

**“TOWARDS EFFECTIVE GOVERNANCE
IN THE STATE SECTOR”**

**ADDRESS BY THE HONOURABLE PATRICK MANNING
PRIME MINISTER AND MINISTER OF FINANCE**

**“THE ROLE OF THE STATE SECTOR IN
NATIONAL DEVELOPMENT”**

*Meeting of Chairman, Boards of Directors
and Chief Executive Officers of State Enterprises.*

VENUE: Crowne Plaza, Trinidad

DATE: December 04th, 2002

TIME: 9.00 a.m

Address by the Prime Minister and Minister of Finance
Meeting of
Chairmen, Directors and Chief Executive Officers of State Enterprises
Trinidad Hilton
December 04th 2002

Cabinet Colleagues;

Permanent Secretaries;

Chairmen, Directors and Chief Executive Officers of State Enterprises;

Other Distinguished Guests;

Members of the Media;

Ladies and Gentlemen;

Permit me to say how pleased I am to be here today, in dialogue with the Chairmen, Directors, Chief Executive Officers and Senior Officials of our nation's State Enterprises.

You are individuals at the helm of those institutions on which so much of the country's development depends.

I therefore view this gathering as an opportunity for us to solidify our commitment to a shared vision – the vision for the transformation of Trinidad and Tobago into a developed society by 2020, such that the citizens of Trinidad and Tobago will enjoy a standard of living comparable to that which exists in the average industrial country.

This national goal is certainly within our reach.

The state sector, though, will have a facilitative role to play in achieving the goals that we have established.

As leaders and key officials in our State Enterprises, you are here in your capacity as the custodians of the state sector. In many areas you will be called upon to put in place mechanisms and strategies to push the economy towards its full potential, while ensuring that the most vulnerable segments of the society are provided with the wherewithal to maintain reasonable standards of living.

What are some of the objectives we envisage by 2020?

- Our national poverty rate which has been estimated at 21% should be reduced to an absolute minimum by that year;
- The unemployment rate which stands at 10.1% should be reduced to its natural rate, that is to say, full employment which is about 5%;
- The current tertiary education rate of 8% should be improved to 20%;
- The supply of utilities such as water, electricity, public transportation and telecommunication should be reliable, cost effective and be of a standard comparable to that which exists in the industrial countries of the world;
- All segments of the population should have accessed adequate housing; and

- The country would have been successful in the acquisition and use of the latest technology in both the private and public sectors.

Additionally, we envisage now, a leaner, more productive sector, which will play a pivotal role in those areas that we consider strategic.

The state sector must reflect the optimum use of our nation's natural and financial resources. Indeed, the standards of efficiency and productivity set in those strategic areas would constitute the foundation on which accelerated development would be launched; and must be sustained. Accordingly, ladies and gentlemen, we need to focus our energies on certain key areas, if we must ensure success in our development endeavors.

Ladies and Gentlemen, developments in the energy sector, for example, remain critical.

New oil finds and the expansion of LNG production are expected to contribute significantly to the profitability of the enterprises in this sector, in particular, that of The National Gas Company Limited and the Petroleum Company of Trinidad and Tobago Limited. We anticipate increased government revenues as well as increased foreign exchange earnings. Growth in this sector will catalyze widespread growth in other productive sectors.

Ladies and Gentlemen, the expansion in small business opportunities, manufacturing, agro-based and services sectors, must also play an important role in the achievement of our employment targets.

In this regard, we expect the Business Development Company, Youth Training and Employment Partnership Programme Limited (YTEPP), Export Centres Company Limited and the National Entrepreneurship Development Company Limited, among others, to increase the opportunities for ordinary citizens to acquire economic power, individual autonomy and independence.

In the agricultural sector, the Agricultural Development Bank is expected to function in a specific developmental role, while National Agricultural Marketing and Development Corporation will contribute to strengthening the mechanisms involved in the transport and marketing of agricultural output.

In addition, we are restructuring Caroni (1975) Ltd in order to increase the efficiency of its core operations, while working towards the development of alternative enterprises and agricultural ventures, which will provide the separated labour force with viable alternatives.

Ladies and Gentlemen, the exploitation of the full potential of our communities is key to our national development effort. As such, the mobilization of communities and especially young people in communities, to utilize the resources of the community for self-empowerment and financial independence is prerequisite. The National Commission for Self Help and the Community Improvement Services Limited both have critical roles to play in this regard.

Ladies and Gentlemen, our Accelerated Housing Programme is targeting 10,000 housing units per year for the next ten years. Through this programme, and in collaboration with the Trinidad and Tobago Mortgage Finance Company Limited

and Urban Development Corporation of Trinidad and Tobago we are reasonably assured that the population will have increased access to adequate and affordable housing.

Concomitant with our vision for 2020, ladies and gentlemen, is the objective of making Trinidad and Tobago the transportation and manufacturing hub of the Caribbean. State enterprises will be pivotal to the creation of the required infrastructure that will see this hub become a reality.

In addition, we look to the re-capitalized Export-Import Bank of Trinidad and Tobago Limited to assist our manufacturers in securing new markets through a diversified range of products and services.

In this broad connection, we see BWIA West Indies Airways Limited, Point Lisas Port Development Corporation Limited and a restructured Port Authority of Trinidad and Tobago as important facilitators for establishing the necessary air and sea links between Trinidad and Tobago and the rest of the world.

Ladies and Gentlemen, there is a question of the evolving of a knowledge-based society. This will require significant training and retraining towards the development of our human resource potential.

We must invest in our human capital today if we are to fulfill our vision for the future. This is a national concern, but must also be adopted, at a required level, as an enterprise, indeed corporate, concern.

We cannot ignore, for example, the need to expand our information technology and communications capacity. The opening of the telecommunications market to competition, as well as the training of our young people in these areas, will allow us to increase and strengthen our human capital in this critical area.

The Government is committed to exploiting more aggressively, the potential in our tourism sector. More and more strategies are being put in place for an expansion in eco-tourism, local tourism and heritage tourism.

The Tourism and Industrial Development Company Limited will serve as the key investment facilitator in the process. It will seek to attract foreign direct investment and provide the requisite assistance to nationals engaging in or considering external investment opportunities. We anticipate that the foreign direct investment would bring modern technology, markets and skills, while also stimulating economic activity and employment creation.

However, at the same time our local entrepreneurs must be facilitated to take up simultaneously, those opportunities which globalisation will present. We also expect to see, therefore, quality investment on the new industrial estates being established at Wallerfield and at La. Brea.

It is important for us to remember, however, that there is an increased level of awareness in the international environment, and much attention is being paid to issues relating to good corporate governance.

Indeed, the recent financial crises in the corporate world have been attributed largely to a lack of good corporate governance practices and governmental oversight.

The resulted is that, today, emphasis is on a high level of transparency and disclosure as has been pointed out by the Attorney General. These are now regarded as critically important for public confidence and integrity of markets.

Ladies and Gentlemen: good governance is about good leadership, which itself is concerned with efficiency – the ability to conduct the operations of our organizations in a sustainable manner; one that would optimally maintain the life of our institutions, at the same time delivering goods and services effectively, as we seek to compete in the global economy.

Good Leadership is about integrity. Investors, both foreign and local, must have the confidence and assurance that those with whom they transact business in our state enterprises behave with honesty, integrity, fairness and evenhandedness in dealings with investors and customers.

It goes without question that Chairmen, Directors and Chief Executive Officers of our State Enterprises must act with responsibility to ensure that their organizations – as well as their activities - address issues relating to our societal objectives and legitimate social concerns in this regard.

Good Leadership is transparent, accountable and generates trust. Lack of trust in our institutions will damage our country and lead to the demise of the economy. It

is our expectation that leadership in our State Enterprises will be exemplary as officials go about the business of advancing the nation's business.

As you go about the nation's business through the state sector, be reminded that the citizens of Trinidad and Tobago deserve no less. They must be given no less.

I exhort you to examine fully the many factors which impact and impinge on productivity in your organization.

At the social level, the cost of proceeding otherwise is always too much to bear.

For our attention, is a recent World Bank report which points to the fact that in some countries, losses in public enterprises through inappropriate and inefficient use of State assets amount to between 8% and 12% of GDP, which is, often more than what is spent on health and education.

Again, by the standards of industrial countries we need to more than double our expenditure in the critical areas of both health and education.

What are we to glean from all of this, ladies and gentlemen?

What understanding must instruct our corporate wisdom in the state sector, as we seek to transform our nation in the manner we have envisioned?

It is to be certain that we can no longer tolerate inefficient management practices and irresponsible governance.

The financing of losses in our public enterprises places in considerable drain on the Treasury.

Ladies and gentlemen, in this room today are gathered the decision-makers and drivers of the state sector.

I urge you to consider carefully the enterprise over which you have influence. Each organization has a specific mandate to fulfill and a particular contribution to make. For some, the focus is revenue generation; for others, it may be human resource development or infrastructure building.

Whatever the purpose, one hundred percent commitment by all present here is certain to guarantee our success.

It is well known that our commitment to ensuring success in the greatest bulwark against the encroachment of failure.

One indicator of our comparative level of development, on the world scale, is our Human Development Index rating by the United Nations Development Programme.

It is a measurement based on life expectancy, school enrolment and literacy and per capita Gross Domestic Product.

In 1990, Trinidad and Tobago had a Human Development Index rating of 0.781, this moved to 0.805 in 2000, placing us fiftieth out of 173 countries.

It is therefore a fact that we can make it if we try.

Ladies and gentlemen, we can make it if we try a little harder. Despite our level of progress, we can and must do better.

As regard our State Enterprises, where we are deficient, we must become competent. Where we are competent, we must strive for excellence.

There is no other way forward.

With combined commitment and resolve to realize our national vision of developed nation status by 2020, we will all see, experience and share a far better Trinidad and Tobago.

I thank you for your attention. May God bless us in our endeavors.

