertisement by Clico depositors, outlining the difference between what the PNM had proposed and what the People’s Partnership had delivered.

Madam Vice-President: Senator, could you please direct your contribution to me, please, to the Chair? [*Crosstalk*]

Please proceed?

Sen. Dr. L. Henry: Other Senators on my left, sorry. [*Holding up newspaper*] Thank you, Madam Vice-President. So, again, I could go on and on but I think I established the point about the difficulties and the hastily pushed into the public domain plan of this Clico bail out.

I want to touch on a couple of other issues before I end now, just briefly on the HCU bail out, to shift off Clico now—I think you have enough headaches with that already. I will not continue to pound your head—in terms of the HCU bail out, I appreciate the fact that you have made a decision to bail out the HCU members and you did not provide any justification for it. You just made a decision and said, “Okay, that is it. I am going to give these people”—even though there was no systemic risk posed by the HCU which you admitted. You

have to be conscious of the moral hazard problems that you created where everybody else who lost money in a credit union could come back and say, “We feel discriminated against too.”

12.00 noon

Sen. Panday: That is the end of it.

Sen. Dr. L. Henry: So, we do not mind. You make the payout, and so forth. As our political leader said, we do not necessarily have a big problem with it. My point is just that you created this moral hazard problem and you will have to deal with it. And what I take issue with is this notion that seems to permeate a lot of the People’s Partnership, that discrimination, somehow, occurs to only one group of people. What is that?

Sen. Panday: The Clico group. The PNM group.

Sen. Dr. L. Henry: All right, so let me move on now. Like I said, I already beat you up on the Clico issue, which you deserve. I turn quickly to some issues in terms of the labour movement and labour issues. Given the high profile of labour in this administration—

Sen. Ramnarine: Acting Prime Minister.

Sen. Dr. L. Henry: Yes, Acting Prime Minister, including—not alone—my good friend, Sen. David Abdulah is there, listening to me very attentively. I appreciate that.

Sen. Abdulah: [*Inaudible*] boring. [*Laughter*]

Sen. Dr. L. Henry: So why were you smiling all the time? [*Desk thumping*] Why were you smiling all the time?

Sen. Panday: Smiling at you.

Sen. Dr. L. Henry: You could be honest. Do not worry. I know you have to—whatever. You cannot let down your side, so give us some blows. We could live with that. I appreciate you. So, yes, there was a significantly disturbing lack of attention to labour issues, given the predominance of labour in this Government; especially in terms of the widely discussed matter of the minimum wage.

Now, of course, we have to remember the minimum wage was not really addressed in the budget. Then, subsequent to that, we had an announcement from the Minister of Labour, Small and Micro Enterprise Development, and now

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Acting Prime Minister, hon. Errol Mc Leod, that the rate will be raised to \$100 a day. Many people have commented on the fact that it is a step in the right direction to raise the minimum wage. I was a member of the Minimum Wages Board, and we did the necessary background work and so forth; and we consulted with many stakeholders; in fact, as many as we could, including many among the security firms, many owners and managers of security firms, and so forth.

One thing I find strange is why the announcement was made in terms of a rate per day, rather than an hourly rate, and leaving the population to do the division, rather than just saying what your new hourly rate is, or is proposed to be. Because you have not done it yet. It is just a proposal.

Now, during our deliberations, we found that many of the security firms consider a working day to be 12 hours; not the eight that most of the population assumes. We would need some clarification as to how this will be handled.

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

Motion made, That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. P. Beckles-Robinson*]

Question put and agreed to.

Sen. Dr. L. Henry: Thank you, Madam Vice-President. So, yes, as I was saying, we need to get some clarification because some of these firms seriously argued to us that a day's work was 12 hours; not eight. Many of us need some clarification, until we clarify that issue, and also issues of how overtime, and so on, would be handled in the implementation of this new minimum wage.

Now, most of the population, especially among the labour movement, was expecting that this minimum wage would go up to something significantly closer to what was promised.

Sen. Bharath: Like the \$10 the PNM promised in 2005?

Sen. Dr. L. Henry: These are labour people. They are in the Government. These are labour people. Very vocal and strong labour leaders who are now members of the Government.

Sen. Bharath: Who you all ignored.

Sen. Dr. L. Henry: So what you are going to do now, \$12.50 is not sufficient. I argued in my opening contribution that you had to be careful in terms of raising it too high, but you can also raise it too low, which is the point I want to make.

Now, if you had no basis—you say you were going to study the proposal; the Minimum Wages Board studied and, as you said, we did our work and came up with a figure higher than that—\$13.50, I believe it was. That was two years ago, and, of course, inflation has gone even higher, especially since this Government took office. [*Laughter*]

Sen. Panday: That is the joke of the century.

Sen. Dr. L. Henry: What? The facts do not mean anything to you?

Sen. Hinds: Fourteen per cent and Sen. Abdullah is quiet.

Sen. Dr. L. Henry: Where is the protest?

Sen. Hinds: No noise now.

Sen. Dr. L. Henry: All right, we accept that facts do not mean anything to you. So, think about the workers; especially the security firms, where the minimum wage is rampant throughout the country. Some of the fines that security workers have to go through is like a \$500-fine for sleeping, after they work two and three 12-hour shifts, and so forth. So compare that to what their wages are and you will see how difficult it is for these people at the lower end. If the partnership wanted to do something for the lower strata of the society, one of the major ways in which you can help the lower end is to raise the minimum wage, because they do not have access to stocks and bonds and investment properties all over the place, as the upper echelon. The lower strata depends on wages for their subsistence, almost exclusively.

I have a couple of issues to end off on. Just quickly, the free trade zone that the Minister just again asserted that is supposed to bring us all these benefits. Again, the preponderance and the privileged position of labour in this Government should take a serious look at this question of free trade zones. Again, another bankrupt idea that was tried in the 80s, and they have potential to be zones of exploitation.

More importantly, from an economic impact, the removal of the US \$50 million ceiling on projects or companies doing business in the zone can open up another potential area of discomfort, in the sense that other existing firms could set up branches, subsidies, and so on, and claim to be free zones, benefit from all the taxes and incentives that the Minister provides to them, and they do not really export anything. That is in the case of many of the firms in Jamaica which produce goods and claimed to be exporting, but were rerouting it back into the local market.

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Finally, I have one for the Minister. My last topic, and by no means the least—

Hon. Dookeran: You say they reroute?

Sen. Dr. L. Henry: Yes, they do that. You know that.

Sen. Hinds: He does not know.

Sen. Dr. L. Henry: Well, he should know. This one is something that has sneaked under the radar in terms of most of what I read in the coverage of the budget. That is, this proposal for an investment risk committee. This is potentially one of the most sinister proposals in this budget. Let me explain. Why do we have a Central Bank? Is this new investment risk committee supposed to be some kind of special purpose company, statutory group, or whatever—that if we are to follow the current trends—staffed with friends of the current Government, who will tell them what they want to hear? I am missing the Attorney General. [Laughter]

So, who will tell them what they want to hear, and what is the point of this investment risk committee, when so much work has been done since the advent of the crisis—the Clico crisis, both locally and regionally, and the international crisis. There has been a significant upgrade of many of the pieces of legislation required to intervene, to measure risk, and so forth.

So what can we make of this potentially dangerous precedent of setting up an independent, or whatever—this risk committee? Are you sending the signal, hon. Minister, that you do not trust the Central Bank? Which is a very dangerous precedent. That somehow, because you do not have control of the Central Bank, in your perception, that you have to set up a parallel entity to tell yourself, you, as Minister, about potential risk in the financial system?

How would this look to the international community; the International Monetary Fund, the World Bank and the same people from whom you plan to borrow money? Under the astute leadership of the current Governor Williams, we have been able to weather the financial crisis with relatively modest dislocation. [Desk thumping] If something is working, do not try—[Interruption]

Sen. Hinds: He was writing the UNC Manifesto, and so on. [Laughter]

Sen. Dr. L. Henry: Yes, we know. So, I ask the question, Madam Vice-President, is the Minister carrying out some kind of personal vendetta, by creating this potentially destabilizing—or even putting it in the public domain, that could

raise the possibility that the Government is at odds with the Central Bank? And the same ex-Governor and now Minister of Finance, who talks about building confidence and instilling stability; I think when he left his position as Central Bank Governor, he boasted about his contribution to stability, and I have heard him repeat it several times. Not a bad idea. It is always good to be stable.

12.15 p.m.

This is potentially extremely dangerous and we have all these institutions in place, in terms of infrastructure and so on, within the realm of the Central Bank already. The region has undertaken a tremendous amount of work at the Caricom level in mapping out financial stability programmes, stress testing and the likes. So these things are fairly well developed and all of us, in fact, in the region have contributed in some way or the other, especially that people understand the problems that could emerge with large entities and conglomerates such as CL Financial.

Let me summarize by saying that this budget, I propose, will achieve the exact opposite of what it claims to be trying to achieve. This budget will erode confidence, as we have already seen among the Clico credit union depositors. It will increase dependence on the energy sector, as no serious viable alternative, other than platitudes, are mentioned in the budget, and things like solar energy and so on. There is no real diversification, as the Chamber itself agrees. It has the potential to exacerbate the already skewed income distribution in the country, with its supply side neoliberal focus, and could drive us back into the arms of the multilateral agency, with its penchant for foreign borrowing, as outlined. It can also create a lot of hesitancy and discomfort among the same workers who are represented by many of the people in the People's Partnership. It has already begun to lead to depression, as I pointed out, on the part of Clico depositors and the credit union shareholders. Thank you.

Madam Vice-President: At this time I wish to recognize the presence of the acting Prime Minister of Trinidad and Tobago in the Senate Chamber; welcome, Sir.

Hon. Senators, it is now 12.17 p.m. We will take our lunch break for one hour and resume at 1.17 p.m.

12.17 p.m.: *Sitting suspended.*

1.17 p.m.: *Sitting resumed.*

Sen. Subhas Ramkhelawan: Thank you, Madam Vice-President, for giving me the opportunity to speak on the budget and this particular Bill.

Let me start by congratulating my hon. friend, Minister Winston Dookeran, on his ascension to the position of Minister of Finance. Of course, he cannot be labelled a neophyte, therefore, there is no honeymoon period for him, unlike our last Minister who may have had less experience in this particular area. I will probably address some of my thoughts, concerns and questions to him if he does return to the Chamber.

When I travel on business, I have the honour, on many occasions, to speak about our beloved country. When I am asked, I tell people, investors, potential investors and those who might have interest, about a little country of 1.3 million people—and not 1.3 billion, because oftentimes the persons I am speaking to are from countries with more than 1 billion people. I tell them that I am from a country where we have produced two Miss Universe titles and one Miss World. I say that makes us per capita the country with the most beautiful women in the world, [*Laughter*] and some of them are well exemplified here in this honourable Senate. I tell them that not so long ago, we had probably the strongest man in the universe, a Mr. Universe, and not only a Miss Universe. You, Madam Vice-President, might be too young to remember that title, but it happened just a while ago, in my memory.

I tell them that we are the smallest country to have ever reached the finals of the World Cup, at 1.3 million people. I tell them that we as a country own two titles in cricket, played by so many Commonwealth countries of the world, that we have the highest test score and we have the highest first class score, produced by one and the same of our illustrious sons. I tell them that we have produced world boxing champions. I tell them that we have produced an adopted son as a Nobel Laureate in Literature and a somewhat reluctant son as a bona fide son as another Nobel Laureate in Literature. They say, “Where are you from, again?” I tell them, “I am from Trinidad and Tobago,” and this means a lot, because as a small country we have been able to accomplish so much.

Then I hand them a CD on pan music, the only instrument invented in the last century, and then I tell them that I am from the land of calypso that invented and pioneered it. I tell them on the side that we are also about to produce some great players in the chutney sphere. If our Minister has his way, he will lift multiculturalism and culture to the next highest level.

Then I proceed to speak about the accolades in the economic sphere and I say, “We are the largest exporter of methanol in the world, producing 12 per cent of

the world's output.” Then I boast that we are amongst the largest exporters of ammonia, producing 4 per cent of the ammonia in the world. They say to me, "Well, you must have a very powerful plastics industry in Trinidad; you must be producing, as we do, automobile parts; you must be producing a lot of output from blow molding and injection molding; you must be producing plastic sheets; you must be producing PVC or the equivalent pipes; you must be producing so many things; you have to be a very industrialized country in terms of secondary production."

It is only then that I find myself somewhat stumped for words, unable to answer when those who are from the outside could see the potential of this country in new areas and yet still we have not been able to scratch the surface in those particular areas.

It causes me to consider: Why have we not achieved our potential? Despite our many achievements, why have we not achieved our potential? Because on an economic scale, we must be doing some things that other people cannot, but we seem, in a sense, unable to move to the next level from methanol, as it were, and from ammonia, to polypropylene, to plastic resins, to end manufacturing outputs, and from ammonia into all those intermediate products, into fertilizers and glass and into a number of areas of end user production.

So I cannot answer why we do not have a burgeoning new manufacturing sector to differentiate it from what some of my colleagues have said to me, rather facetiously, as the "rum and pepper sauce manufacturing sector". I do not choose to call it that. But that is the big divide, the great divide between the old manufacturing that we continue to flog, somewhat a dead horse, somewhat a limping horse, and the new manufacturing which we seem unable to embrace tightly in order to move forward.

What are some of those steps that are required? It is the moving, as I have said before, from methanol to polypropylene, which is that intermediate product which sets you on the stage to what we call "forward integration" into those end user manufacturing products.

This really is my point of the departure as I begin to look at the specifics of our national budget. I will attempt, as best as I can, to discuss the budget in four phases: fiscal, monetary, economic growth and economic development.

On the fiscal side, it is clear that what the Minister would have sought to do was to create a framework for a soft landing. Soft landing, in that, what has happened is that we have seen no new revenues or no real attempt at the

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generation of new revenues in this one-year budget period. The hon. Minister has spoken to locating the budget within a three to five-year time frame, and that is fine. I would say to him that while the grass is growing, the horse must not starve. Therefore, we cannot, as a nation, continue in a manner which is what I would call "free-spending". We cannot continue in a free spending manner such that we move our expenditure at a time when we should be frugal, at a time when we should be thrifty, at a time when we are not generating new revenues. We cannot continue to have ongoing deficits, save and except that we need to have a soft landing.

I agree with the hon. Minister that we cannot cut expenditure too quickly, since it is the public sector that is maintaining some level of minor economic growth. It is the expenditure in the public sector that continues to keep employment at a certain level. So that we cannot, and must not, get to the stage where we throw caution to the wind only and simply cut expenditure too quickly, because we are going to shoot ourselves in the foot.

Madam Vice-President, the old people have a saying. I will give you the first half so you could figure out the second half and we would talk about it as we go along. "What sweet in goat mouth", they have that saying. So we have had three years of deficit and, not only this administration, but the previous administration is culpable for what we have found ourselves in, rampant over-expenditure; rampant over-expenditure.

1.30 p.m.

So I agree with the Minister that some of these projects which do not seem to me capable of significant value added or are deemed not to have significant value added, should be swept to the side. But on the other hand what I am seeing is that expenditure has, in fact, risen. Expenditure has risen, or projected expenditure, budgeted expenditure, has risen from \$45 billion to \$49 billion. Now I am at a loss to understand if we are not generating additional revenues, why are we enhancing and increasing expenditure if not just fattening that expenditure? I am at a loss.

I have heard the Minister say we do not understand his approach. Well, I cannot speak Greek so he must be speaking Greek, because he has not clarified to the citizenry what specifically he is doing to first of all bring us to balance and, secondly, achieve growth and development, because he continues and he has continued to speak in a strategic sense but a budget is about specifics. So we have the specifics with regard to the fiscal side. The specific is that we are spending

\$4 billion more from \$45 to \$49 and we have a calculation on the revenue side which is about equal to what we are forecast to collect in the fiscal year ended September 30, 2010.

I have some concerns about the fiscal revenue that is being projected in any event, and my concerns are the two drivers of our revenues, oil and gas. In the case of oil, last year we had \$55 and the actual average price up to the last couple weeks was about \$77 and, therefore, there was a \$22 average premium over-budgeted. And we know—or we are told by our experts—that for every US \$1 increase in the price of oil over-budgeted, we generate TT \$100 million.

So if that calculation is correct—and I am advised correctly—then we would have generated something like \$2.2 billion additional on the oil side. But oil is not our main generator of income. Gas is the main generator of income. And in terms of gas, what is clear is that the take from gas has been falling against the budgeted figure. Last year, the figure was \$2.75 per mmbtu—the netback—and this year it is still \$2.75. The problem is that there is some sort of correlation between the netback figure that we generate and the world market prices measured primarily by Henry Hub which is the marker. And we generally get, in terms of the netback—the experts have explained to me, even though I do not always understand their explanation—about 50 to 55 per cent of what Henry Hub is.

Therefore, what the Minister is projecting, he is projecting that world market price for gas would be \$5, but world market price for gas today is actually \$4. Therefore, if you do some quick calculations, then what you might really be netting is about \$2.10 or \$2.20 and if we fall short by 50 cents, our experts tell us that for every one cent US shortfall we lose about TT \$29 million to \$30 million.

So in the equation, the equation is such that gas could be the biggest coal in our pockets as opposed to oil. I say this to give a sense that I do not want us to be over-optimistic with regard to our revenue take, because when we do that, the danger is that we will end up with a deficit that is, in fact, larger than the projected deficit of \$7.7 billion. It would be the largest deficit ever in this country.

So I raise it with the hon. Minister that—and he likes to say, you must listen to the arithmetic as well as the other dynamics of the budget. So I am saying to the hon. Minister, have a look at your arithmetic because you might find yourself a bit short if the real gas price that exists now does not increase considerably from \$4 to \$5. Maybe it is, now that we are diversifying our points of marketing. Whereas before the US for LNG we supplied 60 to 70 per cent of that market in

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LNG, now what I am seeing is that there is a diversification—when you look at the Review of the Economy there is a diversification where only about 29 or 30 per cent of LNG is being shipped to the US, and Europe is a major buyer otherwise, the UK and so on.

So maybe the Minister in his winding up can tell me—I think there is magic in the budget. He can tell me the magic of how he is closing the gap in terms of the gas price. How does he expect that that netback will be \$2.75 when the price at \$4 does not support that netback take and a price of more like \$5 would be required to support that netback take?

I look at the budget so that we can be in sync with our discussion. I am looking at the budget from an analytical perspective of, shall we say, description, prescription and execution. Description: to evaluate and to size up the current situation; what is happening around us. Prescription: what should we do going forward; and execution: who is going to do it; when it is going to be done; how it is going to be done. And if I were to mark the hon. Minister—if I were to be so presumptuous as to mark the Minister who has been described as one of the foremost economists in the Western Hemisphere—I would have said that he would get very few marks on execution. He might get some marks on prescription and he would get high marks on description.

So that in his current role, the hon. Minister, that is, it is not only about getting the politics right, it is for us altogether, getting the economics right. I will speak to this question of description, prescription and execution, because I am very concerned that even when we get prescription right, certainly in the public sector we often fall short in the area of execution.

He has spoken to many areas. He has spoken to human capital; he has spoken to entrepreneurship; he has spoken to the factors that will drive development, and I will come to development last, because I want to speak to the second area of my contribution, which is the area of the monetary side of the equation.

We have been experiencing, as has been mentioned by the previous speaker, a liquidity overhang of over \$2 billion in the system. This liquidity overhang is, despite the extensive measures taken by the Central Bank to mop up money out of the system via the deposit reserve—I am told by fellow bankers that while the primary reserve might be 17 per cent, when you add up all of the latent reserve, that figure might be more like 25 per cent.

What this essentially means is that for every dollar that the bank takes in as a deposit, 17 cents goes into a locked box in the Central Bank, not to be utilized, on which they get zero interest. Zero interest sounds familiar. I think the Minister is

talking about some zero interest instruments on which they get zero interest and the other 8 per cent or other 8 cents on the dollar, they will get something small. But, essentially that money is locked away. So for every dollar that you raise you can only lend 73 cents and, therefore, it is important, when we speak about the spreads of the banks and so on, that we understand what is available to lend, because they have to pay interest on the \$1 but they have only 73 cents to lend.

But now they are paying interest on the \$1 at rates that might be a half of 1 per cent; three-quarters of 1 per cent and so on. Yet when the calculations are done, the banks are lending—their spreads are about the highest that they have been for the past 10 to 15 years and I think that it is time that they consider adjusting that rate.

That is where I depart from the hon. Minister, because the hon. Minister is saying that the adjustment in the repo rate, which is a policy rate of the Central Bank which gives an indication, in a sense, of where banks should be lending, is at 4½ per cent. It might be a good direction, but it is far too high. When the prime rate is at 9 per cent in most cases and the borrowing rate at the margin is .5 per cent, there is need for a little discussion with the banking sector as to how they have arrived at their arithmetic in the lending.

Now, having said that, even if the lending rate were to fall, what we are experiencing is a reduction in credit. We are experiencing a situation where the consumer is borrowing much less than he did before and the business sector is borrowing much less than the business sector did before. And the specifics are there. But overall, the business sector is borrowing less than it did one year ago, 10 per cent less, and the consumer sector is borrowing one or two percentage less. So this question of liquidity continues to be of deep concern. Why is that taking place? It is taking place because we have an issue of confidence in the system.

I am happy that the hon. Minister raised the question of dealing with confidence in the system. Confidence is important. People invest because they are confident that they can earn a return on their investment. I have said that many times before. It does not matter whether interest rates are 15 per cent or 5 per cent; it really does not matter, what matters is that if they could borrow at 5 per cent, they could make 8 per cent and if they could borrow at 8 per cent, they could make 10 per cent. But if they could borrow at even 4 or 5 per cent and they could only make 3 per cent, it is illogical; it is irrational and it is irresponsible to go into an investment.

So the question of confidence, I agree, is a very important one and, therefore, I agree with the Minister that the solution is enhancing confidence, because without

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enhanced confidence for people to invest, whether it be the private sector or whether it be the consumer, we are going to find ourselves short of growth, and I will come to his \$20 billion calculation in terms of an injection of investment into the economy. We are going to find ourselves short of growth and I noted when he spoke about the injections into the economy, the investment, that the lowest component was in the private sector.

1.45 p.m.

We still need to dynamite the consumer sector because it is, if I recall, 60 per cent of the demand side of the equation. If that horse is not kicking, what remains? In actuality, private sector credit is falling; consumer credit is falling; it is only the public sector that is really active. Confidence is important.

I wanted to speak about the other aspects of the monetary side. I think it is useful that maybe the Central Bank Governor should have another look at the repo rate. By my estimation, it should not be 4.5 per cent; it should be 3 per cent. Even if it is 3 per cent, it is a signal for lending rates to drop. It may be a necessary condition, but not sufficient to generate any kind of confidence in the consumer sector or the private sector for that matter.

I will tell you why this nebulous notion of the repo rate and the policy rate is important. If that rate were to drop and the lending rate were to adjust accordingly, it may give some incentive to the consumer sector to borrow. It may be the right rate at which—say it is borrowing at 7 per cent and it can now make 9 per cent or 10 per cent, it starts to be profitable for the private sector and the consumer sector to get into the game.

When you have an inappropriate repo rate from a monetary market stance, what happens? If I remember my old days as a treasury manager in the banking sector, if the Central Bank is lending me at 4.5 per cent; let us say as a bank working with a bank, the bank is short and needs to borrow money and there is \$2 billion of liquidity overhang, meaning that other banks collectively have \$2 billion that they cannot lend, as a bank, we would borrow from another bank at 2 per cent. Let the Central Bank keep their 4.5 per cent. Therefore, the measure is ineffective.

But who am I? I cannot tell the learned former Governor of the Central Bank about these matters; neither can I tell the current Governor of the Central Bank about these matters; but these are matters we have to address and address we must.

I want to go back a little to the fiscal side and the question of the revenue shortfall. I want to remind the hon. Minister, if he is not aware of it already, that in July 2008, a particular Bill, which became an Act, was passed in the Parliament. This was an Act to authorize the Minister to issue Treasury bonds for the purpose of liquidity management. I am not aware if the Minister knows of it, but this Act, for some strange reason—and I was opposed to it—set out to help to manage liquidity.

How would it help to manage liquidity? The Government, on the fiscal side, would borrow money—and I believe the amount borrowed up to now is over \$1 billion under this piece of legislation—at 6.5 or 7 per cent, and take that money and put it into a blocked account. We cannot use the money. Now we are running into a deficit—we are looking for money all over—and we have \$1 billion in a blocked account. Repeal or amend this Act and make that \$1 billion usable.

You are paying interest on it as well. Over time you will pay \$825 million on \$1 billion that you need and cannot use. It makes no sense and if something makes no sense we must set it aside. It did not make sense then for a developing country and it does not make sense now. I bring that to your attention, hon. Minister, as you look for \$7.7 billion to plug this hole between revenue and expenses.

We talk about the whole question of a soft landing, but it cannot be a soft landing if we go into a fourth year with another deficit. We have seen it before in 1983, 1984 and 1985. I have seen it working in the Ministry of Finance. It will be a crash landing. Let us avoid that. We cannot have a fourth year of deficit financing.

The problem is that if we do not move expeditiously to generate revenues via economic growth and development, we are going to have a year four. In management science, as my hon. colleague, Sen. Baptiste-Cornelis would know, one of the wonderful clichés in management is about the frog. You take the frog and put it into a pot and turn up the heat. The frog will not jump out; it will stay in there and die. If you take the same frog and put it in a pot of boiling water, it will jump out. I suggest to you that we are in a place where we may be that proverbial frog; where the heat is being turned up and we do not know what is happening in our own kitchen.

If because of promises that have been made and promises to be delivered we end up with an over-inflated expenditure—I like to call it expenditure glut and a

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revenue rot; that is what we are going through—if these promises have been made and have to be delivered, I say that you, hon. Minister, are going to have to be in a serious cutting mode as we go along.

I suggest that the \$7.7 billion in deficit, unless you get that \$20 billion in investment, that 2 per cent growth will dissipate like that and that fiscal deficit will rise to proportions that you will not wish to envisage. That is my take on the question of the fiscal side and some of the monetary things we have to deal with as we go along.

I want to get to growth and to economic development. I have spoken to the credit decline and I want to speak to two areas first, before getting to economic growth and development.

The first is the question of inflation on the monetary side. When we dissect the inflation figure, we see that the biggest chunk of inflation is being generated by food prices. As you know, Madam Vice-President, learned as you are, that headline inflation is composed of core and food. I am glad that the hon. Minister in the Ministry of Food Production, Land and Marine Affairs is here. He needs to take on board this particular issue.

Core inflation has remained within the band of 3.8 per cent to 4.1 per cent over the past year; but do you know what has happened with fruit and vegetables; food in general? Fruit has moved up 38 per cent and vegetables 68 per cent. This has resulted in headline inflation from one year ago, 5.9 per cent to 14 per cent.

Madam Vice-President, I do not want to bore you or the nation with statistics. The question is what to do about it. After the prescription must come the execution. The theory is simple. We should increase the supply of food at the most accelerated basis that you can.

Sen. Panday: That is his mandate.

Sen. S. Ramkhelawan: If that is his mandate, I am extending a further mandate to him on behalf of the population; not necessarily on behalf of the Government.

I will tell the hon. Minister some of the issues he will come up against, to which he will have to find solutions. After all, he is the Executive. We have seen attempts by the last administration to distribute agricultural land to 7,000 persons. We have seen where the last administration found itself tripped up. It was in the legal area, the whole structure of getting leases, of identification, of making sure that these lands got out. It took seven years for 7,000 people and it is not over yet; far from it.

What I say to the hon. Minister is: If the biggest challenge in inflation is fruits and vegetables, make sure you get them going. Short crops are five weeks; 10 weeks, whatsoever. There are fruits that can be produced: watermelon, pineapple and probably in a little longer time, paw paw and so on. You need to have a sequencing arrangement. Work through and study the execution mechanism or you will get yourselves tripped up in the legal entanglement as did the last administration. If you have to pass legislation to get past those entanglements, do not allow yourselves to be trapped or the people will suffer. The people will suffer because when they go to the market, it is a pain, a chore and it burns a hole in their pockets.

The problem is not so much Central Bank or price stabilization. I heard the hon. Minister speak about the price of money. The problem is not in the price of money. The problem is one of production because we have more money. It does not make much environmental impact. The problem is in getting production out quickly. You have 50 acres of land, fallow. Myth one is that we need to put access roads. Those same 50 acres of land Caroni pulled out from the land, heavy sugar cane. There are a number of access roads, so the ones that you cannot find access roads to, go with the lowest hanging fruits; those areas that have workable access roads. Your problem is how do you distribute the land and lease it in a legal and legitimate manner.

2.00 p.m.

The idea of mega farms run by the public sector is a recipe for disaster. Because when you start to think about overheads, public sector farms do not think about profitability and they do not have the performance requirements to think in terms of profitability. That is a mistake. I think the Leader of the Opposition admitted that mistakes were made in the other place. I just want to say to you, do not make the same mistake. Private sector is the way to go. They only make money if they could produce the thing at a cost that is less than the price they can put it out there. That is very important, in terms of economic growth feeding into inflation and feeding into closing the fiscal gap. I think the fruit story is actually the lowest hanging fruit. It is the easiest to deliver and the cheapest to deliver in economic terms, but in legal and regulatory terms that might be the issue.

The other point I want to make—having discussed this matter of inflation and its relationship to growth, when we speak to the monetary side, or moving forward from the monetary side—is this question of savings and investment. We have spoken at length about the excess liquidity in the system. Excess liquidity in the system is caused primarily because there are no bankable projects that people want to invest in.

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

Motion made, That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. B. Ali*]

Question put and agreed to.

Sen. S. Ramkhelawan: Thank you, Madam Vice-President and hon. colleagues in this Senate. I want to speak to the question of savings and investment. I said that there are not sufficient bankable projects, so one is confidence and the other is the number of investable projects that are available; not sufficient. Let me speak to the more structural issue of savings and investment in our system. The hon. Minister alluded to the need for some, shall I say, enhanced savings arrangements through the pension funds and he alluded to the use of the pension funds savings to go into investments in the area of energy. There can be no real arguments against that. Indeed, it is because we do not have a sufficiently strong savings culture or pension system, that we may have possibly found ourselves in a situation where significant increases have had to be made in terms of the Senior Citizens' Grant; 93,000-odd persons on the one hand at age 65 and that has cost the taxpayer some \$975 million more with that one initiative.

It makes sense, if we are to build a nation and we are to build a society of reciprocal responsibility to which I have alluded before, that our citizens are made aware and in some cases may be required to save for that retirement. I look forward to what the Minister will come up with, in terms of new pension plans that will cause, over time, the reliance on the State to be diminished; the reliance on taxpayers to be diminished; the reliance on the next generation to pay for our current generation, in terms of our senior citizens. That is not to say that we, as the younger persons in society, do not have a responsibility for our senior citizens. But, as we grow older, we should be responsible to ourselves and the nation that we can take up a share of our expenditure as we go forward into the sunset of our lives.

I want to turn to the area of capital markets; moving from savings and investments to the area of capital markets. I think that the Minister has made a significant departure from the old policies or the previous policies of the past administration to something that is new and refreshing. He has made a change where the last administration was in every sense statist and that, in my view, strangled the yearning for ownership by the people across the board. It has strangled the yearning for ownership. And so, the capital measures that have been

proposed in the budget would be the divestments of assets for ownership by citizens across the board. It makes good sense.

I want to, the word is not caution but, bring to the attention of the Minister that when you start to go with this favourite word that we have today, build the supply side, you need to put measures on the other side, the demand side, to make sure that the equation is balanced. We have seen on previous occasions an imbalance, where you get the supply side and the demand side or vice versa and you get some sort of overheating or overcooling in the system. I commend the Minister with regard to moving to the divestment of the state assets and that will be essential to soften or reduce the fiscal deficit as we go along.

Earlier today, I had reason to do some calculations on what divestment might be. In the case of NEL, which the Minister mentioned, the State directly or indirectly either through Corporation Sole or through its wholly-owned subsidiary NGC, has something in the order of \$4.7 billion in holdings of NEL.

Then, if you move to another player, FCB, based on calculations which I have seen, at an earnings multiple of say 12 times the value of that institution is, about \$6 billion. Right in there, you have about \$10 billion to help as you go along, maybe not this year, but certainly in the following years, that your divestment will soften your deficit if growth cannot be engendered within that point in time.

In my last few minutes, I want to touch on this question for those areas on which I may not have touched before, growth and development. I come back to what those investors asked of me: Why does your country not have a much larger manufacturing sector in plastics, in glass and in a number of areas and what will you do about it? If they as investors were to come here to partner with local investors, they have several issues and challenges which we will need to clear, in terms of competitiveness to achieve economic development, diversification of the economy of sorts and growth in a more direct way.

We, as I have said earlier in my contribution, produce 12 per cent of the methanol in the world and we are the largest exporter. We need to redirect that onshore. The Minister alluded to building the onshore and he needs to use where we have strengths, as the catalyst for change. I would tell the Minister even if you change the regime, in terms of oil and gas taxes, from the time of exploration to commercialization may take you seven to 10 years. It will take you that. While you are intensifying the oil and gas business, a redirection of our existing production could, in four years' time, bring us to a stage where we can diversify from methanol to propylene to plastics. We already have melamine; from ammonia to melamine as the case may be, to laminates to crockery.

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Do you know what is important, in the last two or three minutes? Not only for the diversification of the economy, but also for entrepreneurship, we must clear the decks and make it easy to do business. It is too difficult to do business and I agree wholeheartedly with the Minister, to look at the areas where we must remove the barriers to competitiveness.

I would give one example. We continue to say that we want to be, as I heard the hon. Attorney General saying sometime before in this honourable Senate, the Singapore of the Americas. Let me tell you what you have to do and I would break it into two parts, the macro part and the micro part. What you need to do as a first step is to make sure that you have agreements for trade and services with the Americas. I am not talking about the US and Canada; I am talking about Latin and Central America. Do you know that we have probably one full-scale agreement? We have five and all of them are partial and very old. There are about 15 or 16 countries there and you have no access, except if you go and pay the tariffs to get past the non-tariff barriers. If you want manufacturing to come here to market—because our demand is too small in any event—and diversify our markets, the first thing you have to do is you have to get those agreements in trade and services with Latin America in our backyard.

The next thing you have to do if you want to promote investment and financing, is that you need to get double taxation agreements with all those Latin American countries. We have none. We have been north/south and whatsoever, but we have not been to Latin America. We have gone through the talk but we have not been to Latin America. That is a critical area on the macro-facilitation side. My friend, the hon. Minister, would have been part of the first regime that coined the phrase “non-stop shop”.

Hon. Senators: One-stop shop.

Sen. S. Ramkhelawan: Sorry, one-stop shop, but it really is a non-stop shop, because you cannot stop there. If you stop there, there is nothing to be had. Basically, what it means is that from macro-facilitation, which is trade and services agreement and double taxation agreement, you have to get to the next level. If people want to come to invest in this country in the new manufacturing sector, what must be done I think must be done. They must know when they come, they can get the land to locate their plant and they can get utilities to connect and they will have quick and easy approvals with high standards for approval for their plants. They must know that they must be sufficiently efficient, in terms of location to the ports. Macro-facilitation, that one-stop shop, as I have been corrected, needs to be put in place and the Minister needs to jump from 1986

to 2010 and get it done very quickly. If he calls it the international business centre or whatever he chooses to call it, it must not be an Industrial Development Corporation, neither must it be a Tidco. Both failed to deliver on that promise. If he calls it a rose by any name it is just as sweet, but he needs to get that done. That is what I mean by execution, and that is why I speak to that area.

2.15 p.m.

So, in concluding in the next minute or two, I think what is very important is to ensure that we manage that fiscal side, in short, the monetary side and then move from there into growth, but the way to growth is taking a whole new series of risks and creating a whole new manufacturing sector.

The way to control inflation is not just about adjusting the price of money—we have too much money anyhow—but it is about getting production up, and the quickest way is with the Minister of Food Production, Land and Marine Affairs. I look forward with bated breath to see what the Minister of Food Production, Land and Marine Affairs is going to pull out from his hat, because our Minister had no magic. We look forward for magic from him to make sure that we get what we want so that the citizens of this country could be convinced that the winds of change are blowing and the winds of change are blowing for the better.

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

The Minister of Planning, Economic and Social Restructuring and Gender Affairs (Sen. The Hon. Mary King): Madam Vice-President, thank you. [*Desk thumping*] I am happy to be invited to speak on the 2010/2011 budget presentation by the hon. Minister of Finance. I think this is a good time for us to say to him “congratulations for a job well done”. [*Desk thumping*]

Madam Vice-President, before I go into my own contribution on the work that my Ministry will be doing, I just thought I should answer a couple of issues that were raised by Sen. Dr. Henry and a minor one by Sen. Ramkhelawan.

Sen. Dr. Henry tells us that the budget is \$49 billion; the biggest budget in the history of the country; that we are big spenders; and big spending was bad when the PNM was in office, but it is okay now. I would like to explain why the budget has to be so large this time.

We are actually spending lots of money in fact, billions, to service the PNM debts; to service large construction projects; some buildings that look complete and are not complete; and possibly a billion more has to be spent on just finishing

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the Government campus. We actually got shells of buildings with nothing inside. We also have construction problems at the Brian Lara Stadium which has had structural engineering and soil engineers doing some further analysis there, and that is going to cost us a lot of money; and we have had cost overruns of, I think, \$4 billion plus at UDeCott alone. Those are very large amounts of money that this Government has to find this year. We have to finish the buildings.

We must also maintain and increase the social spending, because we are not just transferring money to URP, CEPEP, OJT and all of the other programmes, but we are actually spending money now on transforming some of those programmes so that we produce human capital and social capital by the end of the projected retraining and so on that is going to take place.

Sen. Dr. Henry also mentioned the different figures that he is getting for the debt to GDP ratio. Now, obviously it depends on who is giving the figures and what they are actually putting into the figures; what are the assumptions. Are they putting in open market operations? Are they putting in Government's guaranteed and unguaranteed debts? We also have debts at state enterprises and the Central Bank's off-balance debt on the balance sheet and, therefore, it depends on what we are saying, who is saying it and what they have put into their scheme of things.

I would also like to make a brief statement on the smelter. I think that there are more core issues than "we stopped the smelter". We do not support the building of an aluminium smelter in Trinidad and Tobago. Further, if there was going to be some downstreaming in the aluminium business—some people have said that our private sector is going to go into the down-streaming but, based on our experience in steel, urea, methanol and ammonia as was mentioned earlier, why are we not in plastics, pharmaceuticals and melamines and all the things we could be in. Our private sector has no intention of going into downstream. They could have imported ingots like other countries do and get on with their downstream without actually having to build the smelter.

Now, the MP for La Brea in the other place referred to a publication by the Faculty of Engineering apparently in support of the smelter, but this publication—I attended the seminar—is actually a collection of papers read at a faculty seminar. The bigger omission of that conference and the publication is that both of those failed to address the economics of the smelter. That conference was a technical conference for engineers on the technology, and did not mention the economics of smelting. So that was a problem.

Now, what is really our competitive advantage of this country in a global aluminium industry? We do not have bauxite; we do not do aluminium. It is said

that “yes we are not going to use much natural gas”, but we are not situated in a big market for aluminium products, and we have no experience nor have we acquired or created any of the sophisticated know-how of the industry which today is the basis for competitive advantage. It has to be based on your know-how and your experience. Our semi-skilled labour—to add another point to the reasons why not the smelter and why we would not be going into a smelter—is not cheap and, therefore, the economics is just not there.

If any of you recall the comments made by the then government invited guest for the government's symposium held on the feasibility of the same smelter, you will also conclude that far from three—a smelter is the last thing that we will want to do, and yet the PNM government on the basis of that same symposium reached the opposite conclusion. So, we stopped the smelter for those reasons.

I just wanted to answer Sen. Subhas Ramkhelawan that “yes, plastics, polypropylene, melamine and so on”, but we have to be careful that we are not going into mature products. Some of these products are really mature products and their markets and prices are declining, and they have been overtaken by the new engineering plastics. So, if we are even going to go that route at all, we will have to research what are the real profitable engineering plastics.

So, Madam Vice-President, in a recent presentation that I made in this Senate when we talked about the State of the Economy, it was really a precursor to this budget that we have just had, and all of the calls that we got then—“tell us what you are going to do; you cannot just tell us where we are”—I think this budget has answered many of those questions.

At that time, I spent some time delivering the characteristics of our economy and talked about it being energy based. I looked at the underlying structure generally of the economy. We looked at the dynamics of the economy with respect to its drivers and, of course, the options that were before us and this Government on the way forward. After detailing the statistics—the boring statistics that some people do not like to hear; the GDP, the inflation, the central government income revenue and so on—the statement was made that this economy certainly could not be considered a “basket case” and, in particular, our debt was below 50 per cent then of GDP, and our international credit ratings were very good.

Now, if we look at the latest figures on our economy today, we would see that we are still not in dire straits, although the endemic problem of local food supply already mentioned by the hon. Senator has driven inflation up and, I think, the recent figure we heard was 14.5 per cent.

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The balance of trade for the year up to March is still positive, although there has been a dip because of obvious reasons, but it is still positive.

Deficit funding for the period 2008/2009 was actually only \$3.9 billion which was an improvement from what was anticipated for that fiscal year and, of course, that improvement was due to an increase in oil, petrochemical prices and the amount of petrochemicals that we actually exported. We did better than we imagined at that time.

Now, my concern during that particular presentation on the State of the Economy was not the then values of the economic variables, but was actually the dynamics of this economy. The projected trajectory of these variables: where would we go, because it is a dynamic situation? I would not go into what drives it, you know it already—oil, gas, manufacturing and so on.

Other concerns that we mentioned at that time were that if the Government is to maintain past expenditure levels, it would have to continue borrowing if oil and gas prices remained as they were, otherwise it would have to cut spending or increase taxes.

Madam Vice-President, I was concerned and we talked a lot about the slow recovery of the global economies and even the fear of a double-dip recession, and what impact that would have on our Government's ability to fund this expenditure, yet meet the increasing demands of our society. That was our dilemma at the time.

We also wondered if the Government could maintain the subsidies and transfers that support our social spending, and it would also have to make a dent in the bills left by the last government.

At the moment, in the economy, we seem to be experiencing a structural change. It may have been encouraged by the Clico affair, but our people are more concerned now with building savings than they are about spending, and this view has also recently been expressed by an American economist Scholes, who also held the same view with regard to the North American economy. The North Americans are not spending as they did in the past. So, that is a positive for us in this part of the world.

We come back to what is the fundamental problem, and that is how do we build investment, and how do we stimulate the private sector which the hon. Minister has already talked about and I have mentioned it before. Now, in these

circumstances, given all that we have in front of us, our Government has decided to increase its spending level; to increase the minimum wage with no tax increases and to run a deficit projected at \$7.73 billion.

Actually, the Governor of the Central Bank had expected that our economy would remain flat when we last talked, but we have seen that in the last year it has actually grown to 2.5 per cent due mainly to the local energy sector.

Now, this budget has introduced to us the ideas of growth poles. Growth poles are incentives to encourage our private sector to again start investing.

2.30 p.m.

We are also aware that at this time, any foreign investment that can be expected in the immediate future, will be most likely into the energy sector, with the hope that this will stem the tide of reducing oil production and discovering more natural gas. As you know, we have reduced taxes for new drilling and the hon. Minister of Energy and Energy Affairs I think will be here this week to introduce the details, so, I will not get into it at this time. But we have actually given incentives for new drilling and, therefore, we expect to have some new finds. Let us put it like that.

The budget presentation of the Minister of Finance suggested that in the short term the hope is that the global economy will slowly recover, prices of our energy will rebound over the medium term, hopefully, and we can get back into an era of non-deficit budgeting. That is the aim of this Government, but we had to stabilize a critical situation, and over the next few years we will come back to a stable balanced budget.

The medium to long term—where are we going? The medium to long-term solution for this economy is that we must diversify it, such that 96 per cent of us who now work in the non-energy sector will increase our production, and there will be new sectors, new growth, new services, be it agriculture or whatever it might be. But we are looking at other areas of development. Our budget has given incentives to the private sector that they will also diversify their activity in keeping with the hon. Minister's budget theme, "Facing the issues, turning the economy around". So these incentives include the creation of the innovation fund, the innovation loan fund to encourage new entrepreneurs, and companies which wish to engage in research and development via the business development company research grants. That is a very important incentive and a very important focus that has been put on diversification—just the beginning of diversification.

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Now, we know that we have problems with the discontinuity, the recession on the one side, and the fact that our energy sector resources are depleting, therefore, we have to take that into account when we are planning our way forward. Now, looking at all the options in the energy sector, we are looking at alternatives. When you read the research across the world and particularly coming out of the North American and the Canadian universities, they are telling us that the alternatives are a long way off, renewables are a long way off, and the only real option for now in the near future is nuclear fusion. Is that something we want to get into—nuclear fusion? That has its complications, but that is the only one that seems to be near now that can be useable. Of course, we know that China is gobbling up every company in the world that they can get because of what is happening in renewables and in the energy sector.

So coming back to us, we are in a catch-22 situation. At present, we need global growth and we need high energy prices for our economic growth, but these high oil energy prices actually constrain global economic growth because there is a happy medium and they cannot afford to be producing a high cost of oil and gas and, therefore, that is something we have to work with.

I have spent some time, Madam Vice-President, to embed our economic future into that of the global economy, particularly with respect to energy because that is our mainstay at the moment. Our Government is faced with the strategic management of the way ahead for this economy. It is a non-deterministic environment, one which you cannot predict and, therefore, it cannot be business as usual. It has to be new thinking, and new ways of doing that business. We ask the question: Can we expect the same economic trajectory that we had in the past; can we continue to maintain expenditure via deficit spending; and is our social support secured in the knowledge that after every boom there is a bust? Obviously not! Therefore, we have to restructure our economy. It has to be turned around into one that is self-adaptive, one that can operate in this unpredicted environment. I feel this budget, and I congratulate the hon. Minister for his budget, it has really taken us the first step into the restructuring of our economy.

I do not think the call for diversification is anything new. We have been hearing about it for many, many years. I sat over there on the Independent Bench for seven years. We listened and we witnessed statements to the effect that both governments, since then, that they were planning our economic diversification and going so far as to identifying particular sectors for specific activities. We could name them. Everybody knows them: Printing and Packaging, Marine

Shipbuilding Repair, ICT, et cetera, et cetera. Now, what has happened to those plans over all those years? Nothing much has happened in these initiatives, and still we are fundamentally hydrocarbon-based with a Sir Arthur Lewis private sector list of merchants and traders, with the banking community that is also risk averse, and a Government that has to provide, in the main, for the social needs of the people and any activity that takes place.

Our Minister of Finance in his call for change, or reinvention of the private sector—in fact, all of us have been saying “it is not what I can get, is what I can be”. In his budget statement he is calling it, “Facing the issues, turning the economy around”, and it is up to all of us. It cannot be left to the Government or the Ministry of Finance alone.

Madam Vice-President, if we look at all the attempts to diversify the economy, we have spent large amounts of money on education, on primary and tertiary education, on GATE, where our aim is to be like a developed country with 60 per cent or more of our secondary schools cohort attending universities. The Government is actually supporting two university campuses now, UWI and UTT, and the thought was that the people coming out of these universities, well-educated and trained people will diversify our economy. But instead, we now have large exports of our trained people. So that has not worked.

Also in this effort to diversify, we have been continuously building industrial parks. We have Tamana Park as the latest, and we are going to build others, for example, to encourage companies into spaces that we have now moved Alutrint out of, and so on. Since we have built Point Lisas, we have been discussing local investment and downstreaming, and this as I have said before, has not taken place and some people are still calling for plastics.

Underlying all of this, all the spending, all the planning, all that we have been doing over the last 50 years, is the hope for and the encouragement of foreign investment into the onshore sector and even more into the offshore sector. Now, I think we have to be very careful that the cost of this foreign investment does not include continuing contributions or subsidies by Government, so that we provide low paying jobs. There has to be a new thrust and a new view of what this foreign investment will be. So, if we are having foreign investment into our onshore and even into our offshore, we have to be very much globally competitive. It should be globally competitive on its own, and it also should provide the country with requisite taxes. Those are issues which development economists have been struggling with for years and we still are, but we have to put them on the table.

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We have also discussed the transformation of the proposed International Financial Centre into an International Business Centre working with etcK, tourism, Ministry of Trade and Industry and so on, to go out and find new investors that may have strategic interest in our locations for their investments. Of course, you know the emerging markets of Brazil, Russia, India, and China, the BRIC countries; all of those places are attractive countries for us to do business with.

Madam Vice-President, our budget statement has defined new initiatives in the hope of encouraging new entrepreneurs into our private sector, and the Minister has given us five poles for economic expansion in the medium term using the cluster approach. He plans to establish a port at Felicity, a science park and business incubators that will target both traditional business and the arts and culture, the fashion, and all the stuff we are today talking about. Also, to encourage entrepreneurship and innovation, the Minister of Finance says and I am quoting here from this budget presentation:

“To provide a nexus for creativity among our citizens, we will establish a \$10 million innovation financing facility to allow individuals with pioneering business ideas into the infrastructure to build their concepts.

Successful applicants will...source funding for their ideas at the commercial banks which will provide access to the facility.”

And they have a one-year moratorium to allow the business to get up, to get off the ground and to flourish.

Madam Vice-President, in today's world, outside of the commodity markets, competitiveness depends more on knowledge and innovation than on productivity. You will all be aware that within the last few days, we had actually the release of the global competitiveness index. Trinidad and Tobago has improved its ranking very little. In the list of 139 countries, compared to last year's 133 countries, we went from 86 to 82. When you look at it, out of 139 countries which were counted this year, we ranked 84. So it really went from 86 to 84.

Now, it is accepted by all of us, and the budget recognizes that global competitiveness depends on knowledge and innovation, and this in turn depends on our education and our training systems, obviously, the quality of our scientific research, industry research or industry university collaboration in research and development, and the availability of scientists and engineers. That is a known fact.

In the details of our results in the global competitiveness index, Trinidad and Tobago is rated—and we are looking at quality of education—38 out of 139—that

is good; 32 in the quality of its math and science education; 34 in its business management schools; 69 in the quality of scientific research; and 68 in university industry collaboration. All of these are reasonably high out of 139 countries, but when we get to the bottom line and we look at what is our rating for “capacity in innovation”, it is 138 out of 139, so we are second to last.

2.45 p.m.

The only country that is below us is Angola. You see the work we have to do, Reaganomics? Now, if we look at the PNM’s Vision 2020, it had as its ultimate objective, the generation of innovative people that includes the production of both innovative capacity and the associate companies to go with that. So, in this respect, it has remained a vision. What this means is, even though some of the elements that can encourage innovation which is required for economic diversification and competitiveness do exist, they actually count for nothing in the restructuring of our economy, as also identified in the budget presentation by the hon. Minister, if we do not put in place a national innovation system then all the rest does not matter; we are not going to go anywhere.

The Minister of Finance in his budget statement has told us to facilitate the restructuring, the Government will create a national innovation system that consists of centres of excellence, small/medium entrepreneurial enterprises, a Venture Capital Grant Finance System, marketing and market development systems and the local test markets. So, this is the heart of the restructuring efforts now engaging the Ministry of Planning, Economic and Social Restructuring and Gender Affairs, which is the Ministry I am happy to lead in this effort.

We know today, technological innovation depends on knowledge and the creation of knowledge and intellectual property and its utilization in entrepreneurial innovation. Hence, in restructuring our economy, provisions have to be made on the supply side—“supply side again?”—to institutionalize the acquisition, the creation and the use of knowledge in innovation.

I do not think that it is sufficient in the medium term that we hope, serendipity-wise, that someone will have a good idea. I think we have to institutionalize this creativity. Hence, we have to create centres of excellence at our two universities and of course other research centres. Few of our companies, if you examine and do the research that some of us have done, if any of them at all—I think there are two—have research and development departments. The researchers/inventors in these new centres of excellence will have initially had to be trained by special university transition conversion-type courses. They also can

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be entrepreneurs, but they will be facilitated by the business support units of the centre. Also, the centres, on the demand side, can translate ideas to other existing businesses and to other entrepreneurs in the society.

Out of these centres of excellence and this research, will come intellectual property. Intellectual property will be effectively managed to reward the stakeholders, that is the intellectual property owners and the inventors.

Financial support will be very critical and this budget has taken the first step in providing an Innovation Loan Fund. However, when one looks at the financial system required by the National Innovation System, it consists of research and development grant funding. We need funds for intellectual property protection. We need funds for proof of concept and then Venture Capital for start-ups and business expansion. We see this Innovation Fund as the beginning of the process that we will be establishing for the innovation system to be able to work. We all know the latter VCIP programme that had been started many years ago has not really been able to provide the funding. I do not know if it is that they did not understand what an entrepreneur was, but we certainly did not get any new ideas up and running with their Venture Capital Fund. Hence, our Government will improve this initial Innovation Loan Fund into a facility that will provide the funding necessary for the development of the National Innovation System. You know our private sector at the moment has no interest in this kind of funding and, therefore, we have to show them how.

One idea that is being pursued by the Ministry is the raising of low risk Government development bonds for input into this Venture Capital Fund so that it can support the innovation system. Sen. Ramkhelawan was talking about using the funds that are in the Central Bank for this and that, which has been frozen. We are thinking along the same lines actually. There are funds available, which can be sourced and filtered into the development issue.

Also, we have to make a decision on what will be the kinds of products and services that we are going to be producing, what should this country be addressing; although our current investors may pick some industries. We named some of them a while ago, ship repairing and so on, and “yes”, this Government will give support where necessary to those now in existence, but it would also give its support in building the future.

In building the future in the strategic management of this economy, a foresighting exercise will be carried out to identify where we would like to be in say 15 to 20 years and, hence, what emerging technologies we should invest in at

our centres of excellence to produce those products and services across the subsectors that we envisage for the future.

We need to recognize, we have said it already many times, the future is non-deterministic, it is unpredictable and it needs to be self-adaptive, so that we accommodate to this uncertainty. We also need to make it clear that this is not a top-down government decision. This is one based upon discussion with all of the stakeholders and we are actually having our first legitimate exercise among all the stakeholders, possibly in the next 10 days. I think all of you should be there to discuss with us, our plans and what you think about them.

This budget's innovation thrust, which we must congratulate the hon. Minister of Finance on, is but a first step of a far-reaching plan to restructure this economy; a plan that also addresses the restructuring of the energy sector, because when you are looking down the road you are also going to be looking at renewables; all the other issues which are here upon us today, and also the issues of climate change. There are many associated areas for research that we will be looking at. Actually, the budget has given us some initial incentives for the use of renewables, mainly on imports, and also the use of CNG, in an effort to gear us towards energy efficiency. We are not using our energy wisely; some of the things that we are doing. The foresighting exercise will be examining the energy sector in the context of where we hope to be in the next 15 to 20 years; obviously, then identify the alternative technologies that we need to adopt in order to get here.

The strategic management just imparted by this Government in its 2011 budget plan faces the issues and makes a start on turning this economy around. We are aware, as you are, of the unpredictability of our future and the unpredictability of the global economy, in the context of cheap gas, cheap oil upon which global growth depended in the past. Hence, our restructuring is about creating a different kind of economy; one that is self-adaptive, one that some call an experimentally organized economy because we do not know what the future holds, but we do know that we have to create an economic vehicle that can create a sustainable future for us in whatever economic circumstances we may encounter and we are doing that via the National Innovation System.

There are, obviously, some ancillary processes that we will have to face. The diversification of the economy into one that is self-adaptive and knowledge-based is about the creation, yes, of the National Innovation System. It is about forming an experimentally organized economy and, therefore, it is about the efficient and effective use of our human resources.

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Our people cannot contribute to the future if they are afraid for their personal safety in their homes, at work, or at play, even on the roads. In fact, according to the same global competitive index, the most problematic factor against doing business in Trinidad and Tobago is crime and theft. This Government is giving high priority to combating crime; something which we have already heard last week from the hon. Prime Minister and the Ministers of National Security and Justice. They have all addressed this issue in the other place.

According to the same index, the highest factor against doing business in Trinidad and Tobago is corruption; again, a task for the Minister of National Security, the anti-corruption agency, the hon. Attorney General and our Integrity Commission. We have enough agents to be able to do some work to improve upon that.

Also our families and our people cannot give of their best if they and their families are not in good health and cannot expect proper health care when it is needed. I am sure the hon. Minister of Health will be detailing her plans to improve the national health care system.

Someone talked about making business easier to do in Trinidad and Tobago. There have been many complaints as to the time it takes to establish businesses in Trinidad and Tobago. We have, over the years, been hearing about the one-stop shops; indeed, over many years. Further, the number of disjointed government processes required in conducting business is said to reduce business efficiency. Other Ministers are involved and particularly the Minister of Trade's single electronic window is moving towards remedying some of these issues and the situation of how long it could take.

Business development also depends on having a good transportation system. You would be aware that one of the first tasks the Minister of Works and Transport addressed is traffic congestion. This budget has also allocated funding to improve the road networks. We are taking into account all of the ancillary processes.

Electricity and telecommunications systems received reasonably high marks in the recent competitive index, particularly from mobile telephony, 12 out of 139; electricity supply, 44 out of 139, and still our electricity system is moving towards enabling a smart grid, something that will be necessary to continue to improve our customer service. The hon. Minister of Public Utilities, I am sure will detail these plans for you.

So, our people need to know that both they and their families can be properly educated and trained locally and though our Minister of Education has told us in the Lower House that the education training system has got to be redirected towards producing critical and innovative thinkers, it is actually ranked quite well, as we discussed in the competitive index, at 30 out of 139. But, I think one of the problems, one of the most problematic factors against doing business in Trinidad and Tobago, is the poor work ethic in the national labour force. This is indeed systematic and in part the result of the economic model that is at present in place.

At the moment we have an unemployment rate—officially until last night it was 5.8, I believe it is now 6.7, which we had assumed when we spoke earlier on the state of the economy that it might increase. Well, it has, it is 6.7, but the Government is alleviating that by providing its work programme subsidies to URP and CEPEP. Actually, 10 per cent of the force is employed in those programmes. So, we have a lot of work to do, as far as work ethics goes; let us put it like that.

Within my Ministry, there are also units that we have got to work on and work hard at, to be able to—*[Interruption]*

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

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

Question put and agreed to.

Sen. The Hon. M. King: Thank you, Madam Vice-President, and colleagues. I think I only need a few minutes, but I thank you all very much in any case. The two fundamentally important divisions within the Ministry of Planning, Economic Restructuring and Gender Affairs are the Central Statistical Office and the Town and Country Planning Division. The Central Statistical Office has been the subject of a review in 2009 by an international consultant. This report actually has charted the way forward for the division. It has indicated deficiencies within the division, including the lack of adequate human resources, the lack of skills at the analytical level, old outmoded technology, and it needs to be refocused to support the planned economic and business development with timely information.

I think we had done a household budgetary survey, we as a country, at the CSO, in 2008. It is quite incredible that when I called for the results to do some analysis just last week, the report had never been formally published, although

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they did have some tables that I could actually get my hands on. That is not acceptable. We have now asked for the database, so that those of us who can, will complete the analysis. Those deficiencies are some of the things which really have to be addressed and my Ministry intends to implement the recommendations of that report which was done two years ago.

We also have, of course, the Town and Country Planning Unit, again suffering from the lack of adequate human resources. When you look at \$300 billion being spent over the last five years, and when you look at the lack of capacity within the Ministries, you have to wonder how could they supervise the spending that was going on? They do not have the skill, the capacity or the numbers. Why, by design? We really have to ask these questions. We now have to fix these problems and we intend to update the human resource at the Town and Country Planning Division, introduce up-to-date technology and processes and, of course, give them space to work. There are 77 people on one floor and they are crammed desk by desk with boxes everywhere. It is atrocious when you see and count the spending that went on in this country over the last five years.

We have been able recently, with the Town and Country Planning Division, to actually begin to network the regional offices. We have a south office, an east office and a Tobago office that were never networked. We are now beginning to network those and we have also been able to improve delivery times over the past year, not since we came in four months ago, but over the past year because of particular focus from a “godmother”. We have been able to actually improve delivery service times up to 60 per cent more than it was a year ago. Things will improve and we intend to ensure that they will improve. This division is the subject now of the formulation of a comprehensive plan, including a manpower development plan, in collaboration with the University of the West Indies.

The Planning and Development of Land Bill, which came here some years ago and lapsed, will be reviewed. We are now setting up a team to review the National Physical Plan and to bring that Bill back to Parliament such that the law will now encompass up-to-date land use and the associated regulations.

Another aspect of my Ministry is the Ministry of Gender Affairs. I understand it was very well covered by the Parliamentary Secretary in the Lower House and, therefore, I am not going to go into that at this time.

Ensuring transformation—which I think this Government is committed to do—of the public service is a challenge. It requires dedicated and knowledgeable champions, ones who are ready to agree to a long-term commitment to reform and, of course, to transparent processes. However, it is a challenge we in the

People's Partnership Government are prepared to face. Hence, within my Ministry, we have established a transformation unit to serve as an advisory and stewardship role in developing the system. We intend to have initial and continuous training within all the Ministries, in order to establish clear objectives, strategies, public benefits, for example, what is the required service to the people and the systems of accountability? This unit will develop the systems of assessment and evaluation, in accordance with the national development framework and each Ministry will be required to establish its own subunit to ensure effectiveness and linkages with the Ministry of Planning.

The Ministry's transformation unit will liaise with each Ministry, so as to assess and evaluate their progress and report annually to the Cabinet. One output that we can assure you of in this unit is that it would ensure there will be no more UDeCotts. There will be processes, there will procedures and there will be accountability.

Immediately, the activities of that unit include strengthening of the human resource, backed up with that within the Ministry, rolling out the national policy for transformation which has been spelt out not only in this budget but in the manifesto and in each Ministry's action plan, which everyone has produced already. We will be strengthening the human resource, rolling out the national policy for transformation and training of the public sector employees across the board in effectiveness, in efficiency, results-based output and transparent processes.

In closing, this budget calls for the renewal of faith in ourselves, in our capacity to restructure our economy and correct the ancillary processes that need correcting. There is a slew of consultants out there who have been queuing up to help us, but we have to ensure that we are involved in the task. The task is ours. The population has made a momentous decision to put the People's Partnership in government and that is only the start, since as the Minister of Finance has told us, "it is not what I get, but what I can be" and we intend to take this country where it has never been before. I thank you.

Sen. Dr. Victor Wheeler: Thank you, Madam Vice-President, for allowing me to make my contribution in this budget debate 2011. I would like to confine my contribution to the impact of this budget on Tobago and the health sector. In my preparation for this debate I reviewed the People's Partnership manifesto to see what was the agreement that they had with the people of Trinidad and Tobago and more specifically Tobago, before the May 24th general election. On page 63 this document it says:

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“Tobago side by side and together, not one behind the other.”

You would recall that during my contribution on the debate on the State of the Economy on July 20, 2010, I had raised several areas adversely affecting the State of the Economy of Tobago. I had also stated that the people of Tobago were looking for concrete evidence of the island catching up with Trinidad. The only way for this to happen is if the rate of development in Tobago is increased significantly.

The budget statement prepared by the Minister of Finance was reviewed to see evidence of this increase of development in Tobago. Some of the areas that were needed to be addressed included the following:

- the state of land titles in Tobago;
- the stimulation of the tourism sector;
- the completion of the Vanguard Hotel;
- addressing the problems caused by the Tobago Land Acquisition Order of 2007; and
- completion of outstanding projects in Tobago, in particular the Scarborough General Hospital.

There was also the issue of the responsibility of the health sector in Tobago, including the role of the Minister for Tobago Development in the provision of health care and also the role of the Ministry of Tobago Development and its relationship with the Tobago House of Assembly. Another important factor that needed to be addressed was airlift and its effect on domestic tourism; airlift between Trinidad and Tobago.

With respect to the state of land titles in Tobago where many Tobagonians have land that does not meet the standard of a good marketable title, I see that there is no mention of addressing that problem in the budget statement. I should point out that this problem affects a significant percentage of Tobago land owners and by having it addressed, it would demonstrate evidence that efforts are truly being made to have Tobago walking side by side. I have, however been informed that the Minister of Legal Affairs in fact mentioned how his Ministry is going to address it to bring relief to this issue that has been adversely affecting Tobago land owners.

I will now spend a bit of time dealing with the tourism sector in Tobago. The budget statement identifies tourism as an important platform to create sustainable jobs and increase the contribution of tourism to the GDP. Tourism is the largest

earner of foreign exchange in Tobago. When a tourist spends money in a destination, it is often the people who live in that destination who get the benefit; people like the taxi drivers, the guest house operators, car rental agencies, bed and breakfast, et cetera. All that was mentioned in the budget statement with respect to Tobago's proposal to develop a luxury resort in Tobago. I am informed that the plan for this luxury resort has not yet even been discussed with the Tobago House of Assembly. Tobago has three major hotel projects, including the Tobago Plantations, with the Vanguard Hotel languishing at present that could benefit from government assistance.

In addition, there are dozens of existing hotels and guest houses in dire need of financial help to upgrade themselves to make the Tobago destination competitive again. The Tobago House of Assembly has been undertaking a continuous programme of renovation and upgrading of tourist attractions. However, at the same time, the quality of room stock of these places where tourists are expected to stay, also need upgrading and efforts should be made to have these upgraded tourist destinations generate income themselves to maintain the projects.

3.15 p.m.

This ability to generate income has been demonstrated in Argyle where I have been informed the Argyle community got together and had discussions with the authorities for renovations to the waterfall site. There is now an entrance fee to see and experience the Argyle Waterfall. Madam Vice-President, the effect of this venture is that the people of the community took charge and got involved in developing their area. It is possible that this could be replicated across Tobago and even Trinidad where there are other places of interest to not just non-nationals but nationals as well.

Madam Vice-President, I now come to address the matter of room stock in Tobago. There is no point in allocating \$12.3 million to the Tobago House of Assembly to implement its tourism programme if there are not sufficient numbers of quality hotel rooms in which visitors could stay. It is in this regard that I address the Vanguard Hotel project. This has been the subject of much debate, including the intention by the Minister of Trade and Industry to have a forensic audit done on the hotel. I have been informed that the original estimate for the project was placed at \$200 million. To date, just about \$30 million has been spent on mainly repairing the roof and the ballroom.

I am pleased to see that there is a commitment to have the hotel completed by the winter season of 2010. However, I see that there is only an allocation of \$15

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million for it and this allocation is stated for the continuation of major upgrade works including plumbing and the installation of elevators. This does not make sense, Madam Vice-President, because 30 million plus \$15 million equals \$45 million. If the hotel is to be completed by the beginning of the winter season as promised by the Government, then it is either the original estimate of \$200 million was wrong or the Government does not really intend for the hotel to be completed this year. The successful completion of this project is not just for the benefit of the tourism sector in Tobago but for the central government coffers. May I point out that the hotel is actually owned by the central government not the Tobago House of Assembly.

Madam Vice-President, there are several other outstanding projects in Tobago that need to be completed. The major ones include the Scarborough Library, the Shaw Park Cultural Complex, the financial complex and the Cove Eco and Industrial Park. What the budget statement has stated is that, "We have begun discussions with the Tobago House of Assembly and intend to further these discussions to accelerate all outstanding projects to completion." A review of the draft estimates for the development programme shows that for the Shaw Park Cultural Complex, \$5 million has been allocated; for the Scarborough Library, \$2 million has been allocated; for the Cove Industrial Estate, \$5 million. I have been informed that the amounts allocated are just not sufficient to complete these projects. Further, I have been informed the failure to appoint a board for MTS will further delay the resumption of works on the Scarborough Library.

At this point, Madam Vice-President, please permit me to mention here today again, the issue of the Tobago Land Acquisition Order of 2007. I should remind this Senate that this Order imposed the requirement on a foreign investor who required to purchase any land in Tobago, at all, to obtain a licence so to do. In my contribution to the debate on the State of the Economy, I had indicated some of the problems caused by the imposition of this Order.

It seems then that my raising this issue has generated much debate in various quarters. Back then on July 20th, 2010 I had stated that up to that time no licence had been issued, even though there were many licences pending. I have been informed that in August, which was last month, the first licence was issued to a foreign investor for the purchase of land in Tobago, just after three years. Madam Vice-President, no mention was made of the Government's position in this Order, no mention at all.

The Government cannot ignore the fact that there has been no foreign direct investment in Tobago since the imposition of this Order in 2007. I should point out that the Order only applies to Tobago. We have heard Sen. King refer to

foreign investments in Trinidad in the energy sector but the imposition of this licence for Tobago prevents similar investments. I do hope that in the very near future discussions will take place with all the relevant parties because this is the responsibility of the Minister of Finance and I am happy he is here today because I hope that in the very near future a solution will be found to this problem. After all, it was his introduction of the Foreign Investment Act several years ago that resulted in significant generation of income in the Tobago economy. Of course, at that time it was as part of the NAR government.

Madam Vice-President, I now come to address the Scarborough General Hospital project. I note that \$65 million has been allocated for the hospital for 2011. It has also been stated publicly on several occasions that the hospital will be completed by June 2011. I should point out that this figure of \$65 million only addresses the building itself. Madam Vice-President, a hospital is not just a building. A hospital is a building that contains functioning and appropriately used equipment by well-trained staff who are utilizing efficient, evidence-based systems and processes to provide the care needed to the clients they serve.

Madam Vice-President, this hospital project is the responsibility of the Ministry of Health. The firm China Railways Construction Company is the contractor responsible for completing the new hospital at Signal Hill. I am informed that CRCC is responsible for completing the buildings on the site and installing the large fixed pieces of equipment, for example, X-ray machines, CAT scan machines, operating tables, lights, et cetera. I am informed the company is not responsible for the furniture, fixtures, hospital beds and other small pieces of equipment.

Madam Vice-President, I have not seen funding that is required to purchase these items so that the hospital is fully equipped and operational. I understand from persons in both the Tobago House of Assembly and the Tobago Regional Health Authority that there is great uncertainty about the additional funding needed. It is certainly possible that the new hospital in Signal Hill will have to have old equipment transferred from the old sites in Fort King George to Signal Hill. I am hoping that this will only be the case for a few items including those new pieces of equipment that were recently purchased.

Madam Vice-President, the most important asset in the health sector is the health care worker. The general public, as well as some members of management, frequently complain about the unsatisfactory manner in which they are sometimes treated by various health care workers. Persons have complained about doctors, nurses, X-ray technicians, laboratory staff and attendants. Virtually every category

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of health care worker has been complained about. It seems that when a complaint is made, it is not difficult for these complaints to make headline news, both in the print and electronic media. However, when a person gets good treatment, which is often the case, this is just a footnote somewhere in the papers. I have been told that bad news sells, good news has to be paid for.

Madam Vice-President, please permit me to say that not enough attention is actually paid to the conditions under which the health care worker has to function in this country. We frequently hear about the unsatisfactory conditions that the patients have to experience when they go to various institutions—shortage of beds, absence of linen and people sleeping in the corridors. We seem to forget that the health care worker is also subjected frequently to the same conditions that the patient has to experience.

We forget that, when there is overcrowding, this goes hand in hand with a shortage of staff. For example, a ward that normally would take 14 patients staffed by three nurses suddenly has to accommodate 28 patients. In the case of the Scarborough General Hospital, beds have to be sourced from other wards, resulting in very cramped conditions. The three nurses who normally would look after 14 patients now have to look after double that number. Naturally the quality of care provided would be reduced.

Now, imagine a nurse who has been working from 7.00 a.m. to 3.00 p.m., due to finish at 3 o'clock, only to be told that the afternoon nurse is not coming. She is now obliged to do a double shift in this very difficult environment. Madam Vice-President, the majority of health care workers in this country are very hard-working and dedicated individuals. It is only a minority of them who may provide an unacceptable care. As a health care worker myself, it is very important for me to mention this in this Parliament today.

Madam Vice-President, the Health Sector Reform Programme was introduced in 1994 to improve the health care delivery in the country. The introduction of the Regional Health Authorities was supposed to address many of the problems in the health sector that prevailed at the time. Even though it is acknowledged that the quality of care has improved significantly since 1994, after 16 years we should have been still much further from where we were then. Some of the problems experienced today in 2010 were existent in 1994—shortage of staff, shortage of beds, unacceptable linen, and malfunctioning equipment. Madam Vice-President, the management of the Regional Health Authority should take some responsibility for this current state of affairs.

With specific reference to Tobago, I have been informed that the health care workers in Tobago who are public servants will be finally getting VSEP or Voluntary Separation of Employment with effect from September 30th, 2010. This comes more than three years after the same process was completed in Trinidad. Unfortunately, to date everything is not yet in place for the smooth transition of the workers from the Public Service to the Tobago Regional Health Authority. The TRHA is currently scrambling to have interviews completed for all those public officers who have chosen to join them. I am concerned that the process may not be completed in time for contracts to be signed so that they can start work come October 1st, 2010. If this process is not completed in time, we may find in Tobago that there may be some health care workers without a job next week. At a time when we in Tobago are preparing for the coming on stream of a new hospital, this is an unacceptable state of affairs.

Madam Vice-President, I note that with respect to the budgetary allocation for the TRHA this has increased from \$124,095,519 in 2010 to \$200,235,494 for 2011. This represents a significant increase of \$76 million. I am actually wondering, even though this increase may seem significant on the surface, if it will actually be sufficient for the TRHA to carry out its responsibilities for 2011. The TRHA will be responsible for running the new hospital in Signal Hill when it is completed. Madam Vice-President, you cannot just close down one hospital today and open another hospital tomorrow. It has been estimated that there will be a transition of about six months during which time it will take six months to move from the old hospital into the new hospital.

During this time the TRHA will be required to operate two hospitals providing services to the public. This will require not just an increase in staff to provide the new services that they are now being expected to provide, but there would also be a requirement to double up on the staff to provide routine services at both locations. This requires an additional intake of staff on short-term contracts. Only time will tell if the funding provided will be sufficient to deal with all of this.

Madam Vice-President, in my last contribution on the State of the Economy, I wanted to know who is really in charge of the health sector in Tobago. The placing of the financial allocations for the TRHA under the THA at least addresses for now the question of who is responsible for the TRHA. I note that the allocation for the Ministry for Tobago Development is just over \$29 million. It seems therefore this Ministry would not be in any real position to provide any substantial direct financial assistance to the health sector even if it wanted to.

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Now, Madam Vice-President, with respect to the fact that the TRHA has been placed under the purview of the THA, there are a few issues related to VSEP that I need to mention. Come the 1st of October, 2010 the TRHA will be responsible for all health care delivery in Tobago.

3.30 p.m.

Come the 1st of October, 2010, the TRHA will be responsible for all health care delivery in Tobago. What I would like to know is if there is an annual services agreement prepared for signature between the TRHA and the THA. This annual services agreement is actually a document that is supposed to represent—the TRHA is going to be given \$200 million to provide health care. That document is supposed to represent what services they will be providing for this health care.

It is a document that is supposed to be in existence with the Ministry of Health in Trinidad and all the RHAs in Trinidad, but at this point in time, it is not certain whether this is, in fact, the case. It is with the use of this annual services agreement that the Regional Health Authorities can be held accountable for the moneys that they are expending. This will certainly avoid unhealthy situations which have actually occurred in Trinidad where the money runs out at the end of the financial year and services, obviously, have to be affected.

The next question that I would like to ask is how is the TRHA going to be monitored and supervised by the THA? In Trinidad, the Ministry of Health employs someone at the level of a Chief Medical Officer and someone at the level of a Chief Nursing Officer, among other staff. What these people do is that when the Regional Health Authorities provide reports on what they plan to do, these technical people are able to assist the Minister and the Ministry in overseeing projects that they plan to do.

With respect to Tobago, the THA does not have in its employ someone at the level of a Chief Medical Officer or a Chief Nursing Officer. These two officers are actually public service positions that are employed by the Service Commission and their packages are set by the CPO. I hope that in Tobago, the THA will not be in the situation where a senior advisor who is a politician will take up these duties, because the overseeing of the TRHA is very important in the provision of the health care. You want when money is being allocated, it is properly spent; and it is by having these technical people on board that the TRHA will be held to account for the money that is allocated to it.

Madam Vice-President, members of the Tobago House of Assembly have claimed that the total allocation for the THA for 2011 is inadequate to carry out

their planned activities for the year, and not sufficient to complete many of the projects. There are several options available to the THA in this regard. The THA can prioritize its parliamentary allocation since it receives releases from the Central Government en bloc in accordance with the Tobago House of Assembly Act. The Assembly also has the enviable privilege to transfer or vire funds within its allocation from one project to another. The assembly can also utilize unspent balances for the purposes of capital investment in accordance with the Act.

Madam Vice-President, a casual examination of the allocation for the THA *vis-à-vis* its expenditure over the last nine years has pointed to significant sums of unspent balances, for which, to date, the THA has not properly accounted. Funding has been provided for many of the development projects in Tobago. This additional funding has been allocated to other ministries to carry out development works in Tobago.

It is certainly possible that with proper cooperation and consultation, it may be possible for the THA to get more funding than to have their projects financed. The limitation here is that the THA belongs to one political party and the other ministries are run by another political party. This now brings into focus the need to fix the constitutional relationship between Tobago and Trinidad.

I note that the first thing on the People's Partnership Manifesto is to address fully all matters under the Fifth Schedule of the THA Act, No. 40 of 1996. I am pleased to see that the first thing on the legislative agenda for the new Government is a proposed amendment of section 75(1) of the Constitution. This is so as to give the THA executive and legislative authority for matters under the Fifth Schedule.

Madam Vice-President, please permit me to make one last point related to the THA's allocation in the 2011 budget. It is said that this allocation to the THA is 4.03 per cent of the national budget. This is what the THA has been allocated this year. Even though when you add the allocation to be spent by other ministries in Tobago, the total amount to be spent in Tobago is 5.6 per cent.

In my opening statement today, I indicated that the Prime Minister had stated, Tobago side by side with Trinidad in this new dispensation. It is known that Tobago is far behind Trinidad in most areas of development. This means that accelerated development is needed for Tobago, and I would have thought that one way of really demonstrating this would have been to give Tobago at least the maximum allocation allowed, according to the Dispute Resolution Committee, amounting to 6.9 per cent of the national budget; not the minimum, which is 4.03

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per cent. The other funds that would have been spent by other ministries would actually have pushed Tobago's allocation to well over the maximum allowed for the Dispute Resolution Commission.

Madam Vice-President, today, I have reviewed the budget with a special focus on Tobago and the health sector. I have pointed out that the allocation identified in the budget to the THA does seem to be insufficient to complete all the major projects in Tobago. In addition, there does seem to be real challenges with the completion of a functioning new hospital for Tobago. Madam Vice-President, Tobago voted for change on May 24th 2010. We in Tobago are expecting the delivery of a fully functional modern hospital as promised, with working, well-maintained equipment, being operated by staff who are well trained and well motivated to give 110 per cent. The Tobago public have waited too long for this.

We are expecting the Vanguard Hotel to be completed by the winter season, as promised. We are also expecting that all the other outstanding major projects will be completed, as promised. We are expecting the THA Act to be amended to bring more autonomy to Tobago, as promised. We are expecting a revival of the tourism sector that is going to bring an ease in jobs and work for all those who depend on this sector. And, finally, we are expecting that the foreign investment order imposed in 2007 will be addressed to bring about an amicable resolution for all the parties concerned.

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

The Minister of Health (Sen. The Hon. Therese Baptiste-Cornelis): Thank you, Madam Vice-President, for allowing me to contribute, and may I say how special it feels to be making my maiden speech to a female Vice-President of the Senate. [*Desk thumping*] And to be contributing to what may be one of the most important debates in this sitting.

Madam Vice-President, it would be, indeed, remiss of me, however, to begin without first thanking the Hon. Prime Minister, Kamla Persad-Bissessar, for giving me the opportunity and privilege to serve my country as Minister of Health. Prior to the success of the People's Partnership and my appointment, like many of my fellow citizens of this twin island state, I looked on with dismay and regret at the state of this country's health care. There were so many occasions in the past when I thought to myself that things could, and should have been much better in our country; and today, I am presented here with the opportunity to make that difference. Thank you once again, Madam Prime Minister.

The People's Partnership was founded on the premise of prosperity for all. There has been a lot of discussion in Trinidad and Tobago since the May elections that the partnership is not enunciating any policy directions for this country. Madam Vice-President, unlike the previous administration, we, the People's Partnership, did not presume to know all that was required. We did not presume to know what was best for all and sundry. We have continuously advocated inclusiveness and transparency.

While the mischief makers were busy doing their work, we were addressing the immediate needs of the country and consulting with all stakeholders as to our future direction. The budget presented on September 8th represents the culmination of that consultancy process, and I would like to commend the hon. Minister of Finance for what I consider to be a great budget. [*Desk thumping*] I say "great", and it is G-R-E-A-T, because the budget is "growth" oriented; it is "responsible"; "encompassing" of all areas; "achievable"; and above all, "transformational" of our economy and our society. [*Desk thumping*]

To shortly address the concerns of the hon. Sen. Dr. Wheeler, while some of the issues regarding Tobago may not have been dealt with in the two-hour budget speech by the Minister of Finance, it should be noted that both Tobago MPs, in their budget contributions, went to great lengths to explore and explain many of the issues that you have raised. I will ask them to see if they can get on to you to get that information across to you.

Also, Madam Vice-President, to address the issue of the \$65 million in the PSIP, yes it is for construction, but please note that funding for all unfixed equipment, and so forth, has been accounted for in the budget. The People's Partnership has made a commitment to Tobago, and we stand by that commitment. [*Desk thumping*] There was a question raised regarding whether or not the TRHA had a responsibility. There is a Secretary of Health and he has a technical advisor who attempts to mimic what the CMO does, in Tobago.

Continuing, Madam Vice-President, I have been facing many issues in the health sector since assuming this portfolio, but I must say that these issues are not insurmountable; and with the support of my colleagues here in this House, in the Cabinet, the Ministry of Health and the general public, I am confident about the future of health services in Trinidad and Tobago.

Over the last three months, I have realized that the funding issue in health was not merely an inadequate allocation of funding to the health sector as has been previously thought. But it was an inadequate, ineffective and sometimes

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inappropriate usage of the funding allocated. I could spend all of my allocated time detailing the misuse of funds within the health sector, and the lack of accountability for money spent which created opportunities for abuse, but the general public is well aware of many of these abuses. We have read about them, we have seen them, and unfortunately, many of us have experienced them.

That is why I have the opportunity to address this House as the Minister of Health today. The people of Trinidad and Tobago voted against these abuses, not once, but on two separate occasions in two months. Wow, if that has not convinced the previous administration that they have failed our nation, what will? While I am not going to detail all of the issues because I only have 45 minutes plus 15—one hour—I do want to recount to this House some of the funds that were wasted by the previous administration, so that you can understand why I firmly believe that with better management of funds, we can do so much more than our predecessors.

Sen. Hinds: Tell us.

Sen. The Hon. T. Baptiste-Cornelis: First, cost overruns of over \$450 million on the Scarborough Hospital, and counting. They did not even consider an ICU. If I am to include an ICU, as indicated is needed, that would be an additional cost. Second, \$187 million spent on the National Oncology Centre with nothing of substance to show for it. I do recall something about a foundation. Well, I guess a \$187-million foundation does beat a \$2 million flag.

Do you know how many children could have been saved? How many cancer patients died because of the lack of that oncology centre? I shudder to think, Madam Vice-President. But you know what? It appears that the previous administration understood that two wrongs did not make a right, so why not try three wrongs. They continued: massive corruption in contracts of \$53 million, \$22 million and \$75 million per year on the award of purchase of equipment for CT scanning machines, angiography machines and renal dialysis machines. They have brought in machines here and placed them in RHAs with no room for them to be functioning.

Fourth, instances of non-tendering of contracts from the Ministry of Health for surgeries in private nursing homes. Fifth, a lack of accountability for the drugs purchased on behalf of the Ministry. We have spent over \$500 million a year on drugs, but accountability is porous. Drugs disappear, Madam Vice-President; or better yet, as in the H1N1 drugs, they were bought in such unthinkable quantities that they simply were left to expire before they could even be used. Somebody was getting rich off the nation's pockets via their linkages to pharmaceuticals.

3.45 p.m.

Instances of poor procurement practices throughout the Ministry of Health and RHAs—I have seen reports of items that cost \$10,000 in one RHA and the same item cost \$800 in another. Where necessary I know that forensic audits have commenced and will be undertaken in the near future, and the results will be shared with Members of this House and the public, because the People's Partnership is about accountability and transparency. [*Desk thumping*]

It would be remiss of me, however, if I did not spend some time on the issue surrounding the Scarborough Hospital, especially when the Leader of the Opposition, in his only contribution in the Lower House on the health aspect of our budget, casually referred to what he called "the ridiculous comments of the Minister of Health concerning the history of the Scarborough Hospital". He appeared prone to using adjectives incorrectly. In fact, as a former teacher and lecturer, I took great offence at his referral to our nation's precious youths as "duncy head first formers". Why must our children be accosted in a House with no chance to defend their good character, by a Member who should have known better? He, of all people, should know what it is like to be brought down in the House by someone he once looked up to.

The previous administration—I cannot say "previous government", Madam President—Madam Vice-President, sorry, but you do look presidential there—for it appears that effective governance was unknown to them; they abysmally failed the nation in terms of promises and delivery on this project. They made grandiose promises of wanting to improve our public health system, but these were just promises, as effective tools and resources were not given to the Ministry of Health in order to deliver; but I will get back to that point.

Let us move on to the Scarborough Hospital, which began with an initial cost of roughly \$135 million and will now cost this country an estimated \$719 million, if everything stays the same. The full reason for this massive overrun will be unearthed by the planned audit, but we do know the following: First, NH International Caribbean Limited was awarded a contract to undertake this project in January 2003, at a cost of \$136 million, VAT inclusive. The project was to be completed in two years. Between March 2003 and March 2005, there had been so many variations leading to disputes and delays that only 55 per cent of the works had been completed, but NHIC had been paid \$156, even more than they had even tendered for. NHIC then suspended work on the project in September 2005 and terminated its contract in November 2006. The two parties, NHIC and Nipdec who were managing this project went to arbitration in December 2005.

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While this was ongoing, in June 2008, Nipdec through an open tender awarded what was considered a modified contract in the sum of \$478 million to China Railway and Construction Company to complete the hospital and supply fixed medical and other fixed equipment. The scope of this project was also expanded at this time; CRCC was actually the only one of the prequalified contractors who submitted a tender by the deadline date; so they were chosen from a group of one.

In December 2009, Genivar LP was awarded the contract to provide design, construction and supervision services for the completion of the hospital for the sum of \$70 million. So six years after the project commenced, the previous administration was now engaging a consultant for design and construction services.

Up to July 2010, they had been paid \$253 million allegedly for 72 per cent of the work. We visited the location and it did not look like 72 per cent was finished. By that time we had spent almost \$450 million, but was no closer to the completion of this hospital. Taking into account the amount outstanding for CRCC for this fiscal year and other fees to be paid, the total cost of this hospital is estimated to cost \$719 million. To this date, the handover date and the opening of this hospital have been a moving target.

The dramatic increase in the cost of this hospital is the result of poor planning by the previous administration. The variations, remedial works, changes in scope and lack of proper technical advice are hallmarks of most PNM projects. It is simply a pity that the pursuit of expedience, resulted in the absence of care. I am sure there is much to be unearthed from the forensic audit, since there remain allegations of missing materials from the site, but time will reveal all, no matter what row people may come up with to try and stop it. The Ministry of Health will support the completion of the Scarborough Hospital with disbursement of funds under intense scrutiny.

At the Ministry of Health, my colleagues and I—for to me they are more than just staff—are firmly focused on the future. In fact, this 2010 Ministry of Health budget contribution is about health and not about Trinre as the previous Health Minister's 2009 contribution focused on. Health is the true wealth of the nation.
[*Desk thumping*]

The People's Partnership identified two immediate objectives for our first 120 days: To look at the immediate challenges of each hospital and act immediately to see what was needed and to establish a \$100 million Life Fund for lifesaving

surgery for children to be administered by an independent board. I am very pleased to report that in our first three months we have been able to deliver on the above; more beds have been available in all RHAs, more incubators procured, and sterilization units fixed. We have formed a 100-day action plan and each RHA is working to fix things that one would have thought that anyone with eyes would have seen needed fixing.

The four Chief Executive Officers of the RHAs have finally begun to work together as a team and they no longer see themselves as competitors. The PNM existed on a divide and rule mentality; the People's Partnership believes in collaboration and collectivity. [*Desk thumping*] Thank you, my CEOs, for your support and demonstrated commitment to recognizing that things must and will change to provide our citizens with what they deserve and not only what the previous administration thought to give to them as an afterthought.

We have a long way to go, but we will get there. We have been able to help numerous kids obtain a chance of survival. We have shown the world that the People's Partnership values our children. We value the future of our nation.

Just last week Tuesday an ailing child received the necessary assistance of \$108,000 to go abroad for much needed surgery. The previous administration could have helped, but chose not to. Today, I signed an approval, based on recommendations, again from the officials of the Ministry of Health, for a nine-month-old patient to have emergency heart surgery at the Jackson Memorial Hospital, \$323,000. They could have done those things, but they did not. To date, in the last three and a half months, we have helped seven children have lifesaving surgeries abroad that could not be performed locally, at an investment of \$1.8 million. Two of these children reside in Tobago and the other five reside in Trinidad; Arima, Tunapuna, Diego Martin, Penal, Gasparillo. The People's Partnership does not discriminate on race, colour, creed or political party affiliation. [*Desk thumping*]

All of the above were achieved making use of moneys previously allocated in the 2010 Budget, though not in the line items for which they were allocated. We recognize that the priorities of the previous administration did not coincide with the needs of the people and, as such, we reprioritized.

During this time we have had to confront the immediate challenges of the dengue epidemic. While our staff and colleagues have been working to keep pace with the demands of this epidemic, it is clear to me that the previous administration had not adequately prepared for an annual event. They released 90

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insect vector personnel in October 2009, at the height of the rainy season. Why? I would like to extend sympathies on behalf of the Ministry, the Prime Minister and the People's Partnership to all our citizens who have lost a loved one due to dengue. Each life is precious to us and the Ministry remains committed to continuing to ramp up our resources to meet these needs.

We have developed a comprehensive plan for the next two to three months when we expect the rainy season to continue to exacerbate the incidence of dengue. Two of the weaknesses identified, to date, in our ability to cope with the epidemic, have been bed management or lack thereof and the scope and frequency of our insect vector operations. The Ministry will be installing a more effective bed management system at each of our major hospitals to assist in optimizing the use of available beds. These systems exist, but were not procured by the previous administration.

In the meantime, I have had my CEOs share information with each other related to waiting times, bed availability and the number of patients seeking help for dengue, every single day at 10.00 a.m. and 7.00 p.m. A simple, yet effective process, but it had not been done before. [*Desk thumping*] I should mention that we were able to identify hundreds of mattresses which had previously been ordered, but were lying idle for some time in warehouses. Some were even the wrong size; procurement issues again. These mattresses have all been now deployed, either to replace mattresses in our hospitals or to meet the urgent needs of those citizens affected by the recent floods.

I must thank the Minister of Local Government for helping us find a way to ensure that precious taxpayers' money, of which not much was left in the Treasury by the previous administration, was not wasted. [*Desk thumping*]

We are addressing the current issues, but we are also planning for the future. One of the identified projects for fiscal 2011 is the relocation and construction of new warehouse facilities and a head office for the Insect Vector Division. The existing location in Guaico, Sangre Grande, is in a dilapidated condition and has negatively impacted on our ability to do inventory management and serve this nation. The previous administration could not have possibly cared. They said, "We care"; do not dare! Their action speaks louder than their words.

The new location in Jerningham Junction Extension Road, Cunupia, will greatly improve our ability to stop and distribute chemicals and house the laboratory, administrative and field staff of the division. For the future, I have already seen a first draft of the lessons we have learned and what we could do

differently to minimize this risk, even if we cannot completely eradicate it. Mother Nature, like any woman, cannot be underestimated. This would be further refined in the next few months and implementation would commence as soon as feasibly possible. As we look further ahead, the People's Partnership manifesto made it clear that we view health care as a basic right. We say that health is our wealth.

We will remain faithful to the basic tenets of our manifesto. In this regard, the Ministry will work towards the development of a five-year strategic plan and over the fiscal period, we will focus on the following strategic lines of action: Improving health care management; meeting the tertiary care needs of society's vulnerable; supporting patient rights and services; improving physical infrastructure; reducing problems of communicable diseases, including HIV/AIDS and mental health. While all citizens deserve first class health care, we also need to conceive health as a personal investment and our individual responsibility. Noting this, the Ministry of Health would be placing particular emphasis on wellness and health promotion, similar to what we did this weekend, to promote healthier lifestyles and self-empowerment over the coming years. I will speak a bit about this later, if time permits.

Our basic tenets as enunciated in the manifesto are closely aligned to the 2011 budget and our strategic lines of action. Firstly, ensure first class health care for the people. In order to achieve this objective, we will be seeking to improve our health care management systems via institutional strengthening. This process calls for re-engineering, strengthening the governance and institutional arrangements in the Ministry of Health, rationalization and re-engineering of vertical services.

The National Public Health Laboratory—We cannot continue as we have been going. I was shocked by what I saw when I first came on board; it has improved, but major changes are still needed and will come.

The Food and Drug Administration—We have had numerous complaints and they are being investigated with a view to reforming the communication of processes and procedures. I have heard some persons complaining that in the last three months things have become more difficult; no, in the last three months, persons have been following the correct rules.

Insect vector control—We will have better linkage with regional corporations. We will work with them, rather than against them. There will be procurement and implementation of a results based management system to monitor and evaluate performance of the sector and development of what Sen. Dr. Wheeler referred to.

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Annual service level agreements between the Ministry of Health and the RHAs as an accountability tool—This is particularly important, as the previous regime, as he so correctly highlighted, in true PNM style, had no service level agreements between the Ministry of Health and the RHAs. That is to say, there was little or no attempt to institutionalize accountability under the previous administration. That, as we all know though, is the hallmark of the PNM; a fact that is all too evident in the slipshod manner in which many projects in the Ministry of Health have been handled. The hospital at Scarborough being but one clear example that has cost this nation hundreds of millions of dollars that could have saved lives.

Instead of complaining about the People's Partnership and our singing, the previous administration should be singing "Tobago ah sorry; PNM mistreated you". Over the next fiscal year, the Ministry will implement institutional strengthening initiatives aimed at building the capabilities of the Ministry to lead the health sector, regulate, set standards, guide and support the management of health care in our country.

We are going to be looking at: Evaluation and revision of organizational structures at my Ministry; decision-making and approval granting processes—change is coming still—assessment and analysis of human resource talent and the identification of gaps in our organizations; development of a business plan with associated manpower planning and implementation planning for the delivery of vertical services and national programmes.

Can you believe that the previous administration effectively chased many of our medical personnel out of the health system, resulting in a deficit, not just in our Treasury, but a deficit in our medical pool? I have heard that we have reportedly over 240 doctor vacancies and over 2,000 nursing vacancies. I have to fill these vacancies. We have put out ads; we will bring them back. They will work under the People's Partnership Government.

We are looking at the health information management system. At the Ministry of Health, we are currently undertaking a comprehensive review of existing plans and structures to ensure the improvements in health care management are maximized from the implementation of the IT-driven health information management system. We want timely receipt of information on personal medical records, as well as provided services.

We get numerous reports of patients complaining of delays in treatment because files could not be found or have been misplaced. Health facilities will adhere to standard operating procedures and other health standards, so that

patients—the ones who count—receive the best possible service at all facilities. In addition, this will increase patient privacy and confidentiality, which are consistent with our pledge for patient rights and obligations.

The Opposition, as small as they are right now, would have us believe that the People's Partnership is merely implementing their plans, but I would like to let the Members on the other side know that there is a big difference between having an idea and having a plan. They signed contracts for IS/IT development of the Ministry of Health, all supposedly in keeping with their Vision 2020. On this note, it would forever be a travesty that they took what used to be a phrase associated with excellent vision and outlook on life, and has now made it a term that most nationals would think twice before using; but I digress.

The PNM administration had an idea for the roll-out of IS/IT in this country for the Ministry of Health. They put \$20 million in the budget for fiscal year 2010. Guess what? I had to go to Cabinet last week because the Health Ministry was faced with the unfortunate news that despite having paid \$20 million, we still owed \$14 million for this fiscal year. I will help them do the math, as it appears that mathematics may have been challenging to the PNM "Please No Maths" group. It is impossible to pay bills for \$34 million with \$20 million. If you want to take credit for a plan, you should, at least, have had the decency to ensure that your idea was properly funded, but then decency might be a foreign concept to them.

Let us look at our emergency services. Over the next fiscal year, the Ministry will develop the regulations for the Emergency Medical Personnel Act and will seek to ensure that the provisions contained in the Act are actively enforced. This Act provides for regulation of emergency ambulance services, registration of emergency medical personnel, so we would not have cases where people tell patients, "I am not supposed to pick you off the floor, go onto the stretcher yourself," and establishment of a National Emergency Ambulance Authority. The authority shall undertake responsibility for the delivery of a National Emergency Ambulance Service and the monitoring and evaluation of its service. More specifically, they would look at developing a communication system; developing a coordinated trauma care system; monitor the quality of the emergency medical services; establish a complaint review committee; develop and monitor a system of optimal fleet management and ensure the provision of continuous, uninterrupted emergency and ambulance services.

Meeting the tertiary health care needs of the society's most vulnerable—In this respect, the Life Fund has been established for children. The Minister of Finance outlined in his budget contribution the 100 per cent tax incentive, which we expect would encourage numerous private sector contributions. The next step

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would involve the establishment of an independent board to administer this fund and the Ministry has already developed a proposed structure, re: the appropriate Government/private sector mix, the drafted terms of reference and the draft eligibility criteria which will all be brought to Parliament.

The Life Unit will ultimately comprise a multidisciplinary team of medical and non-medical volunteers and paid staff to ensure case management of the child is undertaken; whereas the Life Fund itself would be managed by a group of fund managers from the public and private sectors to ensure, once again, transparency and accountability, words unknown to the previous administration.

I look forward to the full support of the national community, as well as many of our nationals residing abroad who have already indicated to our Prime Minister, on her very valuable trip to New York, the happiness they have that the People's Partnership is doing what the PNM never could do: Taking care of our nation from conception to exit.

We will also be expanding the access to the Financial Assistance to Necessitous Patients Programme or what is commonly known as the Medical Aids Committee Programme. This programme provides financial assistance to eligible patients who cannot afford the medical procedures and medication they require. These cases arise when the medical treatment is not available in the public health care system.

For the 2008/2009 fiscal period, grants were extended to 2,060 persons to access medical care that they reportedly would have otherwise been unable to afford. In spite of this, the programme still operated under a cloud of secrecy, another hallmark of the previous administration. We have allocated \$43 million for this programme for this fiscal year and in keeping with our commitment to transparency, the eligibility criteria will be published and those receiving assistance must be prepared to have their identities disclosed, though, obviously, not the nature of their ailment.

The Adult Cardiac Surgery Programmes is another of the Ministry's programmes established to bring relief. Through the programme, persons requiring cardiac surgery could access free cardiac care. A total of 1,384 procedures have been approved as of September 15. There are a number of aspects to this programme which remain unacceptable to me and the Ministry will be reviewing it to increase access to cardiac care by our vulnerable and to ensure greater value for money to the Ministry and as a direct result, to the nation.

Thirdly, supporting patient rights—In order to support patients' rights, the Ministry over the next fiscal year will seek to improve the quality of health care. Within the next fiscal year, we have a comprehensive review of the Client Feedback/Complaint Review System looking at the legal, medical, nursing and quality departments of the Ministry of Health to be involved.

Establishing the Patients' Authority—In the interim, you would be very pleased to know that on August 9, 2010, we established a Customer Service Assessment Unit which has already been highlighted in the local media due to its ability to quickly and effectively result in improved service and treatment for our nationals.

Establishment of policies for the aged—Over the next fiscal year, we will put in those grab bars in all toilets and bathrooms at public health institutions to support our elderly. They need our support. In addition, apart from emergency cases and children, the elderly of Trinidad and Tobago will be assisted by customer service representatives and will be given preference at the public health institutions and pharmacies.

Legislation—The legal and regulatory framework of the health sector is designed to facilitate enforcement of these regulations and laws to protect our population from health hazards and generally improve their health. One of the legislative issues receiving our attention is the preparation of regulations for the 2009 Tobacco Control Act, looking more at the packaging and labelling of tobacco products, licensing of tobacco manufacturers, distributors and wholesalers and the various reporting requirements. We are also finalizing the Mental Health Bill to safeguard persons who are mentally ill by addressing the issue of patient admission, care and treatment.

The preparation of a National Blood Transfusion Bill—This Bill seeks to create a modernized legal framework for blood banking in Trinidad—no more selling of blood chits! Finalization of the National Health Services Accreditation Bill to create a modernized legal framework to accredit medical services in those various hospitals out there. When people go to a private nursing home, they will know it is accredited by the Ministry of Health.

The laying of the RHA (Amdt. Bill), 2010 and the RHA Collective Procurement of Goods and Services Regulations 2010 in Parliament—This will allow one RHA to procure goods on behalf of all five RHAs, to, therefore, achieve what I am sure Sen. Dr. Henry would approve of, economies of scale, timely and costly, effective procurement of goods and services and to provide guidelines for collective procurement of goods and services.

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Our Attorney General has his work cut out for him, but like the leader of any A team, he will and can deliver.

Improving physical infrastructure of public health care facilities—The Ministry of Health is committed to ensuring that every citizen has access to first class health care. We are looking, therefore, at construction of new facilities to previously under-served catchment areas and the continuous upgrade and, in some instances, expansion of existing health facilities, to facilitate service delivery improvement and access to a wider range of health services.

We will be looking at constructing a new hospital in Point Fortin. The area for its location has been identified; that is all that has been done so far. So, no, former Minister of Health, in response to your question via the media, I cannot give you the total cost that you demanded. One would think that he would know that these things must be tendered. It is anticipated that when completed, this 100-bed hospital will bring secondary health care services to the doorstep of a sizeable population in south-west Trinidad that would have previously had to travel to San Fernando General Hospital.

The previous administration did promise Point Fortin a hospital, but they never delivered it. Did the previous administration, perhaps, deem Point Fortin as unworthy? Why has this idea never progressed beyond Cabinet? I heard it went there and came back. Who opposed it, surely not the MP for Point Fortin? Was Point Fortin deemed to be only a catchment area of 19,000 and was not worth the expenditure? Madam Vice-President, the People's Partnership sees the big picture. We understand the difficulty the previous administration had in seeing the big picture, as apparently they only have a small screen. [*Laughter*]

The Point Fortin Hospital will reduce the excess demand for patient care at the San Fernando General Hospital, a demand which has contributed to overcrowding and extended waiting times at this hospital. Despite the fact that currently the hospital has 628 beds, I cannot put any more beds in.

4.15 p.m.

We have increased the number of beds at the San Fernando Hospital. We have increased beds at all our hospitals. I have been told the only way I can put more beds is to create more hospital infrastructure, and we will.

Other major infrastructural projects scheduled to begin in the next fiscal year include the provision of additional facilities at the San Fernando General Hospital. We have been approached by doctors who have suggested that we use a ramp and

build this ramp to connect the San Fernando General Hospital to the Chancery Lane Complex and use the complex as either a decanting area or administration. The Minister of Planning has agreed to look at this. My Ministry is currently considering this proposal and we will be meeting with all stakeholders to determine how this idea, if feasible, can be progressed into an eventuality to allow a quick solution to the needs of our nation.

In terms of primary health care facilities, the Sangre Grande Enhanced Health Facility and the Chaguanas District Health Centre are scheduled to commence in the next fiscal year. We are also going to look at some repairs that need to be done to the Port of Spain General Hospital, which some people neglected to do. The People's Partnership is aware of the needs of many other communities in our country and I would like to give all the assurance that these will also be addressed in due course. It is not practical for the People's Partnership to believe that we can build five new hospitals simultaneously while undertaking numerous other projects in other ministries.

This delusion of grandeur is what has caused the massive cost overruns and incomplete projects that the People's Partnership has inherited and we will be adopting a much more responsible approach to satisfying the long outstanding needs of our society. We have promised other hospitals/district health centres in our manifesto and they will be delivered in our first term of office. Even more will be delivered in our second term of office; in our third term of office and in our fourth term of office. Need I go on? [*Desk thumping*]

Fifthly, in reducing the prevalence of communicable diseases including HIV/AIDS, the Ministry will over the next fiscal year seek to reduce the vector-borne diseases such as dengue, malaria and yellow fever. As part of this overall strategy, the Ministry will deepen its collaboration with other key stakeholder ministries, such as the Ministry of Education, the Ministry of Local Government and the Ministry of Community Development. The aim of this collaboration is to increase public sensitization and participation in maintaining clean and healthy environments at the community level. Stay tuned for the launch of Inspector Dep Unit in October 2010. [*Desk thumping*]

This would effectively minimize the spaces for insects and mosquitoes in particular, to breed and spread these vector diseases. The Ministry will also ramp up its vector control activities, including:

- Increase dissemination of information on vector diseases to schools.
- Inspect all businesses that may be contributing to possible hosts sites for mosquitoes.

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- Procurement of additional equipment, coupled with increased hiring and retraining of personnel in the Insect Vector Control Division.

HIV/AIDS: The Ministry's aim is to contribute to the Caribbean Regional Strategic Framework goal of reducing the estimated number of newly diagnosed HIV infections in Trinidad and Tobago by 25 per cent by 2013. This means a reduction from the current 1,400 new cases to 1,100 cases by 2013. Yes, our population still appears unaware of the dangers that lie out there.

Over the next fiscal year the Ministry will implement a prevention based strategy to try to reduce the prevalence of HIV/AIDS. We wish to have at least 30 per cent of the 15—49 aged population tested and know their HIV status by 2014. Notice all our aims are before the next election.

- To have a national mother to child transmission rate of 2 per cent or less by 2015.
- To ensure that there is at least a 50 per cent increase in the number of practitioners—at least 50 per cent—who are trained in HIV/AIDS diagnosis and care at both primary and secondary facilities. We will supply scholarships for them to learn.
- Currently, the Ministry of Health pays a subvention of \$5 million to the foundation headed by Professor Bartholomew. We are thankful for his service, which allows nationals to be treated and to promote longevity in HIV/AIDS patients.

We will assess the usage of these funds with a view to ensuring proper accountability and transparency in keeping with everything we do. As part of the treatment and care programme, the Ministry will procure a quality reporting system to measure quality of treatment indicators for HIV patients. We have identified 10 new sites and at least four will be open to the public over the next fiscal period. We will extend HIV testing hours at some of our institutions and we will implement the RapPort Strategic Plan through the collaborative support of UNICEF.

Sixthly—Addressing chronic diseases and mental health: The most recent mortality data of 2006 shows the general trend. We have seen that we need to improve. Health promotion and health education are strategies used by the Ministry of Health to reduce the risk factors for chronic non-communicable diseases, such as cardiovascular disease, diabetes, cancer, hypertensive diseases

and cerebrovascular—and this is the hard one; the strokes. Right? These risk factors include insufficient physical activity, inadequate diet, obesity, abuse of alcohol and tobacco use.

Over the next fiscal year the Ministry of Health in addressing chronic diseases will implement measures to address the risk factors and we call this our SHAPE strategy. Of course, again another acronym: S, screening; H, healthy weight; A, avoiding tobacco; P, physical activity and; E, eating healthy.

The Ministry recognized that in order to achieve and maintain health gains in the population through generations, there must be a targeted approach to inculcate health habits starting at the school age. In this regard, the Ministry of Health will, over the next fiscal period seek to strengthen its collaborative ties with the Ministry of Education. Specifically, the Ministry will implement a health promoting school initiative.

In this regard, the Ministry will actively promote implementation of the National School Health Policy, which includes the development of nutrition and dietary guidelines for schools. The Ministry will, over the fiscal year 2011, collaborate with other public, private sector and civil society bodies to implement population based physical activity programmes. This would require action in many sectors. One example is what we propose to be our Wellness Zone where we are going to ask companies to partner with the Ministry of Health in the sponsoring of a fitness instructor to conduct structured physical activity in parks or facilities, free of charge to the population.

In the next fiscal year, the Ministry will host health community workshops, creating health community spaces in alignment with our RHAs. In this regard, the opening hours of many health centres will be extended. RHAs will also expand walking clubs that they have started developing and increase access to screening, health education and we will also increase the screening and improve the management—

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

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

Question put and agreed to.

Sen. The Hon. T. Baptiste-Cornelis: Thank you.

In addition, the Ministry will increase the screening of, and improve the management of chronic disease patients through the acquisition of additional mobile clinics that will supplement our existing fleet of 10. These mobile clinics will be opened after 4.00 p.m. and on the weekends to increase access to those screening for the working public.

On the issue of cancer, as part of the Ministry's overall strategy to improve the prevention and management of cancer, we have commenced preliminary work on the development of a National Cancer Policy. Again, that was not there! Consultations with both internal and external stakeholders are planned to ensure that the views of as many people, including the hon. Sen. Hinds, are considered in the development of this policy. The National Cancer Policy is expected to be completed in the next fiscal year and construction of the long-awaited National Oncology Centre will recommence in 2011. [*Desk thumping*] Cancer patients have waited too long.

Oral health: In order to facilitate improvements in oral health in the population, we are developing a National Oral Health Policy—again, they did not have it—that would guide the delivery of oral health services in the public and private sector. To date, a first draft has been developed and is being reviewed by a core team of dental professionals. Two additional rounds of consultations with wider groups of professionals are planned before the policy is finalized. The National Oral Health Policy is expected to be finalized in the next fiscal year.

Before I conclude, it would be remiss of me not to correct the two inaccuracies as presented by the Opposition in the other Chamber, in the limited time that they devoted to discussing the health of our nation. In this regard, I wish this House to note that in response to assertions from the Member of Parliament for Point Fortin, officials of the Ministry of Health have asked me to categorically state they cannot recall any statement being made to her to the effect that it is not, or was not cost effective to provide extended hours of service at the Cedros Health Centre. The conversation was simply her enquiring as to if Cedros had 24-hour medical coverage. She did not know.

The Ministry of Health, through the South West Regional Health Authority provides health centre services. A doctor is resident in Cedros and therefore available at all times to the citizens for emergencies. In addition, there is an ambulance service with drivers on call 24 hours just for that area. There, therefore, is 24 hour medical coverage.

Further, in response to the other two Opposition Members of Parliament who both asked the same question about decrease in the salaries for the four RHAs from the Ministry of Health's recurrent expenditure and alluded to it being an indication of loss of jobs, wrong again. Come on, PNM.

May I state for the record that the salary figures that have decreased for 2011 for the RHAs relate to the public officers at facilities managed under the RHAs and as some of these officers transfer to the RHAs, the Ministry of Health is no longer responsible for their salary and they will now be employed and paid by the RHAs from their allocation.

The RHAs and not the Ministry of Health would be responsible for their salary. So they will now be employed and paid from that allocation which the RHAs received. What this means is more effective and efficient human resource planning and management at the RHAs is now being made possible under the People's Partnership. [*Desk thumping*]

In closing, I wish to reiterate that the previous administration made grandiose promises of wanting to improve our public health system but these were just promises, as tools and resources for delivery were not given to the Ministry of Health in order for the ministry to be in a position to deliver. At the Ministry of Health I have met individuals willing to work and appreciative of the opportunities to put their knowledge and their expertise to work and not to be shackled to ineffectiveness by political motives. Quite simply, the health sector was not a priority for the previous administration. Their priority was in grandiose structures whose greatest impact was only on the skyline of our capital. It is absurd for their representatives in this Chamber or in this House of Parliament to attempt to rewrite history. The history of this country's experience with the PNM administration has been written in indelible ink. Mismanagement and wastage comprise the biggest chapters, yet they have the audacity to claim authorship for what the People's Partnership is seeking to implement. [*Desk thumping*]

What stopped them from implementing these when they had the chance? It is very easy, Sen. Hinds, to criticize when you cannot accomplish. But the People's Partnership will not allow ourselves or the country to be distracted from what is required. No more shall nationals of our beloved twin-island state settle for second-rate and third-rate governance. Accountability, transparency and proper implementation shall be our watchwords. We have already adopted them in the Ministry of Health. The challenges in my ministry are many but the team and I will show the nation by our deeds and not just our words, that first class health service can be attained locally.

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I thank my fellow Ministers who have all sought their medical attention in our public institutions and not flown off to foreign countries. In the words of Martin Luther King, our nation is "Free at last" and better governance lies ahead.

Thank you. [*Desk thumping*]

Madam Vice-President: Hon. Senators, I was going to ask for a round of applause for a maiden contribution—for a spirited maiden contribution from the Minister of Health. [*Desk thumping*]

Hon. Senators, it is 4.30 and we will take the tea break and resume at 5.00 p.m. The sitting is now suspended until 5.00 p.m.

4.30 p.m.: *Sitting suspended.*

5.00 p.m.: *Sitting resumed.*

Madam Vice-President: Hon. Senators, as is customary, we are awaiting a quorum for just a minute.

Hon. Senators, we have a procedural matter.

[*Mace is put up*]

Sen. Helen Drayton: Thank you, Madam Vice-President. I will speak briefly on a few matters, specifically on diversification and education. I will touch briefly on the public service pension and health plans and perhaps what is the most controversial, the Clico debacle.

Overall, I commend the hon. Minister of Finance for the effort that has been made with respect to this budget. In my humble opinion, it is appropriate for this time. My interpretation is that the imperatives of stability, fiscal responsibility, building confidence and maintaining an attractive investment climate are of paramount importance, thereby strengthening the platform for stimulating productive investment and creating sustainable development, a path that is driven by entrepreneurship and innovation.

While I do not see hard initiatives in this budget to generate revenues, there are no specific fiscal measures in that regard, I expect that since the plans are to be seen over a three-year horizon, that deficiency will be addressed in the second phase of the budget planning. This means that in 2011/2012 we expect to see the hard initiatives emerging.

I do see a clear attempt to focus on achieving efficiency by continuing the education thrust and focusing on social overhead capital, meaning health, water, combating crime, customs efficiency, et cetera. I think, at least in this medium

term, that it is a clear departure from huge capital expenditures on brick and mortar-type projects, except that which would bring a direct social return and that which would facilitate entrepreneurial activity.

Certainly, I have heard the talk that the budget does not get down to the specifics of how the Government intends to diversify the economy. Frankly, it all depends on expectation. I did not expect that in four months I would see those types of specifics, although I must say that attention has been paid to the manufacturing sector for which the Minister has extended substantial incentives and one of these would be the increase in the wear-and-tear allowance by 15 per cent.

Certainly attention has been paid to small business, which currently delivers a range of manufacturing and also distributes a variety of goods and services; and the small business sector accounts for about 18 per cent of our GDP and about 65 per cent of all businesses and they have a great potential for spurring innovation and growth, especially during the depressed periods. So the focus on this section is also an important observation in the budget.

Much has also been said with respect to the country's competitiveness based on our rating in the Global Competitive Index by the World Economic Forum. We hear much about the fact that it has been ranked, I think 84 out of 139. Very little mention is ever made with respect to the fact that those ratings are premised on a certain grid and that grid is the three stages of development.

I think, therefore, that the more important score is the overall score of 3.97, nearly four on a scale of one to seven. This means that we are in the second phase. There are three phases of development and they have classified us on the second phase of development, advancing towards the third phase, which is developed country status.

In the second phase, the emphasis has to be placed on the key efficiency drivers, which are higher education, training, labour market efficiency and technological readiness. It is in this context that I view this budget; a budget that says let us take stock of where we are now and then advance programmes designed to make a serious intervention in the social overheads, to which I referred earlier, which I think is the best strategy for facilitating diversification.

You look at the amount of money that has been spent, billions every year on roads, and within three months the roads are caving in, which tells me that maybe 30 cents or 40 cents on that dollar is being wasted. You are repaving all the time, but not placing emphasis on the real refurbishing and maintenance. Also, we have

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not been placing emphasis on achieving efficiencies in the delivery of our social services. I think placing emphasis on the key efficiency enhancers is a solid grid upon which to spur innovation and entrepreneurship.

The budget also gives credence to the fact that diversification must be done in a local regional context; thereby building the economies of sustainable rural communities. This is a critical path towards poverty alleviation and the prosperity of those communities. That also has the effect certainly of creating employment and then there is the spin-off, if people could have gainful employment in their communities; then it is placing less of an emphasis and burden of the kind of traffic coming into the main city areas.

From what was put into the public domain during debate in the other place and also mentioned here and allocations in the budget, it is clear that the intent is also to continue agriculture development, given rising inflation and the fact that we need to feed ourselves. When I examine the plan, it is evident that efficiency in agriculture is one of the components of the budgetary plans and that the Government will be placing the emphasis on facilitating growth rather than getting involved in running farms. I think that those mega farms should be privatized in due course.

There is a need to prioritize the diversification initiatives and, in this regard, the measures must be directed toward maintaining an enthusiastic and innovative private sector that will venture into meaningful new activities as well as build on their core strengths and competencies. In that regard, I support what Sen. Ramkhelawan was saying with respect to the downstream manufacturing and bringing products to the end user.

With respect to the smelter, I am not in a position to give a hard opinion, because I have not seen a feasibility study. The same rhetoric I heard on the political platform, that there will be no smelter without giving any valid reasons, after a huge investment, is what we continue to get.

Be that as it may, I certainly do not think that not having cheap labour is a reason. Certainly Norway, Australia and Bahrain are not cheap labour markets; and also the fact that you have new fields of gas being discovered every day.

Certainly, we will continue to have pressure on the price of our gas, which is our main economy and there has to be some thought as to how simultaneously we will use that resource in the process of bringing products to the marketplace and to the region, which is our major domestic market. As I said, we continue to hear that the smelter is scrapped. That is fine. They have a mandate to do so but, we have not really been given any rationale.

There are no new fiscal measures as indicated in the budget, so I imagine that the hope is for the gas price to stabilize above \$2.75. As I just mentioned, with the recent discoveries internationally, that price will be under pressure. That is a situation on the revenue side that must be carefully monitored.

On the expenditure side, there are serious fixed and inflexible commitments added to which is the prospect of increased public sector wages, as well as increased compensation and benefits as a result. In addition to that, there will be pressures with respect to the back pay. I imagine that the hon. Minister has taken all that into consideration.

I think that the minimum wage increase of \$12.50 was very reasonable. It certainly was necessary to increase that and it is also indicative that there is discipline within the Government. One could have had all sorts of situations emerging there. So arriving at \$12.50 is very reasonable and showed that many factors were taken into consideration, including inflation.

A big chunk of the expenditure is in transfers and subsidies where reside GATE, URP, CEPEP and the like. I want to touch on education as it relates to GATE. While expanding this programme to include technical education is laudable, I strongly recommend that this Government undertake a serious evaluation of this grant.

The intent and benefits of any programmes to improve the quality of our nation's human capital cannot be questioned. Education certainly is a requisite for improving the country's value chain; but is there a strong focus on the needs of the country in terms of the skills we need here; getting the stock of teachers, health professionals, security professionals, risk managers, who are sorely needed throughout the public service, and professionals in agriculture? So there is also a need to evaluate how the students access the benefit to ensure that the country is getting the desired value and the extent to which it is also contributing to the “gimme gimme” syndrome.

5.15 p.m.

I am an educator at the tertiary level, and one of the things I have observed is that you have a student who has gone through at taxpayers' cost, your secondary system which is fine—primary and secondary. We want to improve the stock of tertiary level graduates, so they then go straight into the first degree. But then what happens? What we are finding is that the cost of their tuition is subsidized 50 per cent for their master's degree.

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At the master's level, these students have absolutely no experience and can bring very little to discourse on global events in critical areas; whether finance, marketing, human resources or the environment. So, should the Government be looking at how it gives these grants at the master's level? I certainly recommend that they look at a model whereby the focus is on persons who have at least three to five years' work experience at the managerial level, and can go back into their workplace and assist in effective change for greater efficiency. Now, I am not saying that students should not at any age or any stage of their life undertake their master's degree, but I am saying that we have just paid for you—the taxpayer has just paid for your secondary education and first degrees. If you want to go into masters directly after without putting anything back into the society first then do that at your expense.

Those students who are at the entry level in the workplace they cannot effect any change. I think that it is one of the reasons that an evaluation is necessary. I think the evaluation is also necessary to establish the standards for accessibility, and also the failure rate. How many students, instead of sitting the exams within three years or getting the degree within three years are getting it within four years? In other words, you have failed and the taxpayer pays for you to repeat. Now, I feel that if you have to repeat you do that at your expense, and that is an incentive for you to be conscientious; for you to study and attend classes regularly and do your homework. So, if you fail, do it at your expense.

The Government should also—and I want to be careful with this one—establish the extent to which foreign universities are benefiting from the taxpayers' dollar in education vis-à-vis our local universities. Now, we want to improve our human capital. As I said, that is one of the requisites for achieving aggregate efficiency. So that what I am saying is not that I want to discriminate against whether you attend a foreign university or whether you are pursuing a degree being offered by a foreign university, but if through that whole \$1 billion, a substantial portion is going to finance the tuition cost of the degrees offered by international universities, should we be looking at this from the point of view of developing local capacity?

You know, this is one of the things I wanted to see in the budget, some philosophical vein with respect to our capacity, and who we are as a people. So, develop the capacity of the universities in terms of curriculum development, as well as both their virtual and physical capacity so that we can offer degrees that are currently not available here. So, that is just a thought, and I simply put that on the Table for the Government to look at.

With respect to CEPEP and the local government and efficiency, the local government bodies employ about 7,000 employees at our expense, and CEPEP does their work and does their work better than they do. [*Desk thumping*] Are we getting value for money? The Government ought to really be looking at that local government reform or making a decision whether we need it at all.

Now, with respect to pensions in the public service, I note the intention to establish a contributory plan in the public service, and I hope that this will be accomplished in the shorter rather than the long term. I also want to recommend that the Government consider extending the health plan to retired public servants who were on the permanent establishment of the public service. It can be done. I cannot speak to cost, but in terms of premiums that should not see any sort of increase, because you are now dealing with a greater critical mass. You have the volume and, therefore, you have the benefit of scale.

I am not going to spend any time on this other matter, but I have to say that I could not fathom why for any reason the Government made mention or included in a central government budget per se, a duty allowance for police outside of the normal bargaining system. I just cannot fathom it. I cannot fathom why such a precedent. I know that we have a very serious crime situation and, certainly, you want to make sure that our police officers are well compensated, but why outside the normal bargaining system? [*Desk thumping*] Since you have mentioned that your plan is for soldiers to patrol together with police, and the soldiers are normally paid at a lower scale, I cannot understand this precedent and where this precedent would lead in budgets to come.

With respect to the tax amnesty, I understand why it is being done; yes it is the third year and I, too, like other persons want to ask: Why are we continuing to reward people who break the law and punish people who are good individual citizens and responsible citizens? Those who do not pay their taxes have use of their money and those who do, do not have. It is a disadvantage and it is inconsistent with this Government's pillar of fairness, justice and equity. It is contradictory to its policies. I understand, in terms of your revenues, but it is the fourth year and what is this whole thing about?

With respect to housing, the Government must be commended for its wise decision to remove the mortgage finance business from the National Insurance Board. It never had any place there. What I would recommend is that the Government take due notice that it needs to put in a fit and proper criteria for the members of the boards of what remains a financial institution, and any other financial institution under its jurisdiction. That should be a matter of priority.

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Now, the tax incentive for the children's fund, again this is a laudable effort, but what is the status of the fund which should be established with trustees and a proper system of selection? You are disbursing public funds. It is no rocket science, there is a precedent. I have been involved with Community Chest for years, which has been raising funds to send children needing emergency surgeries abroad. So that I feel that it is necessary—I have noticed in the papers—I get the impression that disbursements of over half a million dollars or more are being paid directly to parents which, I think are public funds and that is wrong. You should at least pay the medical institutions directly from the fund or through your embassies. We have had a lot of experience with respect to giving cheques over \$1 million directly in the hands of guardians and parents. That is clearly a system that is unacceptable if the Government has continued to do so.

Now, I am sure that it was not the Government's intent to discriminate against other charitable organizations. For years charitable organizations have been pleading that individuals who give donations should be given a tax incentive. After all, there are many charitable institutions looking after children with HIV/AIDS—doing the Government's work—and looking after them. They have learning disabilities; they have been abandoned; dyslexia and Down's syndrome. What about the Coalition Against Domestic Violence; New Life Ministries and Families in Action, all of whom are providing essential services? I want to plead with the hon. Minister of Finance on behalf of all those charities out there that they ought to be treated similarly, and failure to do so, again, conflicts with the Government's pillars and its policies on fairness and equity. So this is a special plea on behalf of all those charities out there.

The plan to put in minimum standards for homes for the elderly is long overdue. Please get it done with all priority. I stand here ready to help, but what about standards for children's homes? I can tell you about two or three of them.

Now, in this budget, the need for a comprehensive national child development centre to assess children who are not developing well in their infant years and who are not coping well in schools, I note that the budget has addressed that. I hope that attention would be given to it in the first year and not in the second and third years.

I also believe that the plan to develop a model children's home; and the plan for a cerebral palsy resource centre will strengthen the infrastructure that cares for our children. So, again, I commend the Government on that.

Let me say, all in all, I am pleased. Apart from those concerns, I feel that the budget is appropriate for now for the reasons that I have mentioned, and if there is a challenge that challenge certainly will be in the implementation.

I now want to turn to the matter of Clico. Now, this Government has found itself in a very difficult situation, as the saying goes, between a rock and a hard place, and there is no optimum satisfactory solution. I agree with the hon. Minister of Finance that the burden has to be shared and shared equitably.

While the hon. Minister has said that he will not prefer to blame, the fact is that Sen. Watson has put in the public domain the need for justice for those responsible. What I would add, is that is remote, if only because those who perpetuated unethical acts against citizens and caused this situation or who failed in their duty of care would never be brought to justice or pay a price in any way. We know that. We will pay the price.

I have said in other sessions that this situation came about not in 2008 or 2009 or what was the result of a global financial meltdown. That was just the tipping point. It has its genesis going back many years inherent in the method of corporate governance and investment strategy which apparently were not consistent with the interest of investors who are virtually every citizen given that Clico was a \$100 billion economy. This debacle is inherent in a deficient regulatory system and supervision which span successive governments.

The Central Bank became the regulator in 2004, but it was under its direct watch that unmitigated risk taking became lethal. Prior to that, the regulator was the Ministry of Finance, under whose watch Clico also failed to meet statutory requirements virtually all the time. It was this regulator who approved the so-called flexible annuity plan, and ignored the fact that Clico was selling bank deposits. There were deposits which was a contravention of its regulations.

5.30 p.m.

So we have had anaemic regulators and this is why I say that those who are responsible, it is a laudable thing to say bring justice, but we are not going to get justice. My understanding is that there was always a question as to the admissibility of certain assets of Clico going back since 1994, with respect to meeting the requirement of the statutory fund, or before. So it should be understood that while Clico's leadership is a major transgressor in this matter, the respectful authorities have major responsibility. Public servants are indemnified in these matters, and that is why Madoff and Standford are in jail, but the regulators are not. But I think they were fired.

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I cannot stand here, therefore, and simply let those statements that the lack of adequate regulation was responsible. I think that excuse is a damning one, which makes those authorities even more culpable because they were responsible for bringing legislation. So on two counts:

1. They were supposed to ensure adequate legislation; and
2. They were institutions of public trust, and they failed in their duty of care to the citizens of Trinidad and Tobago.

Let that be recorded.

No one signalled to the public of Trinidad and Tobago. There are those who knew—but a lot of those small innocent investors did not know that Clico's investment strategy was risky—and provided the necessary information that would allow them to make an informed investment decision. So, I want to say to this Government, since the taxpayer has to accept a major and unjust burden, then we have a right to the following information: Was the forensic report from Lindquist completed? If so, why has it not been made public to taxpayers? Who are the persons who borrowed money from CIB and Clico institutions and have failed to pay that back? I understand it is in excess of a billion. Will the authorities be taking action including legal options to recover moneys from those persons?

You speak of good governance, you speak of accountability, so I am asking questions which I hope can be answered: If any of the persons who during the course of 2009 and 2010 got their moneys out, who are they? Are any persons who were members of the board of CL Financial currently sitting on the boards of other financial institutions or on the boards of government agencies?

Madam Vice-President, I turn to the matter of the investors. I have much empathy for the retired persons who are relying on the income from the investments to get by day-to-day. My sympathy for them is deep, and I very, very pleased that the hon. Minister is giving second thoughts, that the Government must take on board the feelings of the taxpayers—we have to be objective in these matters—who similar to the Clico investor had options with respect to investing their money. The taxpayers who opted not to pursue investments which offered obscene interest rates, which always carry risk, made a decision. To us, the taxpayers, many of whom are also retirees and who are paying tax on retirement income, to bear this burden is immoral and a social injustice.

Where the credit unions and the trade unions are concerned, institutions which are making investments in millions of dollars on a frequent basis, it is reasonable

to assume that they are informed investors. Further, the regulators of the credit unions ought to have been keeping a very close watch. So there you have a regulator again, who as far as I am concerned is not doing their jobs, and you have the man called Mr. Harry Harnarine, who every day is in the papers, expounding virtues about what is fair and unfair. I am trying to hold back because I am tempted to say what really should happen. They should get SAUTT to put duct tape on his mouth, to handcuff him and take him down to Frederick Street.

You know, there is an overarching consideration and this is important. A government contract—

Madam Vice-President: While emotions might be high, I would advise good temper and moderation in language.

Sen. H. Drayton: Thank you. Madam Vice-President, there is an overarching consideration. A government's contract is a commitment in continuity, meaning, a new government has an obligation to honour sovereign contracts however made—as I have said, I am trying to look at this matter all round—otherwise it shatters public trust, confidence and the goodwill that is there. So on what basis should investors believe that an IOU method of settlement will be honoured in time, if in five, 10 or even 15 years a new government is sitting there? It is a serious question because it has implications.

Now, admittedly, while the last government, the Central Bank and the new Chairman of Clico gave the investors assurance that their investments will be honoured, it was not a written guarantee, but it was a commitment and investors rolled over investments based on that commitment. Now, the then government and the Central Bank gave assurance because the imperative was to maintain confidence in the financial system and to mitigate systemic risk. In reading the IOU that was signed on January 30, it is clear that the Government's assumption that CL Financial had unpledged assets, which when monetized, will make up the shortfall in funds available to satisfy obligations to investors, existed.

So outside of any knowledge of the full extent of Clico's assets and examining the statement made by the hon. Minister of Finance, Winston Dookeran, to the effect that at the time of the last government's intervention, it made a reckless assumption that Clico's situation was simply a liquidity issue. I think that was a reckless assumption, and I could fully empathize with the People's Partnership Government in their decision not to pursue the strategy of the last government. It is a very difficult situation. One has to look at this very objectively, and why it was reckless. It is reckless because Clico has a track record.

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Now keeping in mind the national interest and the future well-being of all citizens, it is difficult as I have said, not to sympathize with this Government. The zero interest IOU payment in 20 years is the cheapest option for the taxpayer, and it is a solid solution for continued stability of the system. It is also in keeping with fiscal goals. It does place investors in the invidious position of finding an institution willing to discount the IOUs and when they do, they will receive much depreciated capital—those who survive 20 years. On the other hand, to pay these investors in a shorter time frame and with interest, will put a tremendous strain on the country and probably will affect our investment rating. That will be dire.

We only have to remember Jamaica and FINSAC. Jamaica is still reeling after 15 years. Fifteen years, 20 years, they are still feeling the effects of their crisis. As I have said, it is difficult, but I think the hon. Minister is doing the right thing in reviewing the plan for the retirees and seeking to negotiate with the bank and other intermediaries. Hopefully, they might be able to find a way of shortening the time frame or getting a finer interest rate with respect to discounting, maybe. But I think serious attention ought to be given to those vulnerable retirees.

With respect to the insurance statutory fund, I am certainly not entirely clear on how obligations under the EPA, which is the Executive Flexible Annuity and Mutual Fund will be handled. I am a little confused here. The Minister did say that details will come forward. I am assuming that it is through the statutory fund. If so, since this fund is for all insurance companies, care has to be taken that these obligations can be accommodated and this fund is not compromised.

So, Madam Vice-President, what are the lessons learnt here? First is the need for adequate legislation governing the operations of the insurance industry, securities industry, credit union industry and other financial players. It is urgent, and this Government should put it high up on its parliamentary agenda. Full disclosure to investors, insurance policy holders and the public by financial institutions and those agents of investment strategy and a risk profile of financial products must be enforced by regulators, so that investors can make informed decisions.

The need for conscientious and vigilant regulators to be distant from the political directorate, and I think probably this one is the most, not the most important, but equally important, which is the need for appropriate legislation governing election campaign financing. That is an imperative. Political parties, candidates, party committees, et cetera, should be required to disclose annually money raised from corporate citizens and individuals, the latter from a certain amount. It should be disclosed, and what should be disclosed is money paid out to individuals and corporations for services rendered to political parties.

The question has to be asked: Was Clico too big to bring to heel, or was its political investment footprint too big, too deep, and too attractive to be ignored? As I have said, I feel very sorry for the retirees. I hope that the hon. Minister of Finance would come up with a solution, and I think that he might very well do so. I commend him on a budget which I think is timely, appropriate for this time, and with that, I thank you for your attention. [*Desk thumping*]

5.45 p.m.

The Minister of Public Utilities (Sen. The Hon. Emmanuel George): Thank you very much, Madam Vice-President. Madam Vice-President, we of the People's Partnership Government, which I want to remind those opposite continue to be comprised of the Congress of the People, the United National Congress, the Tobago Organization of the People, the National Joint Action Committee and the Movement for Social Justice, continue to support the Minister of Finance in this budget presentation. We compliment him and we feel that this budget presentation by the Minister of Finance is the best budget that we have had perhaps in more than a decade. [*Desk thumping*]

Madam Vice-President, it is my pleasure to present to this hon. Chamber the planned activities for the Ministry of Public Utilities and the divisions, statutory bodies and state enterprises that fall under the purview of this Ministry for fiscal 2010 to 2011. The budget presentation of the Ministry of Public Utilities, Madam Vice-President, is based upon the sustainable framework for development as established by the People's Partnership manifesto which has now been adopted by the Government as its policy. The activities of the Ministry of Public Utilities and the divisions and agencies under it rest upon the seven pillars identified in the above-mentioned framework. We hope to ensure, Madam Vice-President, that through good governance, which is people-centred, the utilities sector will be oriented towards assisting in efforts to eradicate poverty and support Trinidad and Tobago's potential for economic growth and development.

In the budget presentation on the 8th of September, Madam Vice-President, the hon. Winston Dookeran, Minister of Finance, indicated that the People's Partnership will be focusing upon the attainment of four major goals, namely, the inclusive development of Trinidad and Tobago, creating a sustainable future, creating a competitive environment and encouraging the growth of Trinidad and Tobago's economy.

Madam Vice-President, a critical strategy to ensure the expansion of a nation's economy is that of improving its infrastructure and the strong infrastructure and

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efficient public utilities systems are critical components of a platform for a growing economy. The expansion of the availability of information and communications technologies will also greatly assist in the achievement of this objective.

The Ministry of Public Utilities is well poised to implement this strategy being comprised of the following agencies and divisions. The Water and Sewerage Authority, the Trinidad and Tobago Electricity Commission, TTPost, the Telecommunications Services of Trinidad and Tobago, the Regulated Industries Commission, the Government Printery, the Meteorological Services Division and the Electrical Inspectorate Division. Water, electricity and telecommunications services are now basic and essential human needs, Madam Vice-President. With this in mind, the Ministry has developed a one-year action plan which is a precursor to the longer term five-year plan of action, all of which would provide a solid foundation to strengthen the infrastructure and operations of the nation's utilities.

I turn now to the Water and Sewerage Authority. Madam Vice-President the Water and Sewerage Authority has been allocated the sum of \$193.3 million in this year's budget. The Water and Sewerage Authority is charged with meeting and expanding the increasingly sophisticated water and wastewater management needs of the nation. In addition to delivering its core services, the Authority is also expected to deliver customer care solutions to ensure that customers experience the highest level of satisfaction when conducting business with the organization. This latter mandate has been a perennial challenge for WASA and has resulted in dissatisfaction among the citizens.

By way of a little history, Madam Vice-President, I want to go back to the Government of 1995 to 2001/2. At that time in 1995, the Authority's average daily water production was 151.8 million gallons with an annual operating cost of \$364.7 million of which \$122.8 million was for wages and salaries. The Authority's workforce at the time, Madam Vice-President, was 3,477 employees and there were 304,692 customers. This translated into an average daily water production of 43.6 thousand gallons per employee and an average of 88 customers per employee.

[SEN. PROF. PATRICK WATSON *in the Chair*]

Over the period 1995 to 2001, the average daily water production increased to 185.9 million gallons in 2001. So production moved from 151.8 million gallons in 1995 to 185.9 million gallons in 2001. The customer database moved from

304,692 to 323,980 customers in 2001 and the numbers employed decreased from 3,477 employees to 2,518 and the annual operating cost of WASA rose in 2001 to \$655.8 million of which wages and salaries was \$284.5 million. This meant that in 2001 the average daily water production per employee increased to 73,800 gallons per employee with an average of 128 water and sewage customers per employee. This compares, of course, with the 88 customers per employee that was the figure in 1995. So things were improving for WASA.

In 1999 also, the Authority spent a total of \$177.5 million on capital projects and the Authority's daily water production at the time, that is in 1999, was 175 million gallons. So it was improving. As we saw in 2001 it increased to 185.9 million. However, when one looks at the funds that had been allocated and expended by WASA over the past eight years and compare that to the services received, we are appalled at the lack of value for money. I want to underscore so that people listen carefully to the numbers that I am going to call now.

For the period 2002 to May 2010, WASA has seen an increase in employment levels from 2,593 workers in 2002 to 4,434 workers in May 2010, a near 70 per cent increase in the number of employees. I am going to repeat those figures because they are important. In 2002, the number employed in WASA was 2,593 and it increased in May 2010 to 4,434 workers.

Overtime is another area of concern. From 2002 to May 2010 WASA's total annual overtime payment for both monthly and daily paid workers—and listen to the figure—moved from \$32.2 million to \$61.4 million over the eight-year period—from \$32.2 million, this is overtime, to \$61.4 million. In 2002, WASA produced 200 million gallons per day and total salary, wages and overtime was \$277.1 million. That is in 2002. In 2009, WASA increased its production from 200 million gallons per day to 224 million gallons per day, but wages, salaries and overtime moved from \$277.1 million in 2002 to \$794.5 million in 2009. I want to repeat those figures. Wages, salaries and overtime moved from \$227.1 million in 2002 to \$794.5 million in 2009 and all that happened with production was that it went from 200 million gallons per day to 224 million gallons.

So we have to understand what was happening in WASA. It was a lot of expenditure but there was no related production equivalent, and if you ask anybody in the country whether their water supply to their homes was improving, you know what the answers will be, a resounding no. So we have been spending money in WASA and we have not been getting value for money, not by any stretch of the imagination. So that, looking at the amount of money spent on salaries,

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wages and overtime and weighing this against the actual production of water and the delivery of water to the population, clearly indicates that we need to critically address the operations of WASA.

It is noteworthy that over the past five years WASA has undertaken approximately 25 studies on areas within the water and wastewater sectors at an estimated cost of \$168 million. These studies involved water supply studies costing \$18.4 million; water transmission and distribution study—\$25.2 million; institutional strengthening—\$53.7 million; wastewater upgrade and expansion study—\$55.5 million and a wastewater study—\$15 million. So we are studying and we are not implementing. Despite these studies, there has been little or no implementation of the recommendations of those studies.

In 2010, despite a total daily production of 225.4 million gallons of potable water per day inclusive of desalinated water, WASA will inform us that only about 18 per cent of its customers in Trinidad and 41 per cent in Tobago receive a water supply 24 hours a day seven days a week. The remaining customers, the vast majority, receive a scheduled supply ranging from six days a week to less than two days per week. The areas which have the most customers receiving a class five supply, that is, a supply of less than 48 hours per week, live in the following areas—Point Fortin, Couva/Tabaquite/Talparo, Mayaro/Rio Claro, Princes Town, Penal/Debe, and the Siparia Regional Corporation area.

The impact of such poor service is felt by all customers with the degree of impact being most severe for low income and rural communities as they often spend large sums of money on expensive and unsafe alternatives to cope with poor service. For example, they have to buy storage tanks, they have to wait on truck-borne water, sometimes they have to buy truck-borne water, illegally most often, and pay ten times the price that you would normally pay for water. At the same time, those privileged people who have a network connection receive water at below the cost of the service.

Now, I just want to digress here to speak to an encounter that we had during the local government election when we were on a motorcade. In the final days of the campaigning that motorcade was taking us from Point Fortin, I believe, to Siparia late in the evening and we were on a truck making our way to Siparia to have a public meeting there. We made a quick stop at Buenos Ayres because there was a crowd gathered at the junction there. Minister Warner, the Prime Minister and I were on the truck and when we made the stop Minister Warner addressed the crowd and so on and introduced the Prime Minister. As the Prime Minister

took the microphone in her hand, before she could speak there was this shout from the crowd, “Water water; 60 years we ain’ have water.” “Water water; 60 years we ain’ have water.”

6.00 p.m.

The cry was a cry from the heart. There was this gentlemen, obviously in his sixties, who was crying out for water. Sixty years of no water. I was moved to respond to him when the Prime Minister said, “Well we have the Minister of Public Utilities here, and he will respond to that.” All I could say to the gentlemen was, “Well you have 60 reasons why not to vote for the PNM.” [*Desk thumping*] So I thought I should say that, because the cries that come from these people are cries that come from the heart. They are waiting on this water, and it is not being delivered, although a lot of money is being spent, as I described earlier.

Of the many problems characterizing the water and waste water sector, three stand out. One is the issue of a significant and growing section of people being excluded from provision of reliable water service; two, the continued prevalence of inequity in the distribution of water; and three, the problem of sustainability covering the entire gamut of water management issues, from effective management of water services to conservation and preservation of water sources.

The Government will, in due course, initiate measures to address these problems. The real and immediate challenge, however, is increasing access so that every citizen in this nation can meet his or her basic daily needs for water in a reliable, sustainable and affordable manner. And here I turn to what the Ministry of Public Utilities will pursue; the initiatives it will pursue through WASA to get this reliable, sustainable and affordable water to the population that needs it.

This administration shall, in the first instance, ensure that every community in the nation has a water supply of at least two days per week—that is 24 hours per day, at least two days per week in a year’s time. To attain this goal, will involve the following initiatives:

- Installation of mobile package water treatment plants;
- Accelerated development of new groundwater sources;
- Building additional capacity to provide security of supply through service reservoirs;
- Increasing the reliability of production sources by upgrade works to water treatment plants in north and south Trinidad;

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- Replacement of critical segments of the transmission and distribution network, and improved management of water scheduling operations.

In that regard, WASA has been mandated to implement necessary measures over the next 12 months to ensure that the population it currently serves receives at least two days' water per week by next June. Pursuant to this mandate, the Government has allocated \$192.3 million under its development programme in this year's budget.

We have prioritized projects as follows:

- Ongoing projects which have commitments for fiscal 2010—2011;
- Critical projects that lead to a water supply of at least two days per week, minimum and guaranteed, in all areas of the country.

When I say that, we are not interfering with the people who are receiving water 24/7, nor those who have six days', five days' and four days' supply. We are addressing those who have less than two days' supply and trying to bring those up to a minimum of two days' supply per week in a year's time.

So as I said, the first was ongoing projects which have commitments for fiscal 2010—2011, and critical projects that would lead to a water supply of at least two days per week, minimum and guaranteed, in all areas of the country.

- Replacement and repair of badly deteriorated sewer mains in Port of Spain and San Fernando; and
- Commencement of a programme to ensure that all standpipe customers are connected to WASA's network, thereby eliminating the standpipe customer class.

In respect of the major water sources, under our project prioritization for 2010/2011, work will be done on major water sources at a cost of \$11 million, and will include projects such as Hollis Waterworks sludge extraction system and works on the North Oropouche, Arena and Navet water treatment plants to either maintain or increase the amount of water produced at those facilities. So we are first trying to ensure that the production facilities are producing at their rated capacity.

In respect of transmission, leaks in the transmission and distribution networks are a major cause of loss of water from this network. Unaccounted for water is currently estimated at 40 to 50 per cent of water produced. So we lose between 40 and 50 per cent of every gallon of water we produce in these reservoirs and facilities, and our major water sources.

WASA responds to reports of such leaks through its in-house operation repair crews or through the use of contractors. In order to have a response which is both cost effective and fast, WASA proposes to establish four rapid response leak units located in north, central and south Trinidad, and in Tobago, to address the issue of leaks on a 24/7 basis and improve the reliability of the water supply to consumers. However, it should be noted that in the medium to long term, the solution to the loss of water problem will rely in the replacement of the deteriorated mains.

We will also focus on certain critical areas, and WASA will be embarking upon a programme specifically designed to address critical areas which are in dire need of reliable water supply services at an estimated cost of \$30 million. These initiatives will involve a comprehensive action agenda geared towards ensuring an adequate supply of water to various underserved parts of the country such as Penal, St. Clements, Barrackpore, Siparia, Princes Town, Moruga/St. Julien, Rio Claro/Mayaro, Couva, Arima, La Brea, Talparo and Santa Cruz.

Projects which are relevant to resolving the water woes in each of the critical areas indicated have been identified. As part of the works to develop and improve local water sources, WASA will execute the procurement and installation of five potable water treatment plants and storage tanks in communities like Talparo, Matura, Penal, Point Fortin and Fyzabad at a cost of \$36 million. In Tobago, WASA will also undertake the rehabilitation of the Hillsborough Dam at a cost of \$3 million.

As it moves to address water transmission and distribution issues in the nation, WASA will actively carry out refurbishment works on water mains and distribution centres throughout the country. Works have commenced and will be completed on the Navet Trunk Main at a cost of \$60 million. These works will benefit citizens throughout the country and will serve to significantly strengthen the transmission and distribution network.

I want to shift a bit from the prepared text here to talk about a Cabinet decision regarding the Navet Trunk Main. The former Government took a decision dated August 30, 2006—and you have to listen carefully—because they knew what was to be done. It is just that they did not do it. On August 30, 2006, the Cabinet took a decision where it agreed:

- (a) To the implementation of the under-mentioned programme of works to improve the water supply to communities in south and south central Trinidad over a period of 15 months at an estimated cost of \$573,931,209.

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Now, I just said that in the budget, the Ministry of Public Utilities, for WASA, has been allocated \$192 million, but here, we have a programme of works to supply water to the communities in south and central Trinidad over a period of 15 months. Estimated cost, \$573,931,209. They really had money to do the work; \$593 million.

These works involved:

- The replacement of the 35-kilometre Navet Trunk Main. So, they knew they had to change that Navet Trunk Main and to put in a new main to replace the Navet Trunk main as far back as 2006; and there was a decision to do it. It was not done.
- The upgrade of critical segments of the transmission and distribution networks, including 100 kilometres of pipelines, construction of five service reservoirs; one each in Hindustan, Ecclesville, Plaisance Park, and two at Dades Trace in Rio Claro and installation of bulk meters.
- The installation of approximately 193 kilometres of new pipelines in unserved areas.

Cabinet agreed at (b), that consideration be given to the inclusion of the funds of the said sum in the PSIP of the Ministry of Public Utilities and the Environment, over a period of three years. For fiscal 2007, \$283 million; fiscal 2008, \$209 million; and fiscal 2009, \$80 million.

Here is what Cabinet noted, too, in respect of the projects; and this is instructive.

“The associated costs were in respect of the programme of works as indicated hereunder.

- Surveys and designs;
- Replacement of the Navet Trunk Main;
- Upgrading of the distribution network;
- Installation of new pipelines in unserved areas;
- Construction of the five service reservoirs;
- Bulk meters for the Navet Trunk Main;
- Road restoration work;
- A contingency for the Navet Trunk Main; and
- Project management costs.

All of which total \$573.9 million.

The decision to construct the new or replacement main for that Navet Trunk Main was taken in June of this year, when having read this Cabinet Minute, and noted that the approval was there for it, and I did not need any further approval, we identified necessary funds and WASA is currently undertaking in-house, the laying of this Navet Trunk Main.

Now, the importance of this Navet Trunk Main cannot be understated in respect of the service to people in the south and south central areas. The Navet Trunk Main is the foundation on which the supply to people in the southern areas is based. The old Navet Trunk Main was placed there, I think, sometime around 1962. If my memory serves me right, I stand corrected on that.

So that main has been there and it is now leaking most of the water that is sent through it under high pressure from the Navet Dam. It should have been replaced maybe 20 years ago. And there was the decision in the Cabinet Minute to replace it in 2006, but it was not important for the former administration to replace it. So the people in south suffered, hence the gentleman telling me, “For sixty years we did not have water.” It is mind-boggling. But I continue.

The waste water sector has been neglected also over the years, and as such, WASA will seek in this fiscal year to replace badly deteriorated sewer mains throughout the country, particularly in Port of Spain and in San Fernando. And again, I want to give a little anecdote on the issue of sewer and the deteriorated sewer mains throughout this country.

I had just received my appointment as Minister of Public Utilities, I think on the Friday; and the Sunday morning, I am home in my kitchen preparing breakfast about 8.30 a.m. and the phone rings and I answer it, and it is a call from a WASA employee who informs me that the sewer at Scott Street in San Fernando has collapsed, and the road has collapsed with the sewer. [*Interruption*]

So I drop everything and I head down. Well, I got a lot of heckling for that because, I mean, the first item on my agenda as Minister of Public Utilities was to deal with a situation—

Sen. Panday: As messy as that. [*Laughter*]

Sen. The Hon. E. George: A messy situation, to say the least. So I went down to south and so on—

6.15 p.m.

Sen. Hinds: “It has worse coming.”

Sen. The Hon. E. George: Indeed. I went down to south—

Sen. Hinds: “When yuh say, phone call, uh thought was somebody else, yuh know.”

Sen. The Hon. E. George: No, do not worry. I am talking about a messy situation right now. So I went down to south to deal with this situation. And it was instructive, when talking to the guys at WASA, this particular sewer had collapsed two years previously and what I was informed was that this sewer in San Fernando was reflective of the sewers in Arima, in Port of Spain and in San Fernando, because they were all placed or put in place in 1962/1963, thereabouts, by Lock Joint America. With no maintenance and no replacement they have been deteriorating over time and this is the first area that signals to us that we have to pay attention to our sewers and to try to replace them, otherwise we are in for a big mess, a much larger mess than I met on Scott Street that Sunday morning. It is reflective of how we have treated the infrastructure in water and in sewerage over the years. We have not maintained them.

[MADAM VICE-PRESIDENT *in the Chair*]

I did not bring it with me today but there is a chart that was prepared for me by WASA that shows the time that these facilities were put in place and the years that the pipelines were run. For example, the Hollis transmission line between the Hollis reservoir and Port of Spain was run in 1952. So all of these lines really should have been replaced a long time ago and we had money to do it, but nobody is paying attention to these things and we are simply caught up in building things that really do not give the ordinary people of the country the kind of infrastructure and support they deserve for basic items like water.

Sen. Panday: Tell them about the pressure on the Beetham as a result of those high-rise buildings.

Sen. The Hon. E. George: Well, in respect of the high-rise buildings that we have here, WASA informs me that if—and I almost said, God forbid—all of the high-rise buildings are occupied, when all of that waste is simultaneously pushed down from the Hyatt and the Customs building and those buildings that we have, and all of them simultaneously producing sewage, the pipelines taking it to the Beetham will not be able to handle the capacity. So we have built all of these buildings without thinking that there is ancillary infrastructure that we have to develop also in order to cater for the mess that we are creating in these buildings. So all of this is going to face us now and we have to clean up all of this mess.

The last major investment in waste water infrastructure was done in 1999—and notice the year again. A PNM government was not in power at the time. The last major investment in waste water was done in 1999 with the expansion of the

Beetham Waste Water Treatment Plant. It was not done by the PNM government, of course, and before that, the Lock Joint project in 1962 as I previously mentioned, and at present, only 30 per cent of Trinidad and Tobago's population is sewerred. That says that 70 per cent of the waste produced by citizens of Trinidad and Tobago goes into the ground and of course compromises our ground water.

In this fiscal year, WASA will complete works at Strikers Village Lift Station as well as complete the study on the integration of the San Fernando waste water system, all at a cost of \$2.9 million. WASA would also complete the projects previously identified under the Water Sector Modernization Programme at a cost of \$38 million. These include maintenance work on the Cumuto Water Treatment Plant, rehabilitation works at the Caroni, Las Lomas and Penal Water Treatment Plants and the construction of the South Oropouche Booster Station and upgrade of the San Fernando Booster Stations.

I now turn to the Trinidad and Tobago Electricity Commission. T&TEC continues to provide the public with a safe and reliable supply of electricity for domestic, commercial and industrial use. The peak demand to date of 1,205 megawatts occurred on June 16, 2010, an increase of 23 megawatts over the previous peak of 1,182 megawatts which occurred on September 08, 2009.

PROCEDURAL MOTION

The Minister in the Ministry of National Security (Sen. The Hon. Subhas Panday): Madam Vice-President, in accordance with Standing Order 9(8), I beg to move that the Senate continue to sit until 10.00 p.m.

Question put and agreed to.

APPROPRIATION (FINANCIAL YEAR 2011) BILL

Sen. The Hon. E. George: To meet existing and projected new load growth in the nation, a 64 megawatt dual fuel generating plant was commissioned at Cove Estate in Tobago in October 2009. This power station now substantially meets the power needs of Tobago following the damage in September 2009 of the larger of two submarine cables supplying Tobago. Repair works on this submarine cable commenced on August 31, 2010 and is expected to be completed shortly, greatly enhancing the reliability of supply to customers in Tobago.

Further, with the new Cove Power Station and the availability of submarine cables, Tobago will, for the first time, have the ability to export power to Trinidad. [*Desk thumping*] Systems are also well advanced towards the

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establishment of the Trinidad Generation Unlimited 720-megawatt power plant at Union Estate in La Brea. The power plant is currently being constructed with the first 225 megawatts of power expected to be available to T&TEC in the first quarter of 2011; the second 225 megawatts by mid June 2011 with full capacity being supplied to T&TEC by the fourth quarter of 2011.

To efficiently and effectively move bulk power from the generating sites to the load centres, work is ongoing on the construction of high voltage substations on transmission and sub-transmission lines. The estimated cost for fiscal 2010/2011 for these expansion works is \$163.8 million. During the period May 2010 to August 2010 construction work on the following substations and transmission lines were completed:

- Infrastructure works at the Union Estate La Brea 220/66kv substation to prepare it to receive power from the new TGU power station in La Brea;
- Brechin Castle-Union 220kv tower line, to interconnect the new power station at La Brea with the existing Transmission System (via the Union Estate Substation and La Brea and Section 4 of Brechin Castle Substation at Brechin Castle). This is the first 220kv line ever constructed in the country.
- The Pinto Road/Wallerfield 66kv double-circuit tower line is completed and energized which is the first phase in improving the reliability of supply to the East Transmission System which serves communities in Wallerfield, San Rafael, Piarco, Caroni Arena, Trincity and environs and the Tamana Inteck Park.

Work is also well advanced on establishment of the gateway substation, located on Wrightson Road at T&TEC's Distribution North, old compound, Section 4 of the Brechin Castle substation, establishment of the Sealots/Gateway 132kv cable circuit and the 66kv network in Tobago. Upgrade of the Pinto Road substation has also recently commenced and all of these ongoing works are expected to be completed in 2011.

Additionally, the major circuits from the Harmony Hall substation which was damaged by recent flooding are being relocated to the Reform Station to increase the reliability of supply to Petrotrin and environs.

To assist in a more efficient distribution system, new auto-reclosers are being installed to reduce area outages and outage time. In light of the increase in demand for services, a capacity upgrade of the 12kv circuits, which are between 10 to 15 years old, is being conducted.

To support improved customer service, the Advanced Metering infrastructure project was also recently completed with over 400,000 meters replaced. This infrastructure is critical in allowing continuous power quality monitoring, collection of load profile data, time of use billing and remote meter reading and eliminates the need for visits by meter readers to customer premises and facilitates billings based on actual consumption.

Several recreation grounds and public spaces have also been illuminated as demand for this service continues to grow. Residents now use the illuminated facilities for evening time leisure, sporting and exercise activities. This benefits society by engaging the energies of the youth in meaningful activities, contributes to a culture of health consciousness, creates greater camaraderie among residents, builds on our sporting competitiveness and improves the lifestyles and health of our citizens. From June to August 2010, illumination commenced on 25 recreational grounds, of which 15 have since been completed. Areas which have benefited from these works include: Laventille, Gasparillo, San Fernando, Caroni, Moruga, La Brea, Chaguanas, Diego Martin, Santa Flora and Port of Spain.

From the inception of the programme in 2006 to the present, 106 parks, recreation grounds and public spaces have been illuminated. Based on the benefits derived from the use of these illuminated facilities mentioned earlier, the Government is committed to the continuation of the lighting of parks and recreation grounds with an allocation of \$6 million and for public spaces across Trinidad and Tobago it has committed \$5 million.

Work also continued on the installation of street lights and the illumination of highways, main roads and other public spaces. In this regard, Government has allocated \$12 million to the National Street Lighting Programme. Illumination of regional health authorities has received the sum of \$7 million, the illumination of taxi stands and transit hubs \$1 million, and police stations, \$1 million.

I now turn to the communications portfolio of the Ministry of Public Utilities, namely, the Trinidad and Tobago Postal Corporation and the TSTT.

TTPost: The Trinidad and Tobago Postal Services Corporation is responsible for the delivery of the Government's Universal Service Obligation (USO) in accordance with article 9 of the Universal Postal Union Convention. This obligates the government to provide quality postal services which are accessible at affordable prices throughout the nation.

Now I want to say something here. The changeover from the old post office to TTPost was done in the period 1995—2000 and at that time it was envisaged that TTPost would wean itself off dependence on the Treasury, become independent of

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the Treasury and become a viable economic entity. At that time the indications were that it was well on its way to doing so. However—and I just went back five years—when the old post office was being changed over to TTPost, the dependence on the Treasury, I think at the time was in excess of \$40 million and we were changing it over precisely for that reason. But I want to quote some figures here that show that we are—

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

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

Question put and agreed to.

6.30 p.m.

Sen. The Hon. E. George: Thank you very much colleagues and Madam Vice-President. It seems that we will have to cross this bridge again because for the period 2005/2006 the subsidy paid by government to TTPost was \$33.5 million.

In 2006/2007, it increased to \$35.1 million;

In 2007/2008, it increased significantly to \$68.9 million;

In 2008/2009, it fell a bit to \$47 million; and

In 2009/2010, it is estimated to be the same \$47 million.

This is exactly where the old post office was at the time, in the 1995—2001 period, and was the basis of our decision to change into the new TTPost organization. Here we are going right back to where we started and it seems that we are going to have to repeat the exercise, if that is possible, to get this utility back on track. It is obvious that nothing was done to make TTPost self-sufficient over that period and it has fallen right back into the old habits and now it has become significantly dependent once again on the Treasury.

Since I have only a few minutes left, I want to skip to the NSDP Programme that we have been pursuing. The Government in this budget, the Minister of Finance, has allocated the sum of \$140 million to the National Social Development Programme. This programme continues to play a critical part in sustainable development in this country.

The NSDP aims at closing the gap between rich and poor by ensuring that the disadvantaged among us enjoy access to basic utilities such as electricity and water. Under the Ministry of Public Utilities, this programme aims at bringing relief to deprived communities and families in order to raise the standard of living

and quality of life of the people of Trinidad and Tobago. This administration intends to improve on the delivery of services provided to ensure the objectives of this programme are met.

As such, for fiscal year 2010/2011, this \$140 million will be utilized to improve the lives of the poorest sections of Trinidad and Tobago. We will break it down as follows:

Water projects	\$100 million;
Electrification projects to disadvantaged communities	\$15 million;
House wiring projects—where we wire people's houses, who cannot afford it	\$13 million;
Sanitary plumbing assistance—where we put in plumbing in people's homes, who cannot afford it	\$6 million;
Administrative expenses	\$6 million;

which will bring the total to the \$140 million mentioned above.

Improving water supplies to disadvantaged communities: WASA assists in the implementation of the water supply aspect of the NSDP and this, of course, is aimed at improving the water service to the under-serviced population throughout Trinidad and Tobago. This component seeks to bring relief to areas where the level of service is less than 72 hours per week and to areas without a water supply.

It is expected that areas serviced through this programme will enjoy a water supply of more than 72 hours per week up to having a continuous supply. Since May 2010, WASA has completed 12 water projects under this programme at a cost of \$3.24 million. This has benefited 764 persons from Arima, D'Abadie, O'Meara, Chaguanas, Caroni, Gasparillo, Manahambre, Tobago, Cumuto, Barataria/San Juan and Valencia.

Electrification and lighting of community facilities: In addition to the work carried out by T&TEC, as identified earlier, improving the social and economic welfare of the less fortunate sectors of the population by the provision of a safe,

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reliable and economic supply of electricity is part of the remit of the NSDP. Since May 2010, four community electrification projects in Surrey Village in Lopinot; in Diego Martin, Madras Settlement in Point Fortin have been completed at a cost of \$176,441.98; and 10 community recreation grounds have been lit at a cost of \$7.5 million.

House wiring is the more well-known aspect of the NSDP and aims to provide access to electricity services or refurbishing of existing wiring where it is old, faulty and a fire risk to individuals and families of low income persons and also to community facilities.

The NSDP specifically focuses on first-time users of electricity and on improving the safety and reliability of existing electrical installations. This Government is pleased to inform this Senate that the practice of utilizing community-based electricians and small electrical contractors to execute these projects will be continued. Since May 2010, the NSDP has undertaken the wiring of 311 houses at a cost of \$3.93 million.

The Utility Assistance Programme: Cabinet, at its meeting on September 16, 2000, approved a new programme which expands on the Hardship Relief Programme to now allow for our poorer folk to have subsidies on their T&TEC bills, in addition to their WASA bills. The Hardship Relief Programme came into being in the 1995/2000 government and that helped people to pay their water bills. Now, we are trying to help people with their T&TEC bills. We have married the Hardship Relief Programme and this new initiative, which was recommended by the RIC since 2006, but never implemented. We will now implement it and help people who qualify for relief on their water bills and now their T&TEC bills.

The Utilities Assistance Programme is designed to provide financial assistance to lower income persons who are customers of WASA and T&TEC. The assistance will be by way of subsidies in order to ensure their continued access to the basic utilities of water and electricity.

The Utility Assistance Programme combines the present Hardship Relief Programme started in 1997, with the Regulated Industries Commission recommended Low-Income Assistance Programme to assist low income customers of T&TEC.

Lower income citizens who qualify for both the water and electricity components of the programme will be able to benefit from both subsidies, thus increasing disposable income. It is to be noted that this subsidy amount between \$70 and \$100 in respect of water will now have the electrical component added to

it. The plan is that this amount will be reviewed by Cabinet pending the outcome of WASA's common tariff review schedule for next year by the RIC.

Qualifying lower income customers of T&TEC will benefit from a bill payment assistance of 50 per cent of the electricity bill up to a maximum of \$342 annually. This subsidy is to be applied to the electricity bill bimonthly to coincide with T&TEC's billing schedule.

In the first year of the programme, which was agreed by Cabinet on September 15 last—the Utility Assistance Programme—it is expected that assistance to approximately 12,000 needy persons will be provided at an estimated cost of \$5.5 million. The programme will be reviewed annually to cater for its expansion and to ensure that it is meeting the needs of its target population.

In respect of this programme, I should mention that this recent decision of Cabinet moves Trinidad and Tobago further along the road to meeting one of the United Nations' millennium development goals, namely, the eradication of extreme poverty.

We should note here that our Prime Minister is scheduled to address the United Nations Millennium Development Goals Meeting on September 21, tomorrow, at the UN headquarters, New York. The Prime Minister, *inter alia*, will speak to Trinidad and Tobago's efforts at poverty eradication and this recent Cabinet decision will provide tangible evidence of this Government's resolve to eradicate extreme poverty.

I now turn to the Meteorological Services Division. The Met Services Division of the Ministry is the official voice in Trinidad and Tobago mandated to issue weather forecasts and warnings for public safety, to help minimize risk to the health and safety of citizens.

The Met Office has retained its status as the main Met Office of the Eastern Caribbean. It is now housed at two separate buildings at Piarco and those buildings are 700 metres apart. The Administration Section, the Upper-Air Section and the Climate Section are housed in the Rawinsonde Building, which is obliquely opposite the Bel Air Hotel. The Synoptic Branch, which consists of the observatory, and the forecast office, which is located three floors up on the eastern end of the south terminal of the airport.

The Met Services Division has been allocated a total of \$5.5 million and there are plans to begin the construction of a new building to house its staff and equipment.

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I think I should close at this point although I have one other area to cover and that is the Regulated Industries Commission (RIC). I want to underscore some of the comments and statements made earlier and to indicate that this Government will be pursuing vigorously the improvement, in particular, of the water service to the people of this country.

For too long people have been suffering from lack of water and one of the first initiatives I had used when I took on the mantle of Minister of Public Utilities was to ask all the Members of Parliament to provide for me a situational analysis of what was happening in their constituencies; where were the areas suffering the most for water. I had asked them to identify even the streets that were affected, so that I could have a database and a springboard to understand the extent of the problem, constituency by constituency, because water is apolitical.

Any Member of Parliament and every Member of Parliament represents a constituency of human beings and we have to give them water; whether it is at the top of Morvant, Scorpion in Diego Martin West, Penal or Arima. We take the position that we will serve everybody and treat everybody equally as far as possible when it comes to a supply of water.

I thank you, Madam Vice-President.

Sen. Faris Al-Rawi: Madam Vice-President, it gives me great pleasure to join in this debate on the Appropriation (Financial Year 2011) Bill, 2010 and to make my contribution to the national community and this august Senate on the analysis of the budget for the people of Trinidad and Tobago.

My first order of task is to congratulate you on presiding over this budget debate. Notwithstanding the caution you volunteered to this Senate that we should keep our manners, your very presence has ensured that this debate has been an exemplary one thus far.

I am very proud to say that Senators opposite to each other have cooperated in a debate which stands singularly apart from some of the utterances heard in the Lower House. I do not mean to be disparaging, but I do ascribe to a higher level of political discourse and I certainly congratulate every Senator for keeping to those standards.

I must also congratulate the hon. Minister of Finance, Mr. Winston Dookeran, for presenting a budget, as he was obliged to do, to the national community. I cannot imagine that the hon. Mr. Dookeran's task was an easy one because, certainly, he speaks in several capacities, that of the leader of his aspect of the coalition government, and also in his capacity as Minister of Finance.

6.45 p.m.

There are quite a few objectives to please in making that kind of contribution, but I congratulate him because he delivered a budget which was in its essence—and I mean this in a heartfelt fashion—a continuation of the policies started by the PNM.

You see, Madam Vice-President, I say that because in my preparation for my contribution to this budget, I engaged in a wide scope of preparation. Firstly, I confess that I read every single budget paper that was presented to me, some 37 documents comprising thousands of pages. [*Desk thumping*]

Secondly, I listened to the contributions of Members in the Lower House and, certainly, contributions in this Senate.

Thirdly, I read and listened to the contributions of the citizens of this good country that we are proud to live in and represent—in the newspapers, in the debate and in the discourse on the radio and television.

Lastly, I reflected upon—as I am aware, my hon. friend, Sen. Kevin Ramnarine has done as well—all of the budget debates previously from the good Dr. Williams' date come forward. You see, I did that because this is my first budget contribution, and in doing that, I do not want to take it for granted that I have come half prepared, but my solemn regret, however, is that this budget debate confines me to only one hour.

I am sure that many of us who have been engaged in proper preparation—and I am sure that is all of us—would have wished to have had a more meaningful contribution by way of an expansion of time. To do that—this is a point that I will come to later—I solemnly recommend to this Government to go where no government has gone before and to, in fact, engage in a discourse with the previous administration.

Madam Vice-President, there is a reality by way of a contextual appreciation of this budget in its analysis that must be made at this juncture, and that is the diatribe, political picong that has been fed to the people of Trinidad and Tobago has become a phenomena that I wish us to move away from. You see, it subscribes to a policy of disingenuous debate.

It is difficult in one hour, as was proved by Sen. George's contribution, to roll out the true context of any ministry's policy when the reality is that he can only give the things to be done and cannot reflect fully upon that which was already planned for. The contextual appreciation of this debate is grounded in the fact that

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this budget is a budget statement, and budget statements are precisely mere statements of policy. This country is not yet privileged to have a budget statement anchored by an undertaking for deliverance of a budget within budget and on time. This is a point I will come to in a while.

Madam Vice-President, the reality is that the efficacy of the roll-out of any budget is inherently pegged to the manpower that is provided for it. You see, any one—I am sure in particular those distinguished Members opposite, and the hon. Senators who sit behind me—of those persons who have sat as permanent secretaries in any ministry would tell you that they are hamstrung in delivery of their undertakings by two factors, and this is rooted to the context of competitiveness that is a repeating refrain and point of reference in the budget statement.

Without the persons to perform the duties, how do you deliver on a budget? Secondly, without the incentives—this is a point which I will come to by way of competitiveness reference and the indices of the economic forum that has been set out for us by way of guidance—to perform, this country is hamstrung. That is the first contextual point.

The second contextual point is that we are pegged to—and in this budget there is a statement to that effect—a three-year to five-year delivery time. Trinidad and Tobago suffers an inefficient system of politics, I dare say, insofar as the political ticket in a bipolar political system—there being an opposition and government—has only a five-year ticket. What happens in a five-year ticket?

In the first year you are on the honeymoon, and as we see this is currently engaging the Government. In the second year when you become accustomed to your Ministry—this is pegged to the deliverables in the budget—you are now considering the roll-out of policy having known the culture of the institution that you are dealing with.

In the third and fourth years in particular, you are delivering the promises which have been rolled into the system, and in the fifth year you are on election trail. So, the reality of the context of this budget debate is firstly, having been blessed with excellent policy by the PNM in particular, ameliorated by what I am sure is going to be an attempt to lay good management on top of that, as the hon. Minister of Health has demonstrated—I would come to her contribution in a while—joined in the mutual purpose that we are both opposite and opposite; both interested in the development of this country—in that purpose, we must understand that the deliverable is a difficult one. And that the PNM did not deliver on its promises, because it committed political suicide.

Two and a half years into its tenure with a 26-seat majority, it called an election and it lost. It lost in an excellent show of democracy at work, some 400,000 persons in this country provided a mandate and passed the baton to the People's Partnership, but it is disingenuous for us to say that the PNM failed to deliver when one appreciates the context that in year three, four and five you would have seen the deliverables. That is point No. 1.

Madam Vice-President, with the context put into gear, a reflection on the specifics of the budget now comes to hand. In reflecting upon the specifics of the budget, the hon. Minister of Finance makes a valiant attempt to say that he is facing the issues and turning the economy around.

Underpinned in his budget is, again, the repeating refrain of establishing confidence and fostering innovation and entrepreneurship. He says, essentially, by my reduction of his budget, that these are the two core concept principles that rise out of his plan. He also attempts, and I would say unsuccessfully, if one were to appreciate the context in which the budget is being delivered, that the PNM failed and that is with a full term not yet had by the People's National Movement for whatever reason.

Sen. Panday: What was the reason? Tell us the reason!

Sen. F. Al-Rawi: The reason was political suicide, Mr. Panday. [*Desk thumping*] The fact is, this Opposition which now constitutes the PNM is one that faces the issues; is not running away from the fact that we will stand ready to form an alternate government by way of development of strong policy whilst we are in the winter of Opposition. We firmly intend—in the discourse that we engender in this Senate—to discharge our role as a responsible Opposition to challenge all of the policies, decisions and steps where they are in need of challenge as presented by the People's Partnership. [*Interruption*] I am grateful that my learned friend, more senior to me, and who leads the People's Partnership coalition, has recognized that there is graciousness in my tone, and I thank him for being good enough to recognize that. [*Desk thumping*]

Madam Vice-President, when we look to analyse the specifics of the budget, the fact is, having understood that the manpower factor in a Westminster model system as we have and the manpower factor in a public service that we have, as is currently structured, are the two essential points in moving this economy away from a factor-driven or efficiency-driven economy as it is defined in the economic forum reports, into an innovative-driven economy as is the intention for us to get there. Those three classifications of the economy—we are ranking in the

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efficiency driven and straddling the footstep backward from the factor-driven economy—are intent on moving to the innovation driven, and it is that ranking that is the much debated ranking as to where we stand in the competitive index and reports that have gone out. But because the budget is a policy statement, it is open to wide abuse. I draw it akin to the fact that in the statement of that policy to the natural law debates, where it can be twisted to both justify and castigate any particular point of view—There is a famous expression by Mills, which I ought not to repeat in this Parliament, but the fact is that it is for the use of all mankind and it can be twisted one way or the next.

Madam Vice-President, in looking at the core analysis points of the People's Partnership budget, I note that the four prongs that Sen. The Hon. King referred to stated that there is a heavy undertone that the PNM was profligate in its spending and uncaring in its attitude towards the citizens of this country as I would demonstrate—[*Interruption*] I am very grateful that the very vivacious Minister of Health should chose to interrupt—from her own contribution in a short while, it lies not in her mouth to make these statements, but the proof is in the pudding and I will get there shortly.

Madam Vice-President, the fact is that the core concept of confidence and the core concept of innovation and entrepreneurship as a second point, ringing through the People's Partnership budget as it does, really form the context of analysis in my contribution.

Madam Vice-President, I propose to take you along a path of an examination of seven areas of confidence that I say the People's Partnership has failed to address sufficiently. [*Desk thumping*] It is for that reason that I hope to persuade them to openly acknowledge the very noble concession as was so amply demonstrated—I commend him for that—by Sen. the Hon. Brig. Sandy who had the moral courage to admit that so good was the former Minister of National Security Martin Joseph's last plan, he intended to hire him but was cautioned otherwise.

Sen. Panday: He get a better man in me! [*Desk thumping*]

Sen. F. Al-Rawi: Secondly, apart from the admission of the continuity of plans, that it should retreat on certain inherent decisions that they have taken which affect the revenue generation diversification issues facing this country, in that regard, I reflect upon the contributions of the hon. Sen. Ramkhelawan. He reminded us in his contribution on the State of the Economy that the contribution

by Sen. The Hon. King—he having described it as an anaemic—that there are three drivers of our economy: the private sector, the consumer sector and the government sector. He called them the three horses.

In pointing out the fact that the private sector and consumer sector were limping, unperforming horses, that it fell incumbent upon the Government as the third kicker of the—

7.00 p.m.

Madam Vice-President: Senator, can you confine your contribution to the debate today, rather than going back to what was said in the context of statements made about the Senator's contribution.

Sen. F. Al-Rawi: Madam Vice-President, I will, of course, be guided by you, but far from inexperience, my practice in the law always teaches me—and I have done it, may I say most respectfully—to ground my submissions in the fact, and the fact is, I speak about the drivers of the economy as referred to in the debate. So whilst I will be guided—

Madam Vice-President: At the start of this debate, I indicated that relevance—there is wide interpretation in a budget debate. I ask that Members be guided accordingly. So if your relevance is a bit unreasonable, I will guide accordingly. So, please, be guided accordingly.

Sen. Hinds: Members must be free to express themselves in this budget debate.

Sen. F. Al-Rawi: I can only ever be guided by you, Madam Vice-President, though I may sometimes respectfully disagree with you because the contributions opposite have not been curtailed. That I said [*Desk thumping*] I am guided by you because you occupy that chair, I hope even-handedly. I am anchoring my submission in the drivers of the economy, and the drivers of the economy, as I was on point in saying, being the private sector, the consumer sector and the Government sector, two of those horses limping, the third sector by this budgetary contribution has not—you see, Madam Vice-President, you did not anticipate me correctly. But the point is the third driver of the economy being the Government sector, it is my position from the statements in this budget, and if you wish, I will continue to hold the budget and I can point to page by page where I made the representations, but it is grounded in fact and in this budget. But the point is this budget does not deliver the adequate kick to the economy which I say is a necessary catalyst to take this country forward.

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The budget as presented is an anaemic one at best, but it is anaemic on steroids. While the blood fails to gel in terms of transportation of vital oxygen, the fact is that the steroids of masquerade of deliverance are distracting. I say that grounded in the budget, in that the revenue item has been significantly ignored by this partnership. We heard the echo on the Independent Bench today and we heard it downstairs, that there is magic in this budget. We heard Sen. Dr. Lester Henry say that there was in fact no magic, and the reference to magic here that they were speaking about is specifically related to the revenue generating items.

You see, notwithstanding immense protestations as to the need to move away from the plantation energy model, that is repeated in the manifesto as the first policy item precursory to the budget of the People's Partnership and in the budget itself. The fact is that this budget as presented is entirely energy-related and dependent, and the point is that it is specifically the removal of the important revenue generating concepts without consultation, without transparency and without the condescension of explanation that causes the misstep in the budget.

Madam Vice-President, the first act of confidence that one could look to catalyze would have been the acknowledgement that, firstly, the People's National Movement in fact recommended and we have it—come through the budget, but in a masked form, surplus spending, deficit management in classic, Keynesian economic philosophy. Secondly, that the handover of this economy in the two and a half year term that it was, that the economy handed over was an excellent one. I say that because:

1. A reflection upon the economic reserves;
2. the quantification of money in the Heritage and Stabilisation Fund;
3. The fact that—I am surprised that the Heritage and Stabilisation Fund saving should be the issue on the other side, and I will come to that—the credit rating in this country had not slid at all;
4. The fact that the oscillatory demands on the exchange rate had not affected our exchange rate in any manner whatsoever in a relative and strong context.

And for all of those reasons, the first admission in this budget should properly be that the economy was in a good state of health.

Sen. Mary King in her contribution this afternoon said that it was again, in her words, not quite a “basket case”. I think it is disingenuous of anyone to present that the economy was not in a good state, and that specifically planned deficits for

three years were understood, announced and rolled out by the People's National Movement. You see, Madam Vice-President, there was a plan for recovery which has been removed in this budget. Had there not been a removal of essential revenue generation capacity by the People's Partnership as it has done in the removal of the aluminium smelter, in the failure to diversify the economy in the manner that was contemplated previously, in the removal and non-explanation of a suitable alternative to the Trinidad and Tobago Revenue Authority, in the failure to collect lands and buildings taxes due for 2010, all of which are points which I shall deal with in greater detail under austerity measures, the fact is that the revenue generation capacities have been eroded to the detriment of this country.

So the first point of confidence, if it is the hon. Minister of Finance's true intent to do that, would have been to accept and say, "Ladies and gentlemen of this country, we inherited a well-organized structure in this economy. We disagreed with certain aspects of spending which we will deal with progressively, but that you, the citizens of this country in this budget should be reminded that we are on the path to strong and sustained growth". That is the first point he should have done.

The second point that the hon. Minister of Finance should have done by way of contemplation of the efforts of his budget and in seeking specifically to anchor it to the aspect of confidence which he has as a constant refrain throughout the budget and throughout his contributions to the honourable Senate this evening, would have been for him to properly analyze the effect of the economy as it relates to transparency in the removal of the generation capacities that he has taken away.

Madam Vice-President, in that regard, I wish to point specifically to the fact that notwithstanding very fierce debate among the People's Partnership that this economy should move away from an energy-based plantation economy, that it has solidified a reliance upon the energy model. It has done so specifically insofar as the budget, which is the largest budget in the history of Trinidad and Tobago, had been premised upon an oil value of \$65 per barrel and a gas netback value of \$2.75 per barrel.

Secondly, that even though there have been failings to offer any form or modicum of explanation as to why it is there should be a stark turn away from their policy—even though that is the case—the words contained in the budget and indeed in statements prior to the budget are of very significant importance.

Madam Vice-President, I specifically refer to the fact that as it relates to energy, it is conspicuous that no full statement has been provided in the Lower

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House where the debate was strong, from the Minister of Energy and Energy Affairs. I was corrected today to understand, that she is coming to address this Senate, but I would have thought that it is in fact very important in the Lower House where there is a different form of debate, that a definitive statement on energy is provided by the Minister of Energy and Energy Affairs or her representative. You see—[*Interruption*]

Sen. Panday: She will be here tomorrow. Do not rush.

Sen. F. Al-Rawi: Madam Vice-President, the fact is that energy being the driver and being pegged as the point position for this budget, for the numbers that make this budget work, it is important to have the energy statement as to the diversification in particular. The Minister of Energy and Energy Affairs herself is on record in stating three very strong observations.

The first observation that she made in July of this year to the Energy Chamber is that the People's Partnership acknowledged that it makes no sense addressing an exploration thrust if we do not have downstream development and it is not the Government's intention to move to the downstream level without that. That is her first statement.

The second statement by the Minister of Energy and Energy Affairs from the outset is that it is not Government's intention to disrupt any programmes in train; and the third statement by the Minister of Energy and Energy Affairs as it relates to this debate is that the Government will make fact-based decisions using international standards in order to strategize in winning today for tomorrow.

The fact is that contrary to those assertions and contrary to the representations of the hon. Minister of Finance, the People's Partnership has moved very far away from that, as is seen in the fact of their removal of projects.

The first factor that flows out of that has already been addressed by Sen. Subhas Ramkhelawan, and that is the magic in the numbers and, therefore, the success in the economy is directly pegged to the ability to keep the Henry Hub price there at \$5, as our netback price as pegged in the budget is \$2.75. The pegging of the \$2.75 netback price in this budget is an irresponsible one, and that is so because it is public knowledge that the Henry Hub as it floats currently is at \$4. It is also public knowledge as a result of the high pricing of gas, that the majority of the world's economies have looked to alternate market including shale gas in particular, and for that reason it is very likely that the price of gas will continue to be very moderate and certainly in a netback value sense under \$2.75. The other factor is that it is well known and on the public record that the gas

producing countries in Qatar and in the Far East are coming on stream 2010/2011, and that unlike OPEC which has a cartel for regularization of prices as it relates to oil, there is currently no organization administering the roll-out of gas prices to keep them at profitable levels.

Trinidad and Tobago ranks sixth in the production of gas per capita ratio in the world, and we are reaping immense benefit from that position, which I might add, at the hands of the People's National Movement. We are reaping immense benefit from that position and have become the envy of many people, and those people have ramped up their gas production which means that it should be known to the Minister of Energy and Energy Affairs and known to the Minister of Finance that a pegging of \$2.75 as a netback price relative to whether it is Henry Hub or otherwise is a dangerous price to fix.

7.15 p.m.

It is dangerous because it is also well known that notwithstanding the protestations that the price of oil, when it was over \$100 a barrel should be pegged—there was a cry when we had it at \$50 a barrel—notwithstanding protestations of that kind, the greater protestation was that there should be better savings for future generations. I refer specifically to the Heritage and Stabilisation Fund because the surplus revenue that results from any price above US \$65 or above \$2.75, means 60 per cent of that surplus at the hands of PNM legislation, and I mean Act No. 6, it is, of 2007, the Heritage and Stabilisation Fund Act, goes for the benefit and rainy days for future generations to come and that by pegging it to that value, a high oil price value and a \$2.75 value, one, you are having an erosion upon the savings for future generations, contrary to your protestations all the while and, two, you run the risk of having to come back to revise your budget and, three, suffering a larger deficit than you have expected.

You see, Madam Vice-President, I reflect upon the fact that it was a measure of prudence on the People's National Movement's part in dealing with its last budget that it set oil values at \$55 a barrel and in doing so it was able to accrue for the benefit of the Heritage and Stabilisation Fund, which is up to some \$8 billion right now, savings of over \$2 billion this year. The fact is, that without that benefit in place, little or no savings will go to the benefit of our future generations.

Madam Vice-President, the other area of irresponsibility in pegging it as it was is that the Minister of Energy and Energy Affairs and anyone on her part in the Lower House ought to have properly informed this population that the stated

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objective of the PNM was to move to an end user of natural gas and minerals. You see, we have been reminded time and again and in the context of the budget that the greatest value to be provided to the people of this country is from a maximization of these resources, that we get mere crumbs by selling our gas and oil to third parties when instead we could get better return on investment and better employment for our locals by utilization as an end user, but that was not factored in this budget.

In fact, what was factored in this budget was a specific, and I would say callous, removal of revenue generation products. You see, Madam Vice-President, there was no disclosure of the fact that of the eight natural gas consumption and mineral gas consumption entities planned for by the People's National Movement for the benefit of this country in its planned deficit scenario work out to be out of deficit financing in three years, that of those eight projects—and those eight projects included a methanol to propylene complex, the Essar Steel Project, four urea ammonia plants, the ethylene complex, the maleic anhydride plant and, of course, the smelter—that of the eight projects, none of them is moving ahead and that the smelter really featured as the core single element left which would have provided this country significant revenues.

It would have provided this country a reversal from the trend seen in energy where, energy, notwithstanding its prevalence in our budget as stated and as it has traditionally been, being a contributor to significant portions of our GDP, only employs 3 per cent of our labour. A project like the smelter would have reversed that trend. It would have created 750—770 permanent, high paying jobs which the hon. Sen. King, I use the phrase, “licked up”, by saying our skilled labour is not cheap. How could she denigrate the citizens of this country by saying that they are not cheap therefore they should not be employed? She has denied employment opportunities to 770 persons. She has denied some 2,000 persons job opportunities for the construction of that plant. She has denied some 3,000 persons downstream industry working and utilization jobs.

So in one fell swoop, by the removal of a smelter, dealt with by a mere one minute and 30 seconds in this honourable Senate, the fact is that we have removed the core revenue generation concept which would have taken us away from a deficit financing run for another year, we would have come out of that, because the truth is that the plan for deficit financing was nearly there. When you add the Heritage and Stabilisation Fund savings to the actual deficit number enjoyed on

the 2010 position, you will see, Madam Vice-President, that Trinidad and Tobago actually only incurred a one billion dollar deficit. Had we had the revenue generation capacity and the diversification capacity in place, that budget deficit could well have disappeared in the next years.

Madam Vice-President, the casualty is further exacerbated by a reflection that the so-called environmental concerns were met. The reduction of effluent of hydrogen chloride and hydrogen fluoride had been brought down to best in world standards of less than one micron. Next, there was no contemplation of the consequence of cost to the citizens of this country. They having invested in the plant for the power generation, the port facilities and the contract for the aluminium smelter with the government of China, with Brazil and with Venezuela, no statement in the one minute and 30 seconds that Sen. King condescended to provide us by way of explanation was made as to the cost to the citizens of this country for the cancellation of that project.

Further, whilst it is they say that they wish to increase trade and stimulate the country by widening trade negotiations, no factor of cost was provided to the loss and casualty caused to the government of Brazil, to the government of China and to Venezuela. Because, what have we sent a ringing tone for? “Trinidad and Tobago is not to be trusted to enter into contracts because in their five-year political ticket cycle they are going to throw away your contract.”

So how do we foster confidence amongst investors, by cancellation of contracts, more so when there is hubris in not explaining to the citizens of this country, the cost implications? There is hubris in not addressing the fact [*Desk thumping*] that the diversification is shot. There is hubris in not noting adequately that the bring on of any new plan that they could have will be in a seven-to 10-year cycle and that their budget by its own statement is based upon a three-to five-year cycle? You see, Madam Vice-President, that rocks a core concept of the budget as presented.

Madam Vice-President, the costs put aside, the disrespect to the people of Trinidad and Tobago factored, I call upon this Government to do two things in particular. The first thing that I call upon them to do is to establish forthwith a parliamentary oversight committee which would comprise all Members of this Parliament on all sides because it is time, and the People’s National Movement proposed it, that we do not take decisions that are costly and filled with hubris as we have seen now—away from single hands—and put them to the benefit of the shared responsibility where oversight can be had.

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The second thing that I call upon them to do, which they had been clamouring for previously, is to state publicly the gas contract price. I would add a third. I did not mention it because I did not think that they would do it but I genuinely call upon them to reconsider the cancellation of this project, Madam Vice-President, because the cancellation of this project does not augur well, A, in terms of their statements as to creating confidence, B, in terms of the loss of revenue that is going to cripple their budget, and God forbid that I am correct, and I fear that I am, the budget is going to be crippled. The fact is that I call upon them to reconsider and I hope that you, Madam Vice-President, will be persuasive when you retreat with them and encourage them to reconsider in the benefit of the interest of the citizens of this country.

Madam Vice-President, there has been much talk about fostering competitiveness and innovation. The hon. Minister of Finance has said openly that we must move away from Nobel Laureate positions as to traditional economic concepts of labour and that we must hold on to the concept of entrepreneurship, but, in considering the aspect of entrepreneurship I wish to make one point now. Much ado has been said, much song and dance has been played relative to the so-called slipping that Trinidad and Tobago has seen in the global competitive index ranking.

The truth is, Madam Vice-President, nobody told us from their bench that 37 new countries were added to that ranking. Nobody pointed out, as the hon. Independent Senator did, that, in fact, we really rank in the middle of the pack. Nobody focused upon the institutional strength which Trinidad and Tobago enjoys high ranking in respect of, which, in fact, I wish to state, the People's National Movement invested in—infrastructure, health, education, all deliverables anchored in this budget in the best form of compliment by way of imitation. Madam Vice-President, I invite you to reflect upon the statements in particular at pages 50 to 56 of the budgetary documents in this volume which will show unequivocally that the budget is a dead ringer replication of the investment in social structure that the People's National Movement has done.

Madam Vice-President, how do we hope to foster entrepreneurship and confidence and innovation if we do not recognize—

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

Motion made, That the hon. Senator's speaking time be extended by 15 minutes. [*Sen. F. Hinds*]

Question put and agreed to.

Sen. F. Al-Rawi: [*Desk thumping*] Thank you, Madam Vice-President, thank you hon. Senators. Madam Vice-President, as a direct mechanism of confidence, I wish to point to the fact that it is widely accepted in every economy that is suffering from the effects of the global drama, economic drama, that austerity is important. A dollar saved is a dollar earned. What has this budget demonstrated relative to austerity? Apart from the fact that it is “inaustere” to throw away the money on the smelter as they have done, apart from the fact that there is no acknowledgement that surveys and plans were well spent moneys because, as the hon. Sen. George will tell you, his ability to roll out plans in his Ministry, as he has told this honourable Senate, is premised upon the fact that the surveys and plans were done.

What is critical at issue, Madam Vice-President, is that it was incumbent upon this Government to save every cent that it could, but what has it done? It has told us, “Take a tax holiday for 2010 on lands and buildings taxes.” It could have brought, and I wish to put it on the record, a very simple mechanism to allow for the \$73 million in collections, another hundred million dollars in collections too from boroughs and municipalities, et cetera. It could very simply have brought the old lands and buildings taxes legislation, put it in the Lower House, pushed it upstairs and it would have been automatically dealt with. The people of this country would have had money in their hands and their budget deficit-financing would have been all the much less for it.

7.30 p.m.

The other factor is that there is, again, no explanation by way of cost savings and measures of austerity as to what they propose to do in replacement, in specific terms, of the Revenue Authority. You see, Madam Vice-President, whilst it is my heartfelt view that the Revenue Authority was a good measure, badly rolled out by the Government and opened to wide criticism, the fact is that it would have applied an equitable scale of reduced taxation to the benefit of the citizens of this country; whereas right now, under the lands and buildings taxes regime, there are widely oscillating scales from 9 per cent to less than 2 per cent. So even though that was the factor, we are told that revenue generation is somehow miraculously going to improve, when they have removed a core concept of centralization of services.

You see, the Revenue Authority and its removal from this budget was meant to shore up the leakages in the system; and that deals with the competitive markers as it relates to customs and as it relates to taxes. That would have pushed us up in the competitive rankings because we would have bettered our efficiencies

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there, and the citizens of this country would have been better off. But they have not done that. They tell us by some form of “please blindly accept it” virtue that they are somehow going to miraculously collect these taxes. Madam Vice-President, I ask them, and I hope that the hon. Minister in his wind-up will tell us, what the specific measures to increase efficacy in those systems are, because those are the catalysts for confidence.

Madam Vice-President, I wish to turn to the point that it is a critical concept of competitiveness that this country acknowledge the damage that is done to it in terms of its ratings when wild allegations are thrown out relative to Members of the Government, Opposition, and persons in the wider society. In this regard, Madam Vice-President, I wish to refer you—lest you think that I am not anchoring it in terms of the context of this budget—that the budget itself deals with confidence, specifically, at pages 6, 8, 11 and 23; and that international credit rating agencies and reports that rank us that inspire the confidence of the stated objective to cause foreign investors to come to our country; here is how they rank us, Madam Vice-President.

I read from Euler Hermes, *Country Review for Trinidad and Tobago*, May 14, 2008, which ranked Trinidad, risk grade then in 2008, as a grade BB. Rankings of AA being the best, A next, BB, B, C and then D. Specifically, Madam Vice-President, in looking at our strengths, they said that:

- “● Functioning democracy with peaceful transfers of power, notwithstanding underlying ethnic tensions...
- Energy rich economy
- Strong external liquidity position
- Comfortable public and external debt position”

But under weaknesses, Madam Vice-President, and importantly here, routing to confidence:

- “● Government needs to tackle rising crime and both main parties are dogged by corruption allegations”

Madam Vice-President, in the Global Competitiveness Report, 2010 to 2011, it is conspicuous that our rankings are affected in terms of their assessment of where we stand on public trust of politicians. In fact, we were ranked 103rd in that public trust.

Madam Vice-President, there are three matters relative to this public confidence that I wish to refer you to, as anchored on the foundation that I have set in the budget documents and in the ranking of competitiveness and entrepreneurship. The three matters which I refer to are, in fact, statements made in the Lower House. I note very kindly, Madam Vice-President, that you allowed the hon. Sen. Baptiste-Cornelis to refer clarifications in that House—to provide clarifications in that House—and so, I take comfort in proceeding as I now do.

The first allegation made relative to confidence was done by the hon. Dr. Roodal Moonilal in his contributions to the debate on September 17, 2010. Minister Moonilal went to an internal audit report of the HDC and indicated that for the years, certain issues had arisen. He spoke of the Managing Director, Mr. Garcia, who resigned from the HDC with effect from June 30, 2008. He was paid a compensation package equivalent to 18 months' salary.

I refer to page 22 of that. He says:

“That was not the bad part I really wanted, you know. It is this:

‘The internal auditors also noted that there were two wire transfers totalling £35,000. The transaction dates were outside the scope period of this report. These transactions were made—’”

He said that a payment had been made to the Managing Director's son, and he called his name after permission was granted by the hon. Prime Minister. He said one Christian Garcia. And that a TT equivalent of money was sent to him, and that there was no indication that this was paid back or being repaid.

Madam Vice-President, that is a very serious allegation which rocks the concept provided in this budget. It rocks the global competitiveness reports and it touches and concerns the country reviews which our country rates. You see, there is a gross difficulty that I have, and that is in the fact that all of the documentation exists in the HDC; and I know, because I brought a box from it whilst I was there. [*Desk thumping*] Lying right there for anybody who wished to ask, instead of throwing allegations of corruption which hurt all of us and our country's competitive index.

Lying right there was the proof that there was a note to the HDC Board that an approval was given, loan documentation provided, stated at high rates. Secondly, that money was completely repaid and never paid to one Christian Garcia, but in fact, wire transferred to a hospital in London which was the beneficiary of the emergency medical services which he was receiving there.

Sen. Hinds: They tell lies.

Sen. F. Al-Rawi: Madam Vice-President, I wish to commend that this honourable House take stern action in encouraging persons to be careful in their comments as to persons' good name.

Sen. Hinds: Privileges Committee.

Sen. F. Al-Rawi: Madam Vice-President, the second matter I wish to refer to is, in fact, a statement which again touches and concerns the Global Competitiveness Report; and it relates from the contributions of hon. Jack Warner. Madam Vice-President, Jack Warner, in fact, said, in his contribution on September 16, 2010—[*Interruption*]. He says here, Madam Vice-President:

“Mr. Speaker, I go further. I would give you a joke. Nidco wanted to move to a new building that is called the Hazel Manning Building. The building is at the corner of No. 1 Alexandra Street and Tragarete Road.”

Sen. Panday: Who is the owner?

Sen. F. Al-Rawi: Madam Vice-President:

“Nidco paid 10 per cent down, which is \$334,000. They paid it to a lawyer called Al-Rawi. In case you do not know, Al-Rawi is the son of Diane Seukeran who is a PNM Senator.”

Sen. Panday: Who is the owner?

Sen. F. Al-Rawi: And then he says:

“They paid him that money and they asked him: “Give us back the money now”. That money was paid to him in March 2009. The same year they wrote him the first letter: “Please give us back the money.” No acknowledgment. On May 27, they wrote him: “Please give us back the money.” No acknowledgment. On July 19, I said: “Write him, I am here now, HNIC, head—and I would not say it—in charge. They wrote him, no answer—\$334,000. Therefore, I am taking the next step to go to court.”

Madam Vice-President, the hon. Minister failed to inform the House, relative to good name, that I have never received any moneys. That I acted as an attorney-at-law in a transaction. [*Desk thumping*] That in my capacity as a lawyer, I am separate and apart from any of my clients, and it would be madness and folly for anyone to sue a lawyer in the conduct of his work; and that there is no way on God's earth that money could ever be asked to be repaid by me.

I call upon him, Madam Vice-President, through you, in the context of this debate, anchored to the context of corruption and confidence as it affects our economy, [*Desk thumping*] to immediately withdraw; or next, to have the courage to stand on the public step outside there, without the cloak of parliamentary privilege, and repeat those actionable words. Because it is a gross misrepresentation that as an attorney, the hon. leader on the Bench opposite should know well.

Sen. Panday: We know who you collected the money for.

Sen. F. Al-Rawi: Madam Vice-President, the third matter that I wish to refer to is the fact that the matter of confidence is also affected by the statements of hon. Herbert Volney. Madam Vice-President, today the Prime Minister had cause to issue a publication to state—and this roots to confidence—that the views expressed by a Minister in her Government relative to the budget contributions are not the views of her Government. [*Desk thumping*]

A scathing attack is made on the Chief Justice of this country, and there is a move away from that position, Madam Vice-President. I state in the context of this debate that that is unacceptable. It is as unacceptable as any attack on my good friend, Emmanuel George would be, in the capacity of acting as a Permanent Secretary. I do not subscribe to—[*Interruption*] and the Members of this House must stand up for honesty, integrity and the whole truth when they give positions. [*Desk thumping*] I am sure that they will be most laudably carried out, especially by the hon. Subhas Panday, who is in an articulate, vociferous position.

Madam Vice-President, I wish that I could have spoken for another hour, because I had here the roll-out plan relative to health that the hon. Minister of Health read. A dead ringer in May, 2010 of that delivered by the hon. Jerry Narace. Her Ministry was well primed and good for her. I call upon the Government to retreat on its decisions which affect us relative to revenue. I call upon them to uphold the highest standards of integrity, honesty, and decency, and I call upon them to come back to us in an accounting manner and tell us how they have delivered when the next budget comes up, because we are watching, we will be diligent and we will hold them to task.

Thank you, Madam Vice-President.

Sen. Danny Maharaj: Thank you, Madam Vice-President. As I enter this debate, let me first take the opportunity to congratulate the Minister of Finance on the 2010—2011 budget presentation, and to say on all counts, that it was simply

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masterful. The era of square pegs in round holes has been relegated to history. Furthermore, I would like to recognize our distinguished Prime Minister for the excellent work she is doing in steering our country forward. [*Desk thumping*]

Madam Vice-President, it is very interesting listening to the contributions of the goodly Opposition Senators; confused, separated from the reality of Trinidad and Tobago, and apparently living in their own world. Strange, Madam Vice-President. Strange. First, I would like to deal very briefly with the point made by the hon. Sen. Dr. Lester Henry, who rose this morning, stood up and started to make certain attacks on the budget.

7.45 p.m.

One specific comment he made was in relation to the idea of the tunnel, which I thought was very interesting. He summed it up by saying that it did not make any sense; it was senseless. Strange, because in the 2008/2009 budget presentation by the PNM, under the National Highways Programme, Phase II, it talked about a first class road/tunnel from the East-West Corridor in the vicinity of Curepe/Tunapuna, to the North Coast. Senseless? I wonder if he is suffering from the classical foot-in-mouth disease. [*Laughter*]

Furthermore, while we take in stride some of the comments made by the goodly Senator who spoke previously, we are here to deal with issues. We are not here to sweep the dust under the rug and create false impressions on untrue platforms, just for the global perspective. If we cannot identify and recognize the issues, then we cannot treat with the issues, and if we do not treat with the issues, then we will not develop. So strange his philosophy of deceit, in terms of our actual position as we develop as a country, as a people and as a nation. We are a developing country. Let us face the facts; let us recognize the issues and let us deal with them. This is the business of the People's Partnership Government.

Furthermore, he spoke about rhetoric. I kept hearing the word "hubris", so I went to the people's dictionary, that is, the streets, trails and elevators in Trinidad and Tobago and I asked them what that meant, because it was a new word to me. They said it meant "PNM". [*Laughter*] I think it was inappropriately used in his contribution.

The reverberations from this year's budget presentation indicate economic remodelling, fiscal dexterity and the emergence of a new hope for our future prosperity in Trinidad and Tobago. The budget has received many endorsements from individuals, associations and organizations. Just to give a few examples: *Newsday* article, September 12, 2010, by Sean Douglas said:

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"Trusted, courageous, noble, steadfast, innovative, was how Mr. Dookeran came across on Wednesday in the Lower House, guiding the ship of state through global financial choppy waters.

Dookeran's speech signalled a seismic shift in the ideology of governance from the PNM's paternalism/dependency to a vision that invited citizens to become individual share-owners of several of the nation's key State companies..."

These are the words represented on the outside. Furthermore, KPMG, tax newsflash, September 08, 2010:

"In his maiden budget presentation, the honourable Minister of Finance Mr. Winston Dookeran, took the 'bull by the horns' and set a bold agenda to face the issues and to turn the economy around."

Ernst & Young:

"Focus on Trinidad and Tobago Budget 2011"—September 08, 2010—"The 'big picture' suggests that the People's Partnership has sought to commence the process of transformation with a greater emphasis on stimulus rather than austerity."

Madam Vice-President, it goes on; the Trinidad and Tobago Manufacturers' Association, September 09:

"The Trinidad and Tobago Manufacturers' Association applauds the initiatives to address crime and lawlessness as announced by the Honourable Winston Dookeran."

"The Trinidad and Tobago Coalition of Services Industries (TTCSI) welcomes the Budget Statement delivered by the Minister of Finance today."

This is the TTCSI's response to the Budget 2010/2011. So we see reverberations, the sentiments and thoughts of the different interest groups, individuals and stakeholders on this masterful creation.

Madam Vice-President, to truly appreciate this budget formulation, it is very important that it be understood from a historical perspective and futuristic foresight, because things in life never really stand in isolation; everything is interrelated, interconnected and interdependent. This People's Partnership budget comes on the heels of eight previous PNM budgets. [*Crosstalk*] Do you know what that means? It means eight years of nothing really being done; eight years. [*Desk thumping*] We have eight years of expectations to deal with; eight years of neglect to deal with.

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Madam Vice-President, 2002/2003, Vision 2020: People, Our Priority; 2003/2004: Charting the Course to 2020: Empowering People, \$22.33 billion; Addressing Basic Needs, 2005/2006, \$34.1 billion; Moving Onward, 2006/2007, \$40.259 billion; Determined to Reach Our Goals, \$42.2 billion; 2009/2010, Strengthening Efficiency, Addressing the Challenges, \$44.33 billion; strange, strange. And today this country is plagued with poor roads, pothole after pothole in our rural communities. We have wooden bridges that are rotting and people must travel over these at the risk of their lives.

Health—Our Minister of Health has encountered a situation that is no different from that of 2002: long waiting hours, hospitals being understaffed and lack of beds; the Scarborough Hospital still incomplete and no Oncology Centre, but she will deliver. [*Desk thumping*] Worst of all, they have allowed a social monster to grow, to develop, to haunt, to stalk and to steal the lives of our citizens: crime, a society with its citizens creating self-imposed prisons. How can we think about great ideas, becoming entrepreneurs and so on, when we are afflicted with fear and we wonder who is going to break through that door and shoot and kill us? It is a form of mental imprisonment. We must understand this, because after investing so much money into apparently fighting crime, they did not do the relevant things, the basic things, and the simple things.

Rather than giving police officers vehicles, rather than training and developing them, rather than providing the technology necessary to track criminals and to have a rapid response system, they decided it was more prudent to have a hot air balloon floating around to capture criminals. I wonder if they had planned to throw a net from up there to catch the criminals. [*Laughter*] It was the whole concept of not being relevant and not really focusing on the job that was necessary.

We have started to deliver. The Commissioner of Police has been appointed; we will deliver the technical support through the National Security Operation Centre; we are going to give the special duty allowance of \$1,000; we are going to give the technological support to fight crime and we are going to focus on what else needs to be done to get the job done. Our Minister of National Security is determined to arrest the crime situation in this country and whatever it takes we shall do. Then we will talk about our international perspective; then we will talk about developing business, because you need to do the basics, the very simple things, before we can actually have foreigners coming here willing to do business. Do you think they want to walk with their briefcase and have to dive behind some bushes or run from building to building? It is crazy; we need to deal with the

crime situation. Our budget speaks to putting the technology and the managerial systems in place and we have the political will with our Minister of National Security to get the job done, and we will do it. [*Desk thumping*]

All the PNM budgets had common threads. There was the thread of dependency; the thread of disconnect; the thread of misplaced priorities and, most of all, the thread of broken promises. So it is important to uncloak and unmask them as they come now so saintly and talk about patriotism, national building and national interest. I wonder if the former administration was really concerned about national interest or the interest in their bank accounts; wolves in sheep clothing. [*Interruption*] [*Crosstalk*]

Sen. Panday: Especially that one.

Sen. D. Maharaj: They spoke about Vision 2020. There were five pillars: Developing Innovative People; Nurturing a Caring Society; Enabling Competitive Business and Investing in Strong Infrastructure.

8.00 p.m.: *Sitting suspended.*

8.45 p.m.: *Sitting resumed.*

Madam Vice President: Senator, you may continue.

Sen. D. Maharaj: Madam Vice-President, as I was indicating, the construction of this budget was really shaped out of the history of our recent past and I was indicating in reference to Vision 2020 and the developmental pillars, that is: “Development of Innovative People”, which we believe is very important; “Nurturing a Caring Society”, very important; “Enabling Competitive Business”, very important; “Investing in Sound Infrastructure and the Environment”, very important; “Promoting Effective Government”, very important, but words on paper, words spoken, are different from actions taken. There is a clear separation between caring, plans and actual reality, and it was clear that these ideas and concepts were never materialized.

As we ask ourselves why, we will uncover reasons and reasons will lead to clear facts. The PNM administration was unable to erect any of these pillars. The Vision 2020, as we have revelations now from our Attorney General, from our Minister of Works and Transport and from all the Ministers in ministries, the figures are coming together; the contractors are coming together; the relationships we see as we visualize the relationships between party, government, associates, we understand that Vision 2020 was really a cover-up.

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We must face the reality, because when we face reality we can deal with reality. Cash cows were being created by the Brian Lara Stadium which we all know about; Scarborough Hospital, NAPA, Summit of the Americas, the Waterfront project; these were cash cows.

So what was intended—written—in terms of people development, in terms of uplifting infrastructure, creating new levels of efficiency, aiding in developing entrepreneurs, expanding the global markets, was just a cover-up, because there were no real energies, directions, will and determination. It was not the real intent of the government so it failed miserably. So this is why we are, in 2010, with really no development in terms of the moneys invested and the results attained. The investment per result is very small.

Sen. Faris Al-Rawi who spoke previously, also said that we are the new drivers and they are the passengers and that we now hold the keys to the vehicle, but he did not tell the country that the PNM drove the vehicle off the road into a ditch. But that is another story. We have inherited an economy in a state of disrepair and in terms of the real economy, in terms of the infrastructure, in terms of real programmes that should have been laid previously to have a growth path being created—we are really eight years behind now. But with the ingenuity, the skill, the foresight and the creativity from the Minister of Finance and his team and the visionary leadership of our Prime Minister, we shall accelerate the process and speed things up as we move forward.

This budget is appropriately titled: "Facing the Issues - Turning the Economy Around." The budget is engaged in economic remodelling as it redirects our developmental path. I would consider myself a young person and there are so many young graduates; there are so many citizens who have great dreams and one of the central and core drivers as we reengineer our economy, is to reaffirm that our most valued resource is not oil and gas but, in fact, our human capital. This is a key concept when we study this budget. It is really a psychological transition that leaders, managers and the population at large must realize that our human capital is our most valued asset, with its collective innovativeness and creativity that is within our people.

This is why we see the heavy investment in education and training, close to 10 per cent; \$8.325 billion and this is why we see educational initiatives, such as the laptops for children, expanding GATE and the Prime Minister speaking of the South campus; the Integrated campus facility in Tobago.

But it is clear to me that the Opposition has not truly made that transition in understanding that our human capital is our most important asset as we move forward and grow as a country, because oil and gas will not last forever. What will be there? It is our people to lead this economy forward.

It is clear to me that they do not understand this and I will say why. Because when their political leader uses a corrosive, abusive and I dare say, septic term, such as "duncy head" in relation to our young students—

Sen. Hinds: He did not. Honestly, young man; he did not. Read *Hansard*.

Sen. D. Maharaj:—in relation to our young students, I say they do not understand the value of our human capital. We must change that mindset, that thinking, that philosophy, that understanding, that valuation system.

Sen. Hinds: The change you want to see must start with you.

Sen. D. Maharaj: If I may, Albert Einstein, one of our most respected scientists in history, a Nobel Prize winner, had challenges in his formal education. Fred Wallace Smith is the founder, chairman, president and CEO of FedEx and he got a "C" in his economics class project that became FedEx.

I say, we of the Government Benches totally and distinctly separate ourselves from the Opposition on this issue. There is nothing like a "duncy head" child. All we see are potential and budding geniuses. [*Desk thumping*] They are our emeralds, our rubies and our diamonds.

The People's Partnership Government is steadfast in believing that our country's future is in the book bags of our young students, one filled with books and the other with a laptop from the People's Partnership Government. [*Desk thumping*] We understand that knowledge is a key factor of production as we strive to stimulate and add a new vitality in the entrepreneurial aspect of our economy. We have laid the foundation in the past and now we are strengthening and our hon. Prime Minister, then Minister of Education under the UNC administration, was aggressive in her educational pursuits. She launched the building of 16 new secondary schools; universal education; secondary school education.

Sen. Hinds: Including the one on Sackville Street.

Sen. D. Maharaj: We also set up the Dollar-for-Dollar Programme, the launch pad for GATE. It was our vision. Setting up the educational structures and growing a knowledge-based society is only one aspect of the developmental

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process. The knowledge base must be merged with an efficient, relevant and effective administrative system for our emerging entrepreneurs. This is why the Minister of Finance spoke about realigning, rearranging the institutions such as Nedco, the Agricultural Development Bank, the Business Development Company, the Development Finance Limited. We have to initiate the institutional restructuring programme to provide the proper response mechanisms, to eradicate the inefficiencies; when I say that, to stop the runaround. We must have a streamlined system and coordination of our operational frameworks. Our organizational culture must change.

State enterprises must not be used by governments and officials to manage slush funds for their cohorts, cronies and fanatical supporters. When you read the previous budget presentations, it would seem that there was great investment in our young entrepreneurs that many things were being done; many systems being set up.

9.00 p.m.

I refer to an article in the *Sunday Guardian* dated November 16, 2008, where an audit was ordered into the Sangre Grande Office of NEDCO after allegations of financial impropriety. There a well-placed National Entrepreneurial Development Company (NEDCO) source was said to be investigating alleged false declarations and application forms for funding; clients requesting money for one purpose and using it for another; overlooking of stringent criteria for borrowing and making funds easily available to friends and families; alleged falsification of documents to allow people to get loans for which they would not normally qualify; and encouraging people with poor and bad credit ratings to put the names of their relatives if they did not qualify. There were instances where items put up for security by borrowers were said to have been stolen, forcing National Entrepreneurial Development Company (NEDCO) to make insurance claims for these items. There were loans not being serviced by delinquent customers because of ineffective follow-up; some businesses going bust and unable to repay loans also because of lack of follow-up.

Madam Vice-President, committee chairman, now Speaker of the Lower House, had to deal with these allegations at the Public Accounts (Enterprises) Committee and among the allegations I want to refer to some of the things he said.

He said that the National Entrepreneurial Development Company (NEDCO) had been lending money willy-nilly to every Tom, Dick and Harry and that the Auditor General's Report showed the extent of recklessness. He went on to state

that a *Sunday Guardian* article revealed that there were also instances where NEDCO officials had been aligning themselves with certain business establishments, which they then recommended to borrowers. He understood that providing the financial support and having enterprises set up was not good enough. There must be a proper management system, good leadership, a determination to make accountability and transparency the watchwords of these institutions and to implement them. I tell you, under the leadership of our Prime Minister, this will be done.

Madam Vice-President, I want to make reference, as a form of reinforcement in terms of a dire need and our personal responsibility as a government to provide systems to facilitate the growth of our graduates; the growth of those with ingenuity; the growth of those with special talents and the growth of every single citizen.

This budget is creating a pathway, clearly, of opportunity, real opportunity. We are not just saying that these institutions are there to give money to set up parlours and other small businesses; we are saying that we believe in the creativity of our people. We know our people are naturally innovative and we are going to remove that cloud that hung over their heads for eight years and let them see the limitlessness of the open sky. We will create the vehicle to move and shuttle our entrepreneurs and thrust them straight into the international global market—a clear pathway.

As mentioned by the Minister previously, there is serious work to be done because the global competitiveness score, as highlighted is 3.9, and we are ranked 84 out of 139 countries, especially in terms of the pillar for innovation, our innovative capacity. Clearly recognizing the necessity for this structural and administrative investment, the Government is working toward creating a national innovation centre that will consist of centres of excellence, small and medium enterprises with finance, marketing and market development systems. The doors are being opened; the People's Partnership is here. We are determined to turn this economy around. Properly facilitating entrepreneurship will lead to the creation of small business enterprises.

From the World Resources Institute, some benefits for small and medium enterprises, available data reflects investment in community, important sources of employment, particularly low-skilled labour, source of linkages that strengthen national economic vitality; more flexibility and innovative capacity as a whole than large corporations.

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Let us for a few moments recognize the sheer power of innovation and the entrepreneurial spirit.

Mark Zuckerberg launched Facebook from his dorm room at university quite recently, about three years ago, and we all know about Facebook. This revolutionary social networking website, now boasts of hundreds of millions of users, close to 500 million, I believe. The company's net worth is now estimated at US \$20 billion, nearly three times our entire budget.

Michael Dell started Dell computers out of his university dorm also, in 1984. His innovations in manufacturing and distribution have made him one of the most successful businessmen of our time; personal net worth US \$30 billion, approximately 4.75 times our national budget.

Lakshmi Mittal, born of humble beginnings in a village that did not even have electricity, made his fortune in the steel industry and his personal net worth is estimated at US \$43 billion, approximately 6.55 times our national budget.

J. K. Rowling, the British author of the Harry Potter fantasy series, net worth, US \$1 billion, 15.47 per cent of our national budget.

Do we see the power of human capital? Do we see the power of innovation? Do we understand now that if we harness the creativity and the sheer brilliance of our people, we will become unstoppable? This is why we are partnering with the people. This is why comments from our side indicated that it is about sharing and brainstorming and integrating our entire population as we journey forth and as we create a better Trinidad and Tobago.

We go on to the International Business Centre which will augur well in the whole developmental process for young entrepreneurs. We need to be more globally competitive and the Minister of Finance has indicated that working with Evolving TecKnologies and Enterprises Development Limited (eTecK), the Tourism Development Company, the Ministries of Trade and Industry and Finance would create an international business centre which would be supported by the Economic Development Board and the Competitiveness and Innovation Council. We are opening doors. We are clearing the skies. Our neighbouring country of Barbados, if we should draw example from them, rank 43; Puerto Rico, 41; in terms of global competitiveness. Barbados enjoys a high degree of respectability.

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

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

Question put and agreed to.

Sen. D. Maharaj: Thank you very much colleagues. I was indicating that the neighbouring country of Barbados enjoys a high degree of respectability among investors. Why is this? Why do people choose to do business at the International Business Centre? Some of the factors are very clear. They have a business-friendly environment, strong human capital, high quality infrastructure, tax advantages, investment protection and a good quality of life. Human capital is important there.

9.15 p.m.

Madam Vice-President, there is great hope. The People's Partnership Government will deal with issues as it will face them squarely. We shall not run from the task or say it does not exist. We accept our responsibility to turn this economy around and we are doing so by facing the issue squarely. As we journey to become globally competitive, we must bridge that gap between the leather sandals and crafts being sold on the streets of San Fernando, Port of Spain, Store Bay and Scarborough with the store shelves in New York, Berlin and Toronto. We must be able to bridge that gap between the gowns and suits being tailored in Arima and Princes Town, with that of hot picks in Miami, London and Paris. We must bridge that gap with the agriculturalists in Barrackpore, Couva and Caroni, with that of the grocery shelves in Caracas and Kingston. We must bridge that gap between the steel drum that is being hammered and shaped in Point Fortin, Tunapuna, Laventille and a pan man playing in Tokyo, Curaçao and St. Lucia.

The People's Partnership Government will slide open the international doors and we will position our people as global leaders to walk stride by stride with those in Japan and England and eventually forge ahead. We believe in our people. We love our country and most of all, we have the political will to get the job done. I thank you, Madam Vice-President.

Sen. Shane Mohammed: Madam Vice-President, before I begin my contribution this evening, let me first take the opportunity to congratulate you on your appointment and subsequent elevation to the Chair. I congratulate the Minister of Finance on a budget that speaks for the people and of the people. I congratulate my colleagues on their sterling contributions in support of this 2011 budget. I must also take the opportunity to congratulate one of my political mentors, Sen. The hon. Subhas Panday, on his well deserved appointment as

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Leader of Government Business in the Senate and Minister in the Ministry of National Security. Finally, I must also humbly thank the hon. Prime Minister for having the vision, the humility and the grace. She was given the mandate by the people of Trinidad and Tobago to lead us for the next five years.

I stand here today in support of one of the best budgets in the history of Trinidad and Tobago; one that is finally people centred and formulated with the intention to create stability to the economy, as well as economic growth and development.

I have spent the last week listening to the budget debate in the other place and I sat here today listening to the contributions of those on the Lower Front Bench on the opposite side and I wonder how pathetic! What else do you want? How much better can you possibly ask for, or is it a situation where you are accustomed to so much wastage that this 2010/2011 budget is like a foreign language to you?

I bring reference to the address by Sen. Al-Rawi, who spoke about the diversification issues in the budget and I turn his attention to the budget that says: "Sustainable Future ensuring long term growth." I do not know if the hon. Senator does not understand what diversification means. To mean expanding the energy sector, revitalizing the agricultural sector murdered by the PNM and expanding tourism, is that not diversification?

My next question: How did the PNM plan to diversify the economy by forcing upon the people an industry that was not in their best interest? I bring reference to, I am sure you are well aware of the movie, *Erin Brokovich* which is a true story that was shown to the entire world. Did your government, when it was in power, take example from the story of Erin Brokovich when it decided to set up an aluminium smelter plant? Did it ever think about the repercussions and effects on the people that would have been around? I digress.

There is no doubt in my mind the hon. Minister of Finance, in his vision for Trinidad and Tobago, thought it extremely important to consider the young people of this country. The Minister, in his wisdom, sought to develop and expand, as my friend and colleague Sen. Maharaj said, their entrepreneurship skills. But, the Minister of Finance did not stop there; he went a step further to address the accessing of financing for those young people who were interested in this field. I ask those on the other side: When you were here, how accessible was your agency for young entrepreneurs? Was this accessibility geared for all and were the processes and bureaucracy involved people-friendly, so as to encourage and not

discourage? I can tell you no, because I tried to access this agency, the National Entrepreneurship Development Company, on several occasions but the only thing I got was transferred from one phone line to another. I know of persons who walked in only to walk out with nothing; not even inspiration.

The PNM government, while in office, boasted of its work in education, but today I ask: What did you do with regard to those students who were not academically inclined? Did you seek to promote, enhance or develop institutions like YTEPP, John D or the National Energy Skills Centre? Did you ever open up opportunities for those skilled in mechanics, plumbing or masonry? Did the PNM government ever move towards getting institutions of higher learning accredited when it came to those young people who were excelling in skills?

It warms my heart to be part of a Government which, not only addresses the issue of skilled students while on the campaign trail, but acted by addressing it in our national budget, thus making it one of our national policies. This recognition of skilled students is important and thus, this Government seeks to develop a shipbuilding and repair industry. Not only that, we aim to educate and employ those who embark on this field, better yet, we have moved to give our young people encouragement by making these skills a university programme under the University of Trinidad and Tobago. Why did you not think of that?

If the PNM has the audacity to refer to our Form 1 students as “duncy” and then Sen. Fitzgerald Hinds gets all offended, then I wonder whether they regarded skilled students as “duncy”. Also, is that why the years that you were in government you made no attempt to develop the education system with regard to technical and vocational students? Hmmm? Then you have the audacity to come here and ask us about vision plan. You do not have a clue what that means.

Under this People’s Partnership Government, our youths have been given a wealth of opportunity in education. Given the fiscal strain left by the squandering PNM administration, the People’s Partnership Government that is made up of the UNC, the COP, NJAC, MSJ and TOP, was left with no other option but to go into deficit budgeting and found it most important to expand avenues available to young people to develop themselves professionally, with the introduction of the International Fashion Industry and the expansion of the film and entertainment companies—diversification.

Imagine, in the last administration, the Minister of Sport and Youth Affairs did nothing to promote young people in the fashion industry; one which he came from. There were no workshops, no programmes, not even a space in Fashion

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Week Trinidad and Tobago to highlight, promote or encourage the work of young and upcoming fashion designers and entrepreneurs. Those on the other side used every opportunity they got to create doubt and fear in the minds of our young people, especially when it came to GATE and OJT. We heard so much about this Government planning to stop GATE, thus plunging our youth into financial debt. How foolish of our PNM detractors to use such a fictitious gesture.

If the other side had one ounce of wisdom in their thinking, they would know that the hon. Prime Minister, in her many incarnations, is a champion of young people. That is why I am standing here. If the hon. Prime Minister had no other choice but to cut cost in one sector to ensure that GATE was expanded to develop and embrace technical and vocational students, then she would do it.

I urge my friends opposite not to get fooled by the former Prime Minister and the former PNM and their former leader. My Prime Minister does not have her head stuck in the clouds with the belief that she is the sovereign empress of Trinidad and Tobago and all its dependencies.

The hon. Prime Minister and this Government care for the people of this country and more so the young people of Trinidad and Tobago. I ask you this question: When last did you see a Minister of National Security walk, talk and mingle with the young people? It was our Minister of National Security, Sen. The Hon. Brigadier John Sandy, who took time from his schedule to walk up to Laventille and Morvant to mingle and talk with the young people and encourage them to enlighten themselves by becoming right citizens of Trinidad and Tobago. That is what the People's Partnership Government is about, reaching our people.

They talk about Sen. King coming into the Senate today and denigrating workers in this country, yet you are the ones who came here and had the audacity to insult our people by calling their children "duncy". I do not get the logic. I really do not.

But I wish to tell our young people today that our youth can rest assured that they would be inspired to be better men and women when they look at the exemplary Ministers who accompany the hon. Prime Minister. Unlike the Lower Bench, we aim to serve, to provide and to inspire.

9.30 p.m.

This budget aims to address every single sector in Trinidad and Tobago, and one such sector that has suffered under the PNM administration in its quest to reach developed country status was tourism. But before I go there, I want to address the much boasted about Vision 2020.

Madam Vice-President, today I ask: What was vision 2020? Did Vision 2020 address the basic needs of the citizens of Trinidad and Tobago? Was it a situation where, as usual, the PNM no longer thought it necessary to consult the people, but instead imposed upon them whatever they felt necessary in order to reach developed country status? Madam Vice-President, I would tell you something else about the last PNM government and some of the Members sitting opposite.

The PNM entered office at a time when money and resources were flowing through this country like never before in our history; money was plentiful. Madam Vice-President, you will remember that while growing up, especially in the country, your mother would often say to you: “Do not behave like yuh from the gimme gang,” and that is exactly how they behaved with the money, and this is what they did.

Madam Vice-President, they stole some; they threw away some; they gave away some; they lent some; they borrowed some and “hide” some. That is “gimme gang behaviour”, and now they have the nerve to come to us and the people as if they so care. When they were here and we were on the other side, they behaved as though they had no conscience and no consideration for the people who put them in office. What hypocrisy!

As I was saying, tourism: Tourism under the PNM, as with every other sector that did not involve construction or oil and gas has suffered tremendously. In an attempt to diversify the economy of Trinidad and Tobago and to promote economic growth, the Government has embarked on a plan to enhance our tourism industry.

Trinidad and Tobago, as it stands now, has undoubtedly a rich and diverse cultural heritage and there is no reason why the people of our country should not benefit from this wealth, unlike the past administration that did not see it important and whose heads were literally stuck in the oil. As with everything that was allowed to fall apart, it is heartening to know that our sights and attractions would be upgraded and rebranded under the Ministry of Tourism.

Even more overwhelming, when you look at it, it is a fitting tribute to our forefathers alike and all those who were shaped in the sugar belt that the People’s Partnership Government aims to establish a sugar heritage village and museum. Just when the PNM thought that they had ended the reign of queen sugar, and put a final nail to the Caroni (1975) Limited coffin, here comes the People’s Partnership Government to set up a museum. At least, we will have the memory

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of a once vibrant industry. I shudder to think that the former PNM leader must have cringed at this development, since we all know how much he loved and respected Caroni (1975) Limited and its workers.

Madam Vice-President, imagine money overflowed under the PNM, and all they could have thought about was to build skyscrapers and mansions. The People's Partnership Government, in just a few months, under the financial strains, can be innovative in our budget presentation to address avenues that would eventually benefit our nation. It makes you realize who has a vision and passion, and who were just a bunch of schemers.

I listened to the PNM. They spoke about indices; they spoke about "we" not having a vision; we not knowing what we are doing; and that we are stopping a multi-million dollar project. But they can come here and boast how much they want about the various indices that we ranked highly as a result of the good work of the PNM, but do not forget in your boasting that we ranked even higher in indices that pertain to crime and more so corruption. What do you have to say about that? You want to talk about "we" stopping a \$73 million project, but you have failed to address the issue of why did you spend \$565 million on a design for the rapid rail project. What is the logic? How do you justify that? I do not know

Since I am on this topic, I have a revelation for Sen. Al-Rawi. He decided that he would launch an attack on the esteemed Minister of Works and Transport, but what you all do not know is that we are quick on the ball here. We think; we are thinkers. Who is Nahous Limited? Madam Vice-President, Nahous Limited is the client of Sen. Al-Rawi, and I thought I would address this matter since he raised it. Nahous Limited was the owners of No. 1 Alexandra Street and Nidco, under the Ministry of Works and Transport, sought to lease a floor from the building at No. 1 Alexandra Street, which cost \$3.4 million annually. [*Interruption*] You see, you raised the issue.

Sen. Hinds: What does that have to do with the budget?

Sen. S. Mohammed: In March 2009, Nidco paid a down payment of \$334,000 toward the lease of the floor. However, the building took too long to be completed and Nidco was no longer interested in the lease and, therefore, that is how the issue arose with the \$334,000 that Nidco is now asking to be refunded. That is just for clarity. [*Interruption*]—from Nahous Limited.

Sen. Al-Rawi: So you are apologizing for Jack!

Sen. S. Mohammed: No, I am just setting the record straight. I listened to the PNM talk about Tobago and how precious and vulnerable Tobago is and yet I have to ask: What was done to boost tourism in Tobago? What did the former administration do to capitalize on the rich natural resources that the sister isle possesses in order to sustain maximum tourism growth? The answer is not one single thing. Do not fool yourself into thinking that paving roads in Tobago was all. It is the least possible thing that can be done.

I visited Tobago a few weeks ago, and I stayed at a hotel a few feet away from the Crown Point International Airport, and you can ask anyone who was there with me—one thing that disturbed me the most was during my stay from Friday afternoon to Sunday night, there was not a single international flight arriving or departing from Crown Point International Airport. There was nothing larger than a de Havilland Dash, landing and taking off at Crown Point International Airport. That is absolutely ridiculous. How do you expect to promote tourism when you have done nothing for the island? The Crown Point International Airport looks like an incomplete project when, in fact, they should have upgraded that airport to a state-of-the-art structure. It is an absolute slap in the face and an insult to the people of Tobago since the PNM controlled both parliamentary seats and the Tobago House of Assembly, and the then government did not do anything to upgrade the Crown Point International Airport. What a shame!

Madam Vice-President, thank God for the People's Partnership. Four months after assuming office, I am so proud to tell the people of Tobago that plans are ahead to increase the number of international flights in and out of the sister isle, as well as there are plans to address routes that will have maximum returns and the possibility of direct flights. That is service to the people! [*Desk thumping*]

At the end of the day, the People's Partnership Government aims to provide all the possible services to the people of Trinidad and Tobago. We aim to serve with the highest level of distinction. We were given a mandate by our gracious people to ensure that our resources and financial rewards are used to benefit our men and women who work so hard to make a life for themselves and their children.

For our elderly, who regardless of skill and background, have served this nation well; for our young people and future generations to be encouraged by the service and dedication of us, the Government that they would want to live here in the coming years, and that they would be proud of this nation Trinidad and Tobago instead of running away to foreign lands for fear of crime and criminal activity.

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We are not concerned about saving ourselves and protecting our friends from financial instability; we are not concerned about building skyscrapers, multi-million dollar monuments and mansions. It is not our prerogative to fly on a private jet or to host summits that give world leaders a false impression of who we are. We will not spend \$565 million on project designs. In fact, we have no desire to spend the rest of our lives behind bars. We do not care how skilled our own people are, we will not pay hush money for their perverted wrongdoings. Trinidad and Tobago struggled to be a republican nation. We have no intention of turning it into a dictatorship or a monarchy. [*Desk thumping*]

Madam Vice-President, we care about the welfare of the people we serve. We care about what would prevent flooding and how we can work towards eradicating the problem. We care about our elderly and besides a pension, what we can do to ensure that they live comfortably. We are concerned about our young ones and are ensuring that they are given the necessary education and equipment needed to ensure that their standard of learning is on par with those fortunate ones in the society and globally. We understand that there is need for men and women to be treated equally in everything they do, and we will work toward making gender equity a reality.

We recognize the need for an improved health sector and we have set out toward building efficient health facilities within budget and on time. We care for our children. Never again will \$60,000 be the reason for a child to die which is why we can boast of the Children's Life Fund. [*Desk thumping*] We will not burden our people with new taxes, and the Ministry of the People and Social Development will become the window to the Government of Trinidad and Tobago.

Madam Vice-President, we were bestowed with the confidence and the mandate of the people. The People's Partnership Government would therefore work assiduously towards improving the lives of every single citizen of Trinidad and Tobago. We would do it responsibly, with transparency and accountability, and we will live by our mantra to serve the people; serve the people; serve the people.

Madam Vice-President, I thank you.

ADJOURNMENT

The Minister in the Ministry of National Security (Sen. The Hon. Subhas Panday): Madam Vice-President, I beg to move the adjournment of the Senate to Tuesday September 21, 2010 at 11.00 a.m.

Congratulations

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Congratulations

Madam Vice-President: First of all, let me congratulate Sen. Shane Mohammed on his maiden contribution in this Senate; congratulations, Senator.
[*Desk thumping*]

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 9.45 p.m.