

Leave of Absence

Monday, October 06, 2003

HOUSE OF REPRESENTATIVES

Monday, October 06, 2003

The House met at 2.00 p.m.

PRAYERS

[MR. SPEAKER *in the Chair*]

LEAVE OF ABSENCE

Mr. Speaker: Hon. Members, I have received communication from the Member for Tobago East (Mrs. E. Job-Davis) for leave of absence from today's sitting. The leave which the hon. Member seeks is granted.

CONDOLENCES

(DR. WINSTON JULES MAHABIR)

Mr. Speaker: Hon. Members, I wish to bring to your attention, the passing of a former Member of this House, Dr. Winston Jules Mahabir, and I now call on the Leader of Government Business.

The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley): Mr. Speaker, we mourn the passing of the late Dr. Winston Jules Mahabir who was a Member of the Legislative Council of Trinidad and Tobago during the period 1956—1961.

Dr. Mahabir was educated at Queen's Royal College and won an island scholarship to McGill University, Canada, where he studied medicine. On his return to Trinidad and Tobago, he began his working career as a teacher at Naparima College, San Fernando, after which he practised medicine in San Fernando.

In 1956, he was elected to the Legislative Council as the representative for San Fernando West—a constituency that you know quite well, Mr. Speaker—and served in the first Cabinet of the first PNM Government in the capacity of Minister of Health and Social Services for the period 1956—1957, and as Minister of Health, Water and Sanitation for the period 1957—1961. During this time he piloted several new health bills and represented Trinidad and Tobago at international conferences and negotiations.

Dr. Mahabir recounted his experiences in this fledgling administration in a series of anecdotes in his book entitled *In and out of Politics*. Those who knew him personally described him as a well-rounded individual; he was an island

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scholarship winner, an accomplished physician, a trained opera singer and a principled politician.

In pursuit of greater educational advantage for his children, he migrated to Canada in 1961 where he remained resident until his death on September 28, 2003.

Mr. Speaker, on behalf of the Government of Trinidad and Tobago, I extend condolences to his family and loved ones.

May his soul rest in peace.

Mr. Speaker: Hon. Members, I too would like to join the Leader of Government Business in expressing condolences to the members of the family of the late Winston Jules Mahabir.

Some of you may recall he was often referred to as the “silver tongue”. Dr. Mahabir represented the constituency of San Fernando West in the first PNM Government, 1956—1961.

I will direct the Clerk of the House to send appropriate letters of condolence to his family.

PAPERS LAID

1. Address by His Excellency George Maxwell Richards T.C., C.M.T., Ph.D, President of the Republic of Trinidad and Tobago, at the opening of the Second Session of the Eighth Parliament of the Republic of Trinidad and Tobago. [*The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley)*]

To be printed as a House Paper.

2. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Sangre Grande Regional Corporation for the year ended September 30, 1999. [*Hon. K. Valley*]
3. Report of the Auditor General of the Republic of Trinidad and Tobago on the financial statements of the Trinidad and Tobago Postal Corporation for the year ended June 30, 2002. [*Hon. K. Valley*]

Papers 2 and 3 to be referred to the Public Accounts Committee.

4. Family Proceedings (Amdt.) Rules. [*Hon. K. Valley*]
5. Integrity in Public Life (Furnishing of Information) Regulations. [*Hon. K. Valley*]

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6. Integrity in Public Life (Prescribed Forms) Regulations. [*Hon. K. Valley*]
7. Draft Estimates of Expenditure for the financial year 2004. [*The Prime Minister and Minister of Finance (Hon. Patrick Manning)*]
8. Draft Estimates—Details of Estimates of Recurrent Expenditure for the financial year 2004. [*Hon. P. Manning*]
9. Draft Estimates of the Revenue and Expenditure of the Statutory Boards and similar bodies and the Tobago House of Assembly for the financial year 2004. [*Hon. P. Manning*]
10. Draft Estimates of Development Programme for the financial year 2004. [*Hon. P. Manning*]
11. Public Sector Investment Programme 2004. [*Hon. P. Manning*]
12. Public Sector Investment Programme 2004—Tobago. [*Hon. P. Manning*]
13. Draft Estimates of Revenue for the financial year 2004. [*Hon. P. Manning*]
14. Review of the Economy for fiscal year 2003. [*Hon. P. Manning*]
15. Social and Economic Policy Framework—2004. [*Hon. P. Manning*]
16. Social Sector Investment Programme—2004. [*Hon. P. Manning*]

FIREARMS (AMDT.) (NO. 2) BILL

Bill to amend the Firearms Act, Chap. 16:01 [*The Minister of National Security and Rehabilitation*]; read the first time.

**TRINIDAD AND TOBAGO POSTAL CORPORATION
(AMDT.) (NO. 2) BILL**

Bill to amend the Trinidad and Tobago Postal Corporation Act, 1999 to extend the period of exemption from taxes and other charges [*The Minister of Public Utilities and the Environment*]; read the first time.

NATIONAL LOTTERIES (AMDT.) (NO. 2) BILL

Bill to amend the National Lotteries Act, Chap. 21:04 to alter the definition of “financial year” [*The Minister of Finance*]; read the first time.

**EXTRADITION (COMMONWEALTH AND FOREIGN
TERRITORIES) (AMDT.) (NO. 2) BILL**

Bill to amend the Extradition (Commonwealth and Foreign Territories) Act, 1985 [*The Minister of Foreign Affairs*]; read the first time.

OCCUPATIONAL SAFETY AND HEALTH (NO. 2) BILL

Bill respecting the safety, health and welfare of persons at work [*The Minister of Labour and Small and Micro Enterprise Development*]; read the first time.

**APPROPRIATION BILL
(BUDGET)**

Bill to provide for the service of Trinidad and Tobago for the financial year ending on the 30th day of September, 2004 [*The Prime Minister and Minister of Finance*]; read the first time.

The Prime Minister and Minister of Finance (Hon. Patrick Manning):
Mr. Speaker, I beg to move,

That a Bill to provide for the service of Trinidad and Tobago for the financial year ending on the 30th day of September, 2004 be read a second time.

Mr. Speaker, I am pleased to present to this honourable House and to the national community the Appropriation Bill for fiscal year 2004. I must, first of all, thank all who have given of their ideas and insights to assist in this exercise. We held appropriate consultations and considered over 300 proposals for inclusion in this budget.

I also want to thank the Ministers, Parliamentary Secretaries and other members of the Government for their very keen participation in the lead up to this budget. I wish to say a special word of thanks to all the technocrats from all ministries, particularly those from the Ministry of Finance, who worked tirelessly to generate this comprehensive array of budget documents.

Mr. Speaker, since the last occasion, international developments have been characterized by instability, economic slow down, the spread and outbreak of disease, environmental disasters and the continuing poverty of close to three billion people mainly in the developing world. The continuing threat of terrorism exacted a heavy toll on the global economy, devastating the tourism and travel industries, adding to a loss of consumer confidence, causing unemployment and industrial slow down and reducing very significantly, the flow of direct foreign investment.

The war on terrorism has already contributed most significantly to a growing, unprecedented deficit in the world's largest economy whilst structural problems have been a root cause of recessionary conditions now challenging at least three major European economies.

Even though there are now hopeful signs, as both the United States and Japan appear to be emerging from economic sluggishness, the sustainability of this trend is not quite certain.

In this dynamic and changing environment, this Government will continue to emphasize fiscal discipline, more efficient spending, direct interventions only in selected priority areas and a responsible macro-economic programme.

Firstly, Mr. Speaker, this budget focuses on an investment programme that expands the stock of human and physical capital.

Secondly, this budget recognizes the value of openness, and transparency in accounting for the nation's finances. Accordingly, it includes expenditures which previously would have been financed off-budget.

Thirdly, the budget recognizes that the energy resources of Trinidad and Tobago are the patrimony of every citizen and should be used to improve the lives of all the people of Trinidad and Tobago.

Fourthly, the budget will ensure continued economic growth.

Mr. Speaker, this Government has already articulated a bold new vision for all of Trinidad and Tobago. This is not the first time that a PNM Government has engaged the population in moving this nation to the next level.

We provided the country with the People's Charter of 1956. We followed up with the Chaguaramas Declaration of 1970. Our subsequent position was presented as Perspectives in the World of the Eighties and Beyond, and today, all our experiences have been honed into Vision 2020 as we focus our population on the objective to transform Trinidad and Tobago into a first-world nation.

Our theme this year is—Charting the Course to 2020: Empowering People. The first phase of our plan requires that we focus our attention on the following specific issues:

1. Education; the impact of which pervades every aspect of our social and economic life.
2. Health; the quality of which determines the very nature of the human condition.
3. Housing; the availability of which provides the opportunity for nurturing family life.
4. Social Services Delivery; helps us to realize our full potential.

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5. Strong and cohesive communities; constitute the social fabric that binds our citizens together.
6. Unity in diversity; underpins the emergence of a strong, confident national psyche.
7. Safe streets, homes, places of recreation, and workplaces; provide us with the environment to nurture our creative potential.

Mr. Speaker, the level of security enjoyed by citizens is the most critical problem facing Trinidad and Tobago today. The population is being terrorized as the criminals have declared virtual war on this society.

The Government must and shall respond. Accordingly, we now declare war on the criminal elements and shall do whatever is necessary, within the law, to return this nation to that state where our people can conduct their lives in the full safety and security to which they are entitled. We shall now therefore, initiate the following:

1. With immediate effect, Colonel Peter Joseph is relieved of his command as Commanding Officer of the Trinidad and Tobago Regiment and mandated to establish a special Crime Fighting Unit. For this unit, within the ambit of the law, we shall draw on persons from any of the services in the country, the Police, Regiment, Coast Guard, Prison, Fire Services, Volunteer Defence Force and from the civilian population. One of the main prerequisites for membership of this unit shall be the ability to pass a polygraph test at regular intervals. This shall be a unit of professionals. To undertake this most important assignment, Colonel Joseph is promoted to the rank of Brigadier with immediate effect. [*Desk thumping*]
2. The Government recognizes that demonstrations are a legitimate expression of dissent in any democratic society. However, the Government wishes to make it absolutely clear that we will not tolerate acts of civil disobedience and will enforce the laws of the country rigidly and fearlessly. Lawlessness will not be tolerated from either the criminals or from any other persons, including Members of Parliament who wish to disrupt the society, no matter how strongly they may feel about their cause. [*Desk thumping*]

The Riot Squad will be the subject of review and shall be provided with the most modern equipment now used in countries around the world.

3. We shall increase police patrols in the main business and residential areas of the country. The Cabinet will soon be asked to approve an appropriate

increase in the size of the Police Service to facilitate the use of higher levels of foot patrols. [*Desk thumping*]

4. We are also taking the fight to the drug traffickers who are responsible for much of the criminal activity in this country. The Coast Guard will acquire two new fast patrol vessels with the capability to launch two fast interceptor boats and carry a helicopter with an attack capability. These, operating in conjunction with an ultra-modern radar system, will give Trinidad and Tobago an unprecedented level of protection and capability. This system will be available in about two years' time. We shall also continue comprehensive upgrading of Coast Guard and Defence Force facilities and infrastructure. The Global Maritime Distress and Safety System for the monitoring of shipping will be completed.
5. The Government is committed to implementing stricter laws to deal with persons found with illegal arms and those charged with kidnapping. It is the view of the Government that stringent measures must be put in place to serve as deterrents to the criminal elements. They must know that civilized society will not tolerate their violations of the law and the Government will be pursuing stiffer penalties for those associated with such crimes.

Accordingly, it is our intention to enter into discussions with the Opposition with a view to getting their support for the legislation that increases the penalty for fraud, kidnapping, crimes committed with the use of firearms, extortion, blackmail, illegally accessing bank account information and related crimes.

6. Tax credits will be provided to business people and other persons in sensitive positions who are at risk and who install special security systems for their protection and the protection of their families. There will be an approval process for persons desiring to access this facility.
7. Banks will be mandated to provide adequate security systems to prevent unauthorized access to bank accounts. It will be the responsibility of the Central Bank to police this arrangement.
8. We shall provide special counselling by trained trauma specialists to kidnapped victims and their families.
9. It is also clear that some of our young people do not have a proper concept of right and wrong and therefore are in need of reorientation. The Government will embark on a programme of public education as an essential part of this programme of orientation.

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10. In addition, Mr. Speaker, we will encourage the expansion of the Cadet Corps, the Boy Scout Movement, the Girl Guides, Brownies, Boys' Brigade and other similar organizations within the school system to engender discipline, a disposition of service to others and respect for law and order within the school environment.
11. And finally Mr. Speaker, we shall establish a Special Security Commission to act as a "think tank" on crime prevention and detection, involving former Ministers of National Security, Mr. Overand Padmore, Ambassador John Donaldson, Mr. Herbert Atwell, Brigadier Joseph Theodore together with members of the business community and other persons. The committee will be headed by the Prime Minister's Adviser on National Security matters, Mr. Overand Padmore. [*Desk thumping*]

Mr. Speaker, in addition to these new measures, our war on the criminals will be made more intense by our ongoing efforts to provide the police service with more resources and more modern training and equipment. We shall intensify partnering with communities and embark on the critical matter of prison reform.

On behalf of the national community, I appeal to the Opposition to support the Government in this exercise which clearly is in the national interest and in the interest of all.

Mr. Speaker, let us now turn to a review of the Government's performance.

In the last Budget Statement the Government's vision to have Trinidad and Tobago become a developed nation by the year 2020 was outlined. I believe it is appropriate therefore that we review, if only briefly, what has taken place over the last year in pursuit of that goal.

Let us first of all deal with the economy. Despite the slowdown in global economic growth to 3.2 per cent, our economy continued to grow, with economic activity increasing by a robust 6.7 per cent this year. This expansion was led primarily by the energy sector where economic growth reached 9.5 per cent.

We generated a trade surplus of over TT \$2.9 billion, some 33 per cent higher than last year, and the external accounts were in balance. Trinidad and Tobago's external reserves now stand at a very healthy US \$2.4 billion, the equivalent of 8.5 months of imports. [*Desk thumping*] The exchange rate has remained relatively stable.

Inflation was kept under control at 3.6 per cent, down from 4.2 per cent in 2002. [*Desk thumping*] Interest rates have declined appreciably during the year and the expectation is for further downward movement.

Mr. Speaker, although we budgeted a fiscal deficit of \$618 million for the last fiscal year, I am pleased to advise this honourable House that we expect to generate a surplus of \$28.9 million, and this is after allocating \$497 million to the Revenue Stabilization Fund. This performance, more than anything else, demonstrates the ability of this administration to manage the financial affairs of the country with efficiency and transparency.

I must report to this honourable House that the unemployment rate has risen temporarily and we do not hide this fact from the population. We know it has resulted largely from the softening in global and regional demand, and from the inevitable and courageous restructuring that we have been forced to take with respect to Caroni (1975) Limited.

Total public debt increased by \$2.3 billion during the fiscal year, of which \$1.2 billion is in respect of Caroni (1975) Limited restructuring including financing its Voluntary Separation and Enhancement Programme. The remainder is as a result of borrowings by the state enterprises, largely the Water and Sewerage Authority, the Airports Authority and the National Housing Authority.

Mr. Speaker, we do not seek to deceive the population with our Budget presentation. We acknowledge that largely as a result of the restructuring of Caroni (1975) Limited, some jobs have been lost and total debt increased, and we have said why this has happened. We are convinced nonetheless, that our economic policies will in a short time, result in a lowering of the unemployment rate to single digits and to a reduction in the public debt.

Notwithstanding the increase in the debt, the international rating agency, Standard and Poor's, improved our long-term local currency debt credit rating from Triple B minus to A plus, the long-term foreign currency debt from Triple B minus to Triple B, and our short-term foreign currency debt from A minus three to A minus two. All positive upgrades and the results of high performance Government. [*Desk thumping*]

We are committed to deepening and widening the industrial base in Trinidad and Tobago. We believe this is the path to the fundamental revitalization of our economy and consequently to sustainable employment generation and empowerment of our citizens to which this administration is irrevocably committed.

We made a step forward with the Atlantic LNG Train 4 project, which is going to be the largest single Natural Gas Train in the world and which will generate a host of downstream industrial activity creating sustainable jobs.

We took steps to establish two new industrial estates—one at Wallerfield for high-tech industries and light manufacturing, and the other in San Fernando for light manufacturing, including agro processing.

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In the small business sector, the Government disbursed through the National Entrepreneurship Development Company Limited, over \$30 million in loans to small entrepreneurs to expand business activity, as well as create a number of new businesses during the course of the year. To complement further our small business development thrust, we established the Community-based Environmental Protection and Enhancement Programme (CEPEP) to provide the opportunity to develop the entrepreneurial skills of our traditionally dispossessed people, as well as provide long-term employment opportunities, while addressing the requirement to enhance and protect the environment.

Recently, the Government took the pivotal decision to strengthen further the agricultural sector by restructuring Caroni (1975) Limited. The long neglected agricultural sector can now be developed to its fullest potential. The undeniable fact is that agriculture is now being put on a new economic footing in this country.

With regard to education, we also made significant progress in the social sectors. Over the last year, modernization of the education system was advanced significantly, as we moved with care and dispatch in a number of areas including curriculum reform; the strategic decentralization of education administration; the construction of new schools and upgrading of existing schools. We have provided book grants and a loan system for textbooks. In addition, we improved the security at 310 schools; advanced the establishment of the new university of Trinidad and Tobago and supported construction of facilities for the Institute of Business at the University of the West Indies.

In the health sector, we refurbished, upgraded and equipped a number of health facilities throughout the country. The new Princes Town District Health Facility was opened to the public and new health centers were constructed in a number of areas in North, South and Central Trinidad and in Tobago. Construction of the long awaited Scarborough Hospital was started, as well as the new wing for the San Fernando General Hospital.

We commenced a new programme of training for nurses and medication for chronic diseases was provided free of charge to the elderly and physically challenged. We also contracted a significant number of foreign medical

professionals to expand and improve our health services and to assist in reducing the waiting time at the country's health institutions.

In keeping with our programme to meet the housing needs of the society, we have started construction of thousands of houses in various locations throughout Trinidad and Tobago. Existing National Housing Authority (NHA) apartments are currently being upgraded and squatter regularization is bringing security to thousands of citizens who are most in need of assistance from the State. In our accelerated housing programme, construction has been completed on 260 houses, while contracts have been awarded for the construction of an additional 2,298 housing units throughout the country. This is short of our target but compares exceedingly favourably with the performance of those on the other side during the period 1996—2001.

Last year, we promised the upgrade and refurbishment of 237 of the 351 NHA apartment buildings. That promise has been delivered. [*Desk thumping*] Refurbishment of 300 of the 351 apartment buildings was completed by April, 2003. This includes major overhaul of roofing, plumbing, electrical systems and painting. Refurbishment works of sewerage treatment plants were completed at Couva and Harmony Hall, while major works are ongoing at Maloney, Malabar and La Horquetta. Infrastructure upgrades have commenced at Rice Mill, Arouca; Harmony Hall in Gasparillo and La Paille Village in Caroni.

We turn now to the physical infrastructure. The country's physical infrastructure was improved considerably during the year. We improved the water supply for thousands of consumers with over 132 projects completed, in addition to the continuation of construction on the new Water and Sewerage Authority Waste-water Project and the introduction of a new distribution system, to cater for new industrial loads in the Point Lisas area. We installed approximately 6,000 new street lights and completed close to 200 electrification projects, bringing much needed relief to thousands of citizens, particularly in the rural areas.

We are currently undertaking an ongoing programme of drainage to alleviate flooding problems and modernize water management in Trinidad and Tobago. Planning was also advanced on the expansion of the road network for five new highways. Two of these are from San Fernando, one to Point Fortin and the other to Mayaro.

We provided the sum of \$127 million to finance the expansion and upgrading of a number of roads and bridges throughout the country. Under the National

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Highways Programme, construction began on approximately 75 km of roads, including Cedar Hill Road, Couva Main Road, Diego Martin Main Road, Guaracara/Tabaquite Road, Moruga Road, Mayaro/Guayaguayare Road, Naparima/Mayaro Road and the Southern Main Road.

Under the Trunk Roads Expansion Project, construction work commenced on the extension of the Diego Martin Highway from Sierra Leone Road to Wendy Fitzwilliam Boulevard. Work also began on the Santa Rosa Bridge as part of the dualling of the Churchill-Roosevelt Highway to Wallerfield. Extension of the Solomon Hochoy Highway from St. Joseph Village, San Fernando to Golconda was completed this year.

Contracts were awarded and works began on the stabilization of a number of landslips on the North Coast Road and Moruga Road. Local government bodies also upgraded a number of secondary roads and bridges in the various communities.

Our social sector programmes place great emphasis on disadvantaged communities and individuals, as we seek to ensure that our people are brought into the mainstream of national development. Last year, this Government spent approximately \$1.7 billion on social development. The Social Help and Rehabilitative Efforts Programme (SHARE) was intensified in 2003, with over \$19.7 million being expended on the programme. This included the expansion of the Food Distribution Programme from 8,000 to 15,000 households; the development of training programmes for non-governmental organizations and community-based organizations and the facilitation of 67 skills training projects, from which 12,164 persons benefited.

We spent \$125 million on the Unemployment Relief Programme (URP) providing short-term employment relief, while enhancing the skills of individuals in the community. This programme also includes a women's programme, targeting single parents in households. During the year, 60,000 job opportunities were provided under the URP, while approximately 24,000 job opportunities were provided for women under the women's arm of that programme.

Last year, the On The Job Training Programme and the Civilian Conservation Corps were expanded to benefit approximately 2,832 and 2,500 persons respectively. This was done at a cost of \$60 million.

The Old Age Pension Programme provided significant financial comfort to over 63,000 senior citizens at a cost of \$750 million, while over 8,000 citizens benefited from the Disability Assistance Programme at a cost of about \$60 million.

We completed 132 projects under the National Social Development Programme at a cost of \$66 million. Last year, we spent \$80 million on the Community-based Environmental Protection and Enhancement Programme.

Reform of the public service is moving apace and we expect to achieve greater efficiency and productivity in the very near future. We recently launched the national plan for the information, communication and technology sector. Our goals for this sector include the establishment of electronic government and a communication backbone to create connectivity among all departments in the public service and the furtherance of e-commerce throughout the country.

Mr. Speaker, I have given you and hon. Members a general picture of what we have done over the last year in pursuit of national objectives. It is only a summary. Ministries and agencies of government have done much more. During the debate, Ministers would provide further details which would astound you, the national community and even hon. Members opposite if they choose to come. We have done it without corruption; dark back-room deals and without stashing ill-gotten gains in foreign bank accounts. The character of this administration shall continue to be one of integrity, transparency and accountability in public affairs.

I turn to the specific policies and measures we intend to pursue in the new fiscal year. There are indications that in the coming fiscal year, global economic growth could improve, especially if present positive conditions strengthen in the world's two largest economies. There is still hope that the realities and responsibilities of global inter-dependence would ensure that wisdom prevails in pursuit of the development round of multi-lateral trade negotiations. Whatever the international environment, we have a responsibility to ensure that Trinidad and Tobago stays the course in pursuit of its national objectives. This, in essence, is what this year's budget will ensure.

The achievement of developed country status necessitates that we undertake a comprehensive programme of second-generation reforms, not only in the economic and financial sectors, but also in the social sectors. We have commenced that reform exercise. One of the major areas we have earmarked for reform is the financial sector. You will recall that just over four months ago, this administration laid in this House a *Report on the Review of the Financial System in Trinidad and Tobago*, in the form of a Green Paper. Based on the comments received, a draft White Paper with an implementation schedule is expected to be brought to Parliament by the end of this year.

The importance of a strong and well-regulated financial sector must not be underestimated. We plan to introduce a number of legislative amendments to

establish enhanced prudential and supervisory systems to ensure that our financial system is adequate to meet the challenges of globalization and financial liberalization. Amendments would be brought to Parliament with respect to the Insurance Act; the Financial Institutions Act; the Securities Industry Act and the Co-operative Societies Act.

Legislation integrating the supervisory authority for the insurance, pension and banking industries under the Central Bank of Trinidad and Tobago would be presented to Parliament before the end of this calendar year. Additionally, legislation governing mutual funds would be introduced in the new year, so this important and fast growing sector is held to the same standards as the rest of the financial sector.

The Central Bank is collaborating with the local financial sector to promote the establishment of a regional credit rating agency to support our role as the financial centre for the Caribbean. In addition to the strengthening of supervisory and regulatory mechanisms, the Government's policy agenda will also address issues relating to capital market development; corporate governance; the cost of financial services and Government's involvement in the financial sector. Recently, the Government, in collaboration with the Central Bank discussed, with the financial community its intention to use an auction system for placing bonds on the domestic market, as part of its programme for developing the local capital market. The first issue would be done in November of this year.

With regard to the trade sector, Trinidad and Tobago's trade liberalization initiatives are well advanced and this country is well positioned to participate in multi-lateral trade negotiations of the Free Trade Area of the Americas (FTAA). The FTAA represents a potential market of over 800 million people with a combined GDP of US \$14 trillion and can boost trade, investment, employment and income for participating countries. Led by the Ministry of Trade and Industry, this country is actively participating in the negotiating processes of the World Trade Organization (WTO) and the FTAA which are to be completed by December, 2004. Negotiations with respect to the Cotonou Agreement are to commence shortly.

The recent WTO meeting in Cancun, Mexico, highlighted the concerns of the developing world with respect to the agricultural subsidies applied by the USA and the European Union in particular. Trinidad and Tobago which assumed the chairmanship of the Intergovernmental Group of 24, an arm of the World Bank and the IMF, merely two weeks ago, endorses the expressions of concern and will

champion this cause over the next year, as chairman of this group, on behalf of all developing countries.

In preparation for this inevitable push for deepened liberalization and heightened competition, the Government is collaborating with the private sector to raise Trinidad and Tobago's competitiveness to new levels. The Ministry of Trade and Industry would undertake a business expansion and industrial restructuring programme as part of the trade sector loan from the Inter-American Development Bank. The establishment of light industrial manufacturing parks will strengthen our technological base while the EXIM Bank of Trinidad and Tobago will continue to provide exporters with favourable credit terms and information on new market opportunities.

In addition, the Government will simplify the approval process for new investments, bring new foreign investment promotion legislation to Parliament; accelerate the finalization of bilateral investment treaties; widen the capital market to increase access to equity finance and allocate additional funding for market development. The Government is currently reviewing a number of proposed amendments to the Anti-dumping and Countervailing Duties Act, as well as the Fair Trading Bill.

Pension reform has been on the Government's agenda since 1997, and over the last five years a number of initiatives, including increases in Old Age Pension and the National Insurance System Retirement Pension programmes have been proposed to address the need for reform in Trinidad and Tobago. The most recent initiative in this regard has been the establishment of a working group on pension reform with the mandate to develop a detailed reformed pension system for Trinidad and Tobago.

The reform process will provide for:

Full portability and transferability of pension benefits;

Harmonization of the NIS Retirement Pension and the Old Age Pension;

Administrative integration of the NIS and OAP;

A guaranteed level of income maintenance in retirement;

An appropriate integrated regulatory framework for the pension industry; and

Integration and consolidation of the various laws and regulations governing the pension industry.

The working group has submitted to Cabinet, its first *Interim Report on Harmonization of the NIS Retirement Pension and Old Age Pension*.

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To further the reform process and make the National Insurance System more relevant to the needs of the population, the Government took the decision to increase the NIS retirement pension to a minimum of \$1,000 per month per person with effect from October 01, 2003. The increase in contribution rates to fund this guaranteed minimum retirement income will be spread over a three-year period commencing January 05, 2004. In addition, the level of insured earnings will also strengthen the financial integrity and relevance of the National Insurance System.

There is no doubt that there is a considerable amount of leakage in the tax system with the result that the Government is not collecting its fair share of revenues and consequently, is constrained in its ability to accelerate the tax reform agenda. This places an unnecessary burden on those individuals and organizations which comply with the tax laws and pay their fair share of taxes. To correct this situation, we will undertake in this fiscal year, a comprehensive review of the tax administration to ensure a much higher level of tax compliance. We will also initiate an overhaul of the non-oil tax regime with a view towards simplification.

One of the first steps in this regard will be the establishment of the long overdue Revenue Authority that will bring together the Inland Revenue Division and the Customs and Excise Division into a single entity. The authority will have the autonomy to ensure a more effective management of the tax collecting agencies of Government. Currently, the Government is in the process of identifying an appropriate implementation team comprising personnel from both the Inland Revenue and the Customs and Excise Division. This team will be supported by an advisory committee that will act as a link between the public and private sectors to achieve universal buy-in to the process at an early stage. We shall be simplifying and modernizing the tax system to remove the loopholes that foster tax avoidance and weaken the tax base. The restructured tax regime will facilitate an environment in which the business sector can thrive and operate more efficiently.

Allow me to address the issue of Value Added Tax (VAT). The contribution from VAT relative to GDP has been declining since 1998, as an increasing number of items have become either zero-rated or exempted and thereby excluded from the VAT base. Currently, only one third of gross domestic product forms part of the VAT base. In addition to the loss in tax revenues, the system has encouraged evasion and fraud.

To address these concerns, a committee has been established to undertake a comprehensive review of the VAT regime with a view to streamlining the system and improving its revenue performance.

Trinidad and Tobago is now a producer of both crude oil and significant quantities of natural gas. In fact, this country is the largest producer of LNG in the Western Hemisphere. It is therefore imperative that as a government we ensure that the country gets its fair share of economic rent from these non-renewable resources. Given the changing international petroleum environment, the Government will seek a revision of the existing oil and gas taxation regime. It is evident that there exist certain anomalies in the regime that must be addressed as a matter of urgency. In support of this exercise, a reputable international firm of consultants was engaged in May, 2003. The consultants have submitted an interim report and are expected to submit a final report within the next four weeks. The new regime will come into effect on January 01, 2004.

Over the medium term, we will seek to encourage increased private sector participation in the state sector, as well as reduce the dependence of the sector on the Treasury.

A restructuring of the Port Authority of Trinidad and Tobago will be undertaken in 2004. The programme will include the establishment of strategic units to undertake the operations of the Port relating to infrastructure development; real estate management; cargo handling; cruise shipping; the inter-island ferry service; towage operations and the Caricom wharves.

We shall undertake measures to strengthen corporate governance. The Central Audit Committee of the Ministry of Finance will strengthen its monitoring of the internal operations of all state agencies to ensure greater transparency and managerial accountability. The Government intends to formulate new by-laws that each enterprise will be required to adopt. In addition, a code of best practice will be instituted. The deepening of the partnership between the state enterprises and various communities of Trinidad and Tobago will be a major policy initiative in the reform of the state enterprise sector. The recently established Community Improvement Services Limited (CISL) will facilitate building this partnership by undertaking infrastructural development and construction of community facilities on behalf of communities.

The National Schools Dietary Services Limited is now fully operational and is expected to address more effectively the nutritional needs of the school population. Additionally, the National Entrepreneurship Development Company Limited will continue to serve as a catalyst in fostering new business initiatives, including small businesses with high earning potential.

We view local government as an important instrument for deepening the democratic process by widening the participation of the people in the process of

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governance. We shall take steps to give full effect to the Municipal Corporations Act. During the course of the year, we will undertake a comprehensive review of the system of local government to advance the process of decentralization, to improve management capability in the sector and to make more effective the delivery of goods and services to our communities. This approach recognizes the diversity of Trinidad and Tobago and could lead to an appropriate arrangement for power sharing in due course.

I come to stimulating the productive sectors. There is no guarantee of success. In the fiercely competitive and uncertain international environment, there is no guarantee of success. There is also no room for complacency. The economy must be in forward gear at all times. All resources must be brought into play and all potential developed to overcome challenges and reap the maximum benefit from opportunities that arise.

The Government acknowledges that the energy sector will continue to be the principal driver of growth in the economy for some time. Hon. Members will recall that we approved construction of Atlantic LNG Train 4 which has a capacity of 5.2 million tonnes of LNG per annum. Members will also no doubt be aware of the implication of these developments for Trinidad and Tobago, in light of the American Government's stated policy of making natural gas their preferred fuel. Additionally, there is the possibility of processing Venezuelan gas in our domestic facilities.

There are also a number of other major developments expected in the energy sector, including—

Commencement of exploration activity by Exxon in the Soldado Oil Field;
Granting of new exploration and production licences;

Construction of new ammonia and methanol plants;

Construction of a gas refinery aimed at optimizing the production of downstream petrochemicals based on syngas viz: carbon oxides and hydrogen;
and

Initiation of feasibility studies for a gas-to-liquids project and an aluminum smelter in 2004.

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A Memorandum of Understanding has already been signed for the establishment of an Aluminum Smelter in Trinidad. Further upgrading of the Pointe-a-Pierre refinery to improve its competitiveness and future profitability is

under consideration. Implementation of a cross border field development plan between Trinidad and Tobago and Venezuela is being aggressively pursued with a Memorandum of Understanding already signed paving the way for the processing of Venezuelan gas in Trinidad and Tobago facilities.

In keeping with our commitment to Caricom and the ideals of the Caribbean Single Market and Economy, a feasibility study has been initiated for the construction of the Caribbean gas pipeline previously announced.

Mr. Speaker, I turn now to the agriculture sector. This Government has assigned a very high priority to the modernization of the agriculture sector and will immediately introduce new and appropriate technologies, improve infrastructure and generate a wave of new investments in the sector. To facilitate an expansion of the agro-processing sector, we propose that an initial allowance of 100 per cent be applied to capital expenditure in plant and equipment for approved agro-processing activities. This initiative will be complemented by a reform of the fiscal regime for the agriculture sector including the streamlining of existing support arrangement, as well as the introduction of tax credits and investment allowances to create a more effective fiscal regime.

The Government will undertake a review of the existing market structure of the cocoa sub-sector in order to identify specific actions to improve market efficiency, returns to farmers and promote investment in the sector.

We shall improve land management and administration by addressing the issues relating to the leasing, renting, buying and selling of state lands and buildings. This new thrust in the agricultural land development programme will include the development of the agricultural land information systems and inventory of state lands. It would involve the updating of the database of 16,537 parcels of tenanted or occupied state agricultural lands and creation of an inventory of privately owned lands and other state lands used for agriculture. The agricultural infrastructure will be strengthened by the provisions of roads, drains, electricity and water to areas of new development for the settlement of new farms, as well as continuation of the Access Roads Programme and establishment of Water Management and Flood Control Programmes at Duck Pond, Moruga, Carlsen Field and Depot Road.

This year the Youth Apprenticeship Programme in Agriculture will train 1,000 individuals in the basic programme and 100 graduates in an advanced programme.

Caroni (1975) Limited:

In December of last year, the Government took the unavoidable decision to restructure the sugar industry in Trinidad and Tobago. In August of 2003, Caroni (1975) Limited, ceased operations and the voluntary separation package which had been offered to former employees in April took effect. Government has now incorporated three companies to undertake some of the activities which need to be conducted as a result of the cessation of operations of Caroni (1975) Limited. The Estate Management and Business Development Company Limited will be responsible for stimulating and facilitating economic activity on the 77,000 acres of land formerly utilized by Caroni (1975) Limited. Approximately 100 acres will be used to establish a demonstration organic farm.

It is anticipated that a significant number of jobs will be created over the next five years through establishment of agriculture estates, heavy and light manufacturing estates, housing projects and commercial complexes. The Estate Management and Business Development Company Limited has already begun reviewing over 6000 applications from former employees of Caroni (1975) Limited for agricultural leases and housing plots. The Sugar Manufacturing Company Limited has been established to assume responsibility for processing sugar cane and the refining of sugar. This company will purchase cane from farmers and will sell raw and refined sugar on the local market and to the European Community under the Cotonou Agreement.

Rum Distillers Limited will operate the rum distillery formerly owned by Caroni (1975) Limited. Government intends to seek private sector equity participation for this company. The restructuring of Caroni (1975) Limited is intended to play a pivotal role in facilitating the new thrust in agriculture. This will increase the sector's contribution to the national economy and provide a satisfactory standard of living for agricultural workers. It would do this in the manner that supports sustainable land use. We would therefore distribute the following key strategies:

Concentrate on the production of crops which satisfy domestic demand or attract high export value, including development of the nation's aquaculture and horticulture capacity.

Introduce up-to-date technology in the food processing industry.

Encourage agricultural research in the use of domestic products for the agro-processing industry.

Provide greater support for farmers, fishermen and aqua culturists through improvements in the physical infrastructure, fiscal incentive regime, marketing and export infrastructure.

Review and implement policies for encouraging sustainable land use and the preservation of the nation's forests, wetlands, watersheds, flora and fauna.

Increase support for agricultural projects by making agricultural credit more accessible and by the provision of appropriate crop insurance.

Strengthen and enforce measures aimed at combating praedial larceny.

Provide appropriate protection for domestic and agricultural producers from unfair foreign competition.

Develop the nation's inshore and offshore fisheries resources.

Mr. Speaker, let us now consider the manufacturing sector. The Government recognizes its obligation to provide the environment that will facilitate the growth of the manufacturing and service sectors. To this end we are discussing the elements of a trade assistance programme with the Trinidad and Tobago Manufacturers Association. The programme will consider the form of assistance needed by the business sector to improve market penetration into those new markets with favourable bi-lateral trade agreements with Trinidad and Tobago, such as Colombia, Costa Rica, Cuba, the Dominican Republic and Venezuela.

During fiscal 2004, the Government will continue its quest to position Trinidad and Tobago as the manufacturing sector of the Caribbean and the gateway to the Americas. The Standing Committee on Business Development, which is chaired by the Prime Minister, and which includes a combination of Government and private sector interests will undertake a comprehensive review of the manufacturing and service sectors. This review will cover the institutions and legislation that impact the sector. It will identify the adjustment needs of the business community with a focus on re-inventing and re-engineering domestic enterprises to respond to the challenges of globalization.

The Wallerfield Business Park will commence physical infrastructure development during this fiscal year. The phased development of the 1,100 acre estate will consist of three clusters: academic, light manufacturing and services.

Four hundred and eighty acres have been allocated for the manufacturing and service sectors to attract investments in areas like medical and electronic device manufacture, light metallurgical products, agro-processing, shared services and tele-services. The Wallerfield Business Park will be characterized as a grade A

development both in its physical infrastructure as well as the type of operation situated therein. The business park has been strategically designed to emerge as an innovation and manufacturing centre resulting in new economic growth through technology for Trinidad and Tobago.

To improve further the efficiency of the business environment we shall;

Amend the anti-dumping legislation and enact legislation relating to fair trading.

Strengthen the regulatory oversight of the Bureau of Standards and the Food and Drugs Department.

Enhance the efficiency of the Customs and Excise Division through further computerization and improvement in facilities and physical accommodation.

Small Business:

Small business will continue to be a major drive of economic activity and employment generation. A primary objective in the coming year will be easier accessibility to financing for the small and medium enterprise sector. We shall be approaching the international lending agencies for a low interest rate line of credit to provide financing for small business.

Information and Communication Technology (ICT)

The information and technology centre is critical to the modernization of Trinidad and Tobago and to improving our competitiveness in the international market place. The Government will, therefore, continue to facilitate the development of information technologies, telecommunications and internet infrastructures in Trinidad and Tobago. A national information and communication technology plan has been formulated. National connectivity will be the main thrust of this plan to connect people, communities, business, government and educational institutions through an integrated technology network. This will maximize the potential of all our citizens and accelerate the development of a knowledge-based society.

We will finalize the National Broadband Policy and supporting infrastructure which will determine the specific measures needed to bring high-speed access to individuals, schools and communities. The Government, through the Central Statistical Office, will develop an ITC statistical management information system to strengthen the institutional capacity of that agency. Special emphasis will be placed on assisting the small business sector in employing e-commerce technology in the modernization of its operations.

Infrastructure:

An important factor impacting the economy and the quality of life in Trinidad and Tobago is the state of the country's infrastructure. Priority is, therefore, being given to expanding the nation's highways, improving drainage, providing an efficient sea transport system between Trinidad and Tobago, and the construction, maintenance and restoration of public buildings.

The Trunk Roads Expansion Programme will continue with the expansion of the Churchill-Roosevelt Highway to Wallerfield beginning in 2004 and the Solomon Hochoy Highway to Point Fortin which is carded to begin in 2005. In the coming year, we will begin construction of the Mamoral Dam and Reservoir project which is expected to alleviate flooding in Brasso Caparo, Mamoral, Palmiste, Longdenville, Chaguanas and surrounding areas. We shall also upgrade drainage works on the following rivers: Marabella, Caroni, Cipero, Vistabella, North Oropouche and Richplain ravine. Coastal protection works will be undertaken at Marabella and Mayaro.

Restoration works on the President's residence and office, Queen's Royal College, Holy Trinity Cathedral and the Associated deanery, Mille Fleurs and Stollmeyer's Castle will begin over the next two years.

A significant project to be undertaken by the Port Authority of Trinidad and Tobago, is the reconstruction of Berth 7, with major investments in cargo handling equipment. On completion, the port of Port of Spain will emerge as a truly modern and competitive facility.

Transportation:

This month we will begin a comprehensive national transportation study which will focus on all modes of transport and will provide the basis for our investment programme in the transportation infrastructure over the next 20 years. We intend to acquire a new passenger ferry to service the inter-island route. Additionally, we will upgrade passenger accommodation at the ports of Port of Spain and Scarborough. Air transport will also be significantly upgraded with the rehabilitation of the runways at Crown Point and Piarco and the acquisition of a new navigational aid system for the Civil Aviation Authority. In our effort to modernize the operations of the Transport Division we will implement a new permits and vehicle registration information system over the next two years.

Mr. Speaker, the Government finds the number of vehicular accidents and loss of lives on the nation's roads totally unacceptable. To help improve safety we will bring to Parliament legislation to introduce the use of the Breathalyzer. [*Desk*

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thumping] Breaches of the legislation will carry severe penalties. Consideration is also being given to the introduction of the points system.

Culture:

Mr. Speaker, this Government is committed to the enrichment of our unique culture, which if properly managed, could be a major asset for the social and economic development of Trinidad and Tobago.

We shall strengthen partnerships with community-based organizations and non-governmental organizations in this sector, in particular umbrella organizations in the cultural field. We will introduce initiatives to strengthen institutions, implement support systems and encourage the development of the creative arts. The Government will develop a strategic plan for the development of culture and the creative arts.

A mobile pan institute will be opened and a complementary pan ensemble project will be launched for the development of the steelband.

The Academy of the Performing Arts will also be established.

Priorities for Trinidad and Tobago:

Mr. Speaker, this Government has given priority to the empowerment of the disadvantaged groups in our society, including the liberation of those who appear to be trapped in a state of chronic underdevelopment. This is the challenge facing Trinidad and Tobago and this is what this Government and this budget are all about. This is our primary responsibility and is at the heart of our goal to make Trinidad and Tobago a developed nation by 2020.

Education:

Mr. Speaker, education continues to be our major instrument for social transformation and development in Trinidad and Tobago. We must create a comprehensive modern educational system that is able to provide training and knowledge as well as foster skills and aptitudes relevant to the development needs of Trinidad and Tobago. In this regard, preschool, primary and secondary level institutions will be strengthened to accommodate a stronger foundation for the development of scientific and technical skills and to prepare students for continuous learning. We propose to establish a national curriculum council as well as a teacher professional Development Programme to improve teacher training and skills.

We shall expand the loan system for books in key subjects to students entering Forms I and II in all public and private secondary schools.

The Government will also provide a \$1,000 book grant to each child in Forms III to Lower VI of all secondary schools. Approximately 53,000 students will benefit from the programme.

We shall introduce the Caribbean Advanced Proficiency Examination (CAPE) in secondary schools from the new academic year on a phased basis.

We will continue the de-shifting of junior secondary schools and their conversion to full-time institutions.

The School Feeding Programme will be expanded to provide 90,000 fully subsidized lunches daily as well as 25,000 breakfast meals five days a week. A cafeteria-style service will be introduced in a number of schools throughout the country.

Mr. Speaker, we will also expand the school transport service. The Public Transport Service Corporation (PTSC) will provide 20,000 seats per day at a cost of \$20 million annually, while 200 maxi-taxis will be engaged to provide transport for 21,500 school children in rural areas also at a cost of \$20 million annually [*Desk thumping*] Bus transportation will soon be provided for differently-abled school children. [*Desk thumping*]

We shall also expand several school intervention strategies to address the high level of school violence and foster a “culture of peace and civility in the classroom.”

An additional twenty-eight (28) high-risk secondary schools are to be provided with repairs to perimeter fences and security lighting at a cost of \$25 million this year.

The University of Trinidad and Tobago is now scheduled to begin in September 2004, even though construction of the main campus will not be completed by then. The main campus of the new university will be located at Wallerfield and will comprise a School of Engineering, a School of Science, a School of Applied Arts and a School of Humanities. There will also be a campus located in Tobago.

Universal Pre-School Education:

In keeping with our holistic approach to education, we have developed a plan to achieve universal pre-school education before the end of this decade, and we are now committing this country to the achievement of this objective. This will place Trinidad and Tobago among the very few nations of the world to have achieved this. It is further evidence of the importance that we place on the

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education of our nation's children. Towards this end, we shall build a total of 200 centres over the next four years throughout the country, and train the teachers required for this very special task. To encourage the private sector to participate in this effort we will devise an appropriate package of incentives to companies providing early childhood care centres and similar facilities for the benefit of their employees—homework centres in Trinidad and Tobago.

Health:

The Government remains committed to improving the quality of health services available to the nation.

A national health policy is being formulated to articulate clearly the scope and coverage of public health services and to examine the public/private mix for more effective and efficient provision of integrated health services to the public. Health quality legislation, prescribing proper standards for the quality of health care in our public and private health sector, will be enacted in 2004.

The Government has committed to complete the reform of the health sector within the next three years and to inject TT \$500 million in additional funding into the development programme of the Ministry of Health over the period 2004—2006, so that the original health sector reform objectives can still be achieved. Forty brand new fully equipped right-hand drive ambulances will be acquired early in 2004.

Magnetic Resonance Imaging (MRI) and CT-Scan equipment will also arrive in the country, together with new X-ray machines for all of our public hospitals, including five (5) mammography machines, and a significant number of much-needed basic and sophisticated diagnostic imaging devices.

Reform of the management systems in the Regional Health Authorities is programmed for implementation in 2004. The Ministry of Health is also in the process of conducting a health needs assessment to gather accurate data on the health conditions and health priorities of the country.

Construction is expected to begin during this year on the National Oncology Centre at the Eric Williams Medical Sciences Complex, and the St. James District Health Facility and the Point Fortin District Hospital. An additional eighteen (18) health centres as well as six district health facilities will also be upgraded during 2004. Substantial improvements will be made to the Port of Spain General Hospital, the San Fernando General Hospital, the St. Ann's Hospital, the St. James Infirmary, the Sangre Grande District Hospital and several other health facilities.

We shall continue to provide relief for persons over the age of 60 and recipients of disability assistance, who suffer from hypertension, diabetes, glaucoma and cardiac disease, through the Chronic Diseases Assistance Programme (CDAP) of the Ministry of Health. In 2004, this programme will be expanded to include a wider range of free medication catering for diseases such as arthritis, asthma and depression, among others.

A new National Mental Health Programme will also be implemented in 2004 with the assistance of Dalhousie University.

In addition to these initiatives and the Government's concern regarding the affordability of health care, we will accelerate our review of the National Health Insurance system with a view to early implementation.

Further, Mr. Speaker, the Government is implementing our national strategic plan for HIV/AIDS and an integral part of the plan is the establishment of the National Aids Coordinating committee which will be formally launched by the end of this month. This committee, which is supported by a technical secretariat, will provide effective oversight for implementation of the national response. It is expected that the secretariat will administer loan resources of US \$20 million from the World Bank. These resources would be utilized to promote behavioural change, particularly among high-risk groups, enhance the physical facilities for the delivery of care and treatment, and strengthen the institutional arrangements for the assault on HIV/AIDS. The Government is also currently in discussions with the European Union for further resources to be used in the fight against HIV.

We shall also expand access to anti-retroviral therapy by establishing treatment centres throughout the country and expanding the coverage of the Prevention of Mother to Child Transmission Programme.

We shall also improve testing capacity, clinical interventions, and behavioural modification and provide additional care and support by facilitating access to Anti-Retroviral Treatment, treatment for opportunistic infections and home care.

Housing:

Mr. Speaker, let me now address the issue of housing. This Government is committed to alleviating expeditiously the acute housing shortage in the country, particularly among the low and lower middle income groups. We are in the process of implementing a National Housing Policy geared towards:

providing affordable and accessible housing;

creating sustainable settlements and communities;

encouraging private sector participation in the provision of housing;
eliminating the marginalisation and discrimination of the physically and mentally challenged; and

households headed by single women.

In this new housing policy, the NHA will be re-organized and its new role will be that of property management and maintenance of its housing estates. Except for the vesting of lands for housing, the NHA would not be directly involved in the development and delivery of houses. These functions would be shifted to a new company.

On the issue of regularization of tenure, the Government will improve the living conditions in regularized settlements through a programme of aided self-help; will streamline the programme of providing deeds of lease on public lands; develop a holistic community-based approach to squatter regularization; and forge partnerships between community groups and non-governmental organizations such as FEEL, and HABITAT for Humanity to assist in the upgrading of squatter settlements.

Mr. Speaker, the Urban Development Corporation of Trinidad and Tobago shall embark on a programme of urban renewal to improve the quality of life in low and middle income residential areas. This process has already started in Port of Spain. The San Fernando Development Programme will begin next year and phased over a three-year period. This will include:

Harris Promenade development

Naparima Bowl refurbishment and upgrade

Chancery Lane Complex

San Fernando transit hub

a Waterfront Redevelopment and Expansion Programme.

The next phase will involve development in Chaguanas, Arima and Point Fortin.

We will introduce a rent-to-own programme and develop a standardized mortgage deed to facilitate and assist home ownership. We shall commence our programme of financing low-cost housing by providing a subsidy of \$36,000 to beneficiaries with an annual household income of \$12,000—\$27,000 and a subsidy of \$24,000 to beneficiaries whose annual household incomes are between \$27,001—\$44,000 for the construction or purchase of a new house.

3.30 p.m.

National Security:

Mr. Speaker, earlier in this presentation I made it clear that the Government has declared war on the criminals who are now terrorizing the society and I pointed out some of the new initiatives we shall be undertaking. In addition to these, the following shall also be done:

—We shall improve the police presence in our communities and improve their response time as well;

—The fleet of vehicles and equipment available to the police service will be increased;

—New police stations shall be constructed over the medium term at Gasparillo, Brasso, Roxborough in Tobago, Arima, Belmont, Matura, Besson Street, Matelot, Manzanilla, Piarco, Oropouche and Old Grange, Tobago. Construction work will continue on new police facilities at Couva and the headquarters in Chaguanas.

—One thousand additional police officers shall be on duty by the end of this year.

—We shall continue joint efforts between the police and the Defence Force including joint patrols and the operations of the new Confidential Crime Unit. Plans are being considered for army camps to be established at Hope Estate, Tobago, Champs Fleurs and Golconda.

We shall enhance the technological capability of the police service:

—We shall install a police computer system to transmit voice, data and video to police vehicles on patrol or in pursuit of criminals.

—We shall expand the automated fingerprint and mugshot systems to subdivisional headquarters.

—We shall widen the communication network of the Ministry of National Security, to more adequately service all security systems and agencies through its high capacity microwave backbone and point to multipoint system.

—We shall acquire reporting and analytical tools, including GIS linkages to the magistracy and high courts, prisons and other agencies.

—We shall place heavy focus on training.

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—Priority areas will include narcotics investigations, intelligence gathering and analysis, money laundering, drug enforcement, forensic training and bomb disposal techniques.

—We shall establish an Officer's Training School.

—We shall continue the partnering with communities and community policing will be increased as well as the promotion of civil community across the country.

—There will be a focus on a multi-agency level with involvement in social and youth development and national safety initiatives, through ongoing liaisons with other ministries, agencies and programmes like the Civilian Conservation Corps, the Artisan Craft and Skills Programme and the National Service Programme.

Prison Reform:

Mr. Speaker, we shall embark on this most critical matter of prison reform. The penal system would be further enhanced with the upgrading of facilities and the introduction of rehabilitation programmes for inmates. Improvement of facilities at the Youth Training Centre and reconstruction of the Golden Grove Inmates' Dormitory are to be undertaken. Furthermore, construction of a new medium correctional facility for Tobago will commence in 2004.

The focus on correction administration would be done through a predominantly restorative, rehabilitative paradigm. The process of therapeutic jurisprudence would be emphasized as the prison service works towards moving the penal institutions away from a retributive mode of operation.

We shall therefore introduce a parole system in Trinidad and Tobago to promote rehabilitation. This will also reduce overcrowding and its deleterious effects in our nation's prisons. The prison industry and other best practice methods for meaningful reintegration and resettlement for the ex-prisoners will be utilized. There will be close collaboration with the Centre for Criminology and Criminal Justice, of the University of the West Indies and other strategic stakeholders in attempting to realize this objective.

Legislation:

Mr. Speaker, one of the most important elements in our fight against crime is legislation to improve the management of the police service and to deal with the new phenomenon of kidnapping. Unfortunately, we have not, so far, been able to get the support of the Opposition in this most critical matter. It is my fervent hope

that there will be a change of heart on the other side and that we can get together to protect the citizens of this country from the criminals in our midst.

I turn now, Mr. Speaker, to investments in social capital or social programmes. Notwithstanding the strong growth of performance of the economy over the years, we continue to be challenged by the need to empower significant sections of our national community. You will recall that last year we introduced a number of programmes to assist the disadvantaged and vulnerable groups. I must report that these programmes have been very effective and it is now our intention to intensify this effort.

Among the supporting documents laid in Parliament for the first time is the Social Sector Investment Programme which identifies, comprehensively, the scope of the Government's social programmes.

The existing programmes that have been expanded include the National Social Development Programme which has been allocated \$100 million. The allocation for CEPEP has been increased to \$225 million to strengthen the training and developmental component of the programme.

The Textbook Rental/Loan Programme, School Nutrition Programme and the Free Student Transportation Programme have all received significant increases in allocations. The increased allocations to the Sports Plus and Sport Training and Enhancement Programme reflect the emphasis we are placing on the development of sport.

New programmes to be introduced in 2004 include:

—The Community Development Bursary Programme, for which \$3.7 million has been allocated.

—The Geriatric Adolescent/Partnership Programme has been allocated \$3.0 million;

—The Adolescent Mothers Programme to be introduced in 2004 has been allocated \$3.6 million;

—The Community Improvement Services Limited has an initial allocation of \$5 million for 2004.

In addition to these programmes the Government is taking several initiatives in support of our agenda for social programmes as follows:

- The establishment of a Children's Authority which will champion the rights of children;

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- The completion of a National Plan of Action on Children which will develop concrete strategies for the development of children;
- The establishment of a Child Indicators Monitoring System as a basis for evaluating progress;
- The restructuring of the Social Services Delivery Systems to facilitate more targeted and efficient delivery of services;
- The completion of a national policy on social development would provide clear directions for the programming of social expenditure;
- The establishment of a monitoring and evaluating system for the social sector to facilitate more effective design of programmes;
- The finalization of policy positions on ageing, school health and gender will establish the framework for developing effective interventions;
- The establishment of a Criminal Injuries Compensation Board and Unit will provide a mechanism to assist victims of crime;
- The development of a comprehensive plan for support to deportees and ex-prisoners as an integral aspect of rehabilitation; and
- The implementation of a Family Court Pilot Project will improve the efficiency of the judicial system.

Mr. Speaker, in addition, a number of new programmes will be administered by the Ministry of National Security as follows:

- A Military Led Academic Training Programme to focus on youth who completed secondary school but did not graduate with a full certificate;
- A Military Led Youth Apprentices and Reorientation Training Programme to focus on youth who left the secondary school system at an early age;
- National Service Programme, aimed at young persons between ages 18 and 30 years to engender community and social responsibility;
- Halfway house for male ex-prisoners to provide a treatment facility and temporary shelter for male ex-prisoners with no accommodation;
- A remand house for young female offenders to provide a suitable facility for young female offenders under the age of 18 years.

Additionally, Mr. Speaker, we shall ensure:

- a Family Life Management Programme to offer training in parenting, family and life skills development to be administered by appropriate non-governmental organizations.
- the expansion of the Disability Grant to provide additional support for persons with disabilities;
- the rehabilitation of child labourers programmes to address the phenomenon of children scavenging in landfill sites which will be implemented in conjunction with the International Labour Organization; and
- the relocation of socially displaced elderly to homes for older persons to provide more residential care to the socially displaced elderly person and to reduce the number of persons living “indefinitely” at the assessment centres.

Mr. Speaker, I now turn to youth and sport. Our national sport policy emphasizes both the individual and socio-economic value of sport. The Sport Commission of Trinidad and Tobago has already been established to implement the strategies outlined in the National Sport Policy. The Commission has been mandated to pursue the development of sport as a viable business activity. The Government recognizes that the participation of the private sector is a critical factor in such a venture. Therefore, the Government proposes to expand the existing fiscal and other initiatives to achieve this objective.

Mr. Speaker, permit me now to turn to Tobago, for which I have a special responsibility as Minister for Tobago Affairs. I am pleased to recognize the fruitful and harmonious relationship that now exists between the Central Government and the Tobago House of Assembly. [*Desk thumping*] This is due in no small measure to the quality of PNM governance on both islands of the Republic. Indeed, this is quite a change from the bad old days, and the improved relationship has enhanced the programme delivery capabilities of both levels of government. [*Desk thumping*] This explains why, as a central government, we can take special pride in the achievements of the Tobago House of Assembly over the past two years. [*Desk thumping*] We take special pride in the performance of our colleagues operating in Scarborough. [*Desk thumping*]

The evidence is there to show: The Goodwood and Mason Hall Secondary Schools; the construction activity at the Milford Road Esplanade, and the Tourism

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Rolling Plan that has been the catalyst for the increase in tourist arrivals from 56,000 in 2002 to an estimated 75,000 this year, notwithstanding a downturn in the tourism industry worldwide. [*Desk thumping*] The advanced work on the L'Anse Fourmi Charlotteville Road and the new Scarborough Hospital, the confirmation of the purchase of an inter-island ferry and the projected start of the extension to the Crown Point Airport Terminal in January 2004 all reflect the impact of the meaningful collaboration between the Central Government and the Tobago House of Assembly; a collaboration that has reinforced the bonds between the two islands and the two levels of government.

Indeed, the PNM-led Tobago House of Assembly represents a fitting example of how the Government's financial resources can be used efficiently and effectively to improve the lives of all citizens. [*Desk thumping*]

Looking ahead, and bearing in mind my statement a year ago that Tobago needs to "catch up" with Trinidad, the recurrent budget for Tobago for fiscal 2004 stands at \$734 million and the development budget at \$166 million. [*Desk thumping*] Beyond this, the Minister of Finance will assist the Tobago House of Assembly in accessing funding up to a maximum of \$400 million to undertake urgent and critical capital investment projects. [*Desk thumping*]

This is a first for Tobago and means that, for fiscal 2004, the total resources available to the Assembly will amount, for the first time, to \$1.3 billion. [*Desk thumping*]

Therefore, over the next fiscal year, with the resources provided both on a cash basis and through the new funding facility of the Assembly, some of the projects Tobago will be able to undertake include:

- The reconstruction of the Scarborough Library;
- The transportation hub in Scarborough;
- Desilting of the Hilsborough Dam;
- Expansion of the Crown Point Airport Terminal;
- Expansion of the Scarborough Jetty;
- A new financial complex;
- The Roxborough Plaza and Market; and
- Construction of a number of bridges and repairs to secondary roads.
[*Desk thumping*]

This budget provides the platform on which Tobago and Trinidad can expect to reach our common 2020 destination as partners—side by side—and for the benefit of every citizen in both islands. [*Desk thumping*]

Perhaps, Mr. Speaker, it is an appropriate time to say that the Government of Trinidad and Tobago has received a proposal from an engineering company based in France to construct a bridge between Trinidad and Tobago. We propose to do the feasibility study on such a project this year. The proposals indicate that they believe the project to be feasible. If it turns out to be feasible it would form an integral part of the development of the PNM Government to 2020. [*Desk thumping*]

Mr. Speaker, Fiscal Operations 2004. The total estimates of expenditure for the financial year 2004 is \$22,331,591,613, of which the sum of \$16,042,116,932 is to be appropriated. The sum of \$5,919,474,681 represents a direct charge on the Consolidated Fund while \$370 million represents expenditure from the various special funds.

Mr. Speaker, this expenditure is disaggregated as follows:

Total recurrent expenditure	\$20,284,091,613
Personnel Expenditure	\$4,923,345,994
Goods and Services Minor Equipment	\$2,525,089,609
Current Transfers and Subsidies	\$4,830,463,355
Transfers to the Tobago House of Assembly	\$734,111,461
Transfers to Statutory Boards/Similar Bodies	\$1,432,442,585
Debt Servicing	\$5,838,638,609
Total Development Expenditure	\$1,677,500,000
Total Draft Estimates of expenditure	\$21,961,591,613
Total funds	\$370,000,000
Grand total	\$22,331,591,613

The total recurrent and capital expenditure on Government's fiscal operations is projected at \$19.105 billion, which represents total expenditure of \$22.331 billion less principal repayments and sinking fund contributions of \$3.226 billion. On our revenue account, we expect to generate \$18.792 billion with the major sources of revenue being income tax of \$2.766 billion, corporation tax of \$6.773

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billion and taxes on goods and services of \$4.276 billion. Our fiscal balance for 2004 is a deficit of \$313 million taking into account revenue of \$18.792 billion and expenditure of \$19.105 billion. That deficit is well within the allowable margin of 1 per cent of GDP.

Mr. Speaker, while we believe that our public debt, which currently represents 51.8 per cent of GDP, is manageable, we are of the view that the growth in the debt must be contained. We, therefore, would continue to pursue strategies to reduce public debt.

We have been aggressively refinancing our high interest rate domestic debt in order to achieve maximum savings in our current low interest rate environment. Additionally, in this fiscal year we shall extend the refinancing to our foreign debt in order to benefit from the soft international financial markets.

In the medium term, our commitment to fiscal surpluses will reduce Central Government's borrowing requirements and contain our indebtedness. The use of off-budget expenditure, which has become far too common, would be minimized and eventually discontinued.

Finally, Mr. Speaker, we intend to exercise tight controls on the operations of our state enterprises, which have been the main cause of the increase in debt in the recent past. However, as a result of some restructuring in this sector there may be some inevitable one-off financing costs giving rise to some increase in public debt.

Mr. Speaker, our budget for this fiscal year is based on a projected average oil price of US \$25 dollars per barrel—that is, US \$25 per barrel for Galeota mix—a GDP growth rate of 4 per cent and an inflation rate of 2.7 per cent.

Mr. Speaker, to give effect to our policy agenda in 2004 we propose to implement the following:

1. Removal of tax on savings: [*Desk thumping*]

One of our stated objectives over the medium term is to improve the savings rate of the country, and to this end we propose to eliminate the 5 per cent tax on interest income earned by resident individuals who invest their money in Trinidad and Tobago. [*Desk thumping*] This measure will apply whether the investment is denominated in local or foreign currency. [*Desk thumping*] However, the following individuals would not benefit from this measure:

- Non-resident individuals who will continue to be charged withholding taxes on interest income; and

- Resident individuals who earn income from foreign bank accounts and other investments abroad.

2. Increase in Allowance for Pensioners:

Mr. Speaker, the plight of our pensioners is a continuing concern of the Government. While the increase in the NIS pension payment will undoubtedly assist, more is required. The Government is addressing this issue and an appropriate announcement would be made in due course. For fiscal 2004, however, the Government will provide some assistance through the Income Tax Act.

Currently, resident individuals over the age of 60 years benefit from a personal allowance of \$30,000. With effect from January 01, 2004, we propose to increase the allowance to \$40,000 [*Desk thumping*] and extend the personal allowance to include non-residents over the age of 60 years in receipt of Trinidad and Tobago pensions. [*Desk thumping*]

3. Increase in the Disability Grant:

Currently the disability grant of \$600 per month is applicable to citizens age 40 to 65 years. The Government proposes to increase the grant from \$600 to \$650 per month, and reduce the minimum qualifying age from 40 to 18 years. [*Desk thumping*] I notice some of my colleagues are applauding, perhaps they should hear this side of it. This benefit will extend to legal residents only. The Public Assistance Act will be amended accordingly.

The additional expenditure is estimated at \$72 million for fiscal 2004. This measure will take effect from December 01, 2003.

4. Allowances for Sports, Arts and Culture:

While I must commend the private sector for their very valuable support so far, there is need for further deepening of their involvement in the future development of sport, art and culture. In order to catalyze the flow of corporate resources into sports, education and local culture, the Government proposes to increase the ceiling from \$450,000 to \$1,000,000 for sponsorship in the arts and culture, sports, audio, visual or video productions reflecting local culture/entertainment. [*Desk thumping*]

Mr. Speaker, this measure will be extended to all companies under the Corporation Tax Act and the Petroleum Taxes Act and will result in an estimated loss of revenue of \$2 million.

5. Gaming:

Mr. Speaker, the gaming industry continues to thrive in Trinidad and Tobago, and we have seen a proliferation of new devices in particular slot machines. These devices had attracted a tax of \$2,000 per annum whereas tax rates on the more traditional tables ranged from \$8,000 to \$60,000 per annum.

The Government proposes to increase the fee on slot machines from \$2,000 per annum to \$10,000 per annum. The fee for regular poker tables from \$8,000 per annum to \$20,000 per annum and with the exception of pool tables, which will fetch a fee of \$2,000—pools tables will stay at \$2,000—the unspecified tables and devices will now attract a fee of \$10,000 per annum. Mr. Speaker, I know none of this affects you. [*Laughter*] Fees in respect of all other specified tables, such as baccarat and roulette tables, will be increased by 25 per cent. These increases will take effect immediately.

6. Settlement of VAT Refunds:

Mr. Speaker, the existing provisions of the VAT Act require the Board of Inland Revenue to be liable for accrued interest at the rate of 1 per cent per month if refunds are not settled within six months. Claims are increasingly being made on the basis of incomplete applications, and although the law seems clear to most, the Government proposes to remove any doubt that interest on outstanding refunds will only begin to accrue after six months from the submission of a completed VAT return. One cannot just scribble on a piece of paper, submit it and expect that it triggers the payment. This measure will take immediate effect.

4.00 p.m.

7. Petroleum Product Pricing Arrangements:

We are all becoming increasingly aware of the need to preserve the environment and the impact of the environment on human health. Here, in Trinidad and Tobago, our people are making greater demands that we institute measures to protect and preserve the environment consistent with our commitments under international agreements on the environment.

A major concern of the Government is the increasing exposure of our citizens to the effects of lead emissions, which can lead to serious health problems, particularly in our children. The continuing use of leaded gasoline poses a serious threat to the health of our nation. The Government has therefore taken the decision to immediately begin phasing out leaded gasoline from the Trinidad and Tobago market. A new grade of unleaded gasoline of 92 Ron will be introduced

on a phased basis and will replace the leaded super gasoline on the local market by April 01, 2004. Regular leaded gasoline will also be completely phased out of the domestic market by that date. The phasing out of leaded gasoline will be accompanied by differential adjustments on the wholesale and retail margins, leading to adjustments in the retail prices at the pump.

The following price adjustments will take place with immediate effect. The new unleaded 92 Ron grade will enter the market at the retail pump price of \$2.70 per litre. The retail pump price for the leaded 95 Ron gasoline it will replace will be increased from the current price of \$2.45 per litre to \$2.70 per litre. The retail pump price for unleaded 95 RON gasoline will be increased from the current price of \$2.85 per litre to \$3.00 per litre.

The practice by owners of diesel vehicles to mix auto diesel fuel with kerosene also constitutes a major source of environmental damage. This practice is linked to the current pricing regime for the two fuels. In order to remove this incentive, the Government has agreed to unify the prices of both auto diesel and kerosene at \$1.50 per litre.

Producing companies are also being required to bear an increased share of the cost of switching away from leaded gasoline. Accordingly, the levy of 3 per cent of gross income payable by oil-producing companies will be increased to 4 per cent. This increase will not apply to producing companies whose output is below 3,500 barrels per day.

The additional revenues, estimated at \$249 million, which will be derived from this increase, will be used to fund a number of programmes geared to poverty alleviation and job creation as follows:

- the reforestation programme will be allocated the sum of \$50 million;
- an expanded Unemployment Relief Programme, an investment in social stability, including the expansion of the women's component of the programme directed at female heads of households to \$200 million—an increase of \$64 million, of which \$50 million will be used to expand the women's component of the programme;
- drainage and other community projects in La Horquetta, Maloney, San Juan and Laventille—potential hot spots in the country—in the sum of \$50 million and an increase in the Community-Based Environmental Protection and Enhancement Programme to \$225 million. That is an allocation of about \$75 million.

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We expect to generate a considerable number of jobs through these programmes, in addition to which we would like to view it as an investment in the social stability of the country.

Mr. Speaker, as you can see, we are moving relentlessly toward our goal of transforming Trinidad and Tobago into a developed nation by 2020. We have been honest, open and transparent. We have exercised responsibility in our financial management. We are ensuring sustainable economic growth and wealth accumulation for both present and future generations. We are expanding the social and physical infrastructure for the benefit of all our people. We are bringing increased benefits to the entire population, including the vulnerable and disadvantaged. We shall continue the path of reform and modernisation of both administration and the economy. We shall equip our nation with the capacity to survive and succeed in the fiercely competitive global environment.

This budget shall serve as a further unifying force in our society. None has been left out. All shall benefit. This is a budget for all the people of Trinidad and Tobago. That is so because we govern for a—for the rich as well as the poor. We govern for the weak and the strong as well as the young and the old. All children shall be better educated; all sick better cared for; all elderly made more secure; all disabled more respected. There shall be greater advancement of the young; more business development for the entrepreneurial and more employment opportunities for all. There shall be greater security in Trinidad and Tobago.

I now exhort all citizens to do their part for the betterment of our nation. Let us all work hard, observe the law, be committed to family and country; cooperate with the authorities; lend a helping hand in our community and together we shall make Trinidad and Tobago one of the best places in the world.

Mr. Speaker, I beg to move.

I would now like to name Friday, October 10 at 10.00 a.m. as the date on which debate on this budget will begin.

Motion made and question proposed, That the House do now adjourn to Friday, October 10 at 10.00 a.m. [Hon. K. Valley]

Question put and agreed to.

House adjourned accordingly.

Adjourned at 4.08 p.m.