

**HOUSE OF REPRESENTATIVES***Monday, October 21, 2002*

The House met at 2.00 p.m.

**PRAYERS**[MR. SPEAKER *in the Chair*]**PAPERS LAID**

1. Draft Estimates of Expenditure for the financial year 2003. [*The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley)*]
2. Draft Estimates—Details of Estimates of Recurrent Expenditure for the financial year 2003. [*Hon. K. Valley*]
3. Draft Estimates of the Revenue and Expenditure of the Statutory Boards and Similar Bodies and of the Tobago House of Assembly for the financial year 2003. [*Hon. K. Valley*]
4. Draft Estimates of Development Programme for the financial year 2003. [*Hon. K. Valley*]
5. Draft Estimates of Revenue for the financial year 2003. [*Hon. K. Valley*]
6. Public Sector Investment Programme 2003. [*Hon. K. Valley*]
7. Public Sector Investment Programme 2003—Tobago. [*Hon. K. Valley*]
8. Social and Economic Policy Framework—2003—2005. [*Hon. K. Valley*]
9. Review of the Economy for fiscal year 2002. [*Hon. K. Valley*]

**APPROPRIATION BILL  
(BUDGET)**

Bill to provide for the service of Trinidad and Tobago for the financial year ending on the 30<sup>th</sup> day of September, 2003 [*The Prime Minister and Minister of Finance*]; read the first time.

**Mrs. Kamla Persad-Bissessar** (*Siparia*): Mr. Speaker, on a point of order—I would like to raise a point of order.

**Mr. Speaker:** What is your point of order?

**Mrs. Persad-Bissessar:** Mr. Speaker, the Constitution is the supreme law of the land and the Constitution in section 113, and the practice of this Parliament, has always been that, before the Appropriation Bill for any new fiscal year is

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presented, any supplementary moneys spent, expended or any variations made, the supplementary estimates must be brought to the Parliament to close off the last fiscal year before you can move into the present fiscal year.

Mr. Speaker, we on this side would like to register *in limine* that the presentation of the 2003 Appropriation Bill is not in keeping with the provisions of the Constitution and is therefore an attempt to move into expenditure for a new year without giving any accountability for the last fiscal year with respect to moneys expended.

If my memory serves me right, Mr. Speaker, the Attorney General had indicated that one of the first pieces of legislation that should be brought to this House should have been the supplementary estimates dealing with supplemental expenditure. We would like to register our protest with respect to the proceedings taking place in this honourable Chamber. [*Desk thumping*]

**The Minister of Trade and Industry and Minister in the Ministry of Finance (Hon. Kenneth Valley):** Mr. Speaker, I think the hon. Member has misdirected herself. What has to happen is that, a supplementary appropriation, if it is required, must be brought before the accounts are audited so that those accounts for the last year can, in fact, be gleaned and be audited. I find it rather amazing that the Member would take that point when as a fact, for the year 2001, up to now there has been no supplementary appropriation for the extra expenditure for fiscal 2000; but that is another matter.

**Mr. Speaker:** I call on the Prime Minister. [*Desk thumping*]

**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 30<sup>th</sup> day of September, 2003 be read a second time.

Mr. Speaker, I have the honour to present to this honourable House the Government's budget for fiscal year 2002/2003. As the People's National Movement embarks on our second consecutive term in office, I want to take this opportunity to thank the national community for once again demonstrating to the world that the Republic of Trinidad and Tobago is the ultimate democracy. [*Desk thumping*]

This is indeed God's country but, Mr. Speaker, we must now put our political differences behind us and continue the journey forward as a united country—one people with one goal, the development of our beloved Trinidad and Tobago. [*Desk thumping*] Let me also thank all the people who have contributed to the

formulation of this budget, including the staff at the Ministry of Finance, my Cabinet colleagues and the various private sector organizations and individuals who provided valuable suggestions and advice during the very widespread consultations held by the Ministry of Finance.

Mr. Speaker, this budget is set within the vision of making Trinidad and Tobago a developed country in the shortest possible time and certainly by the year 2020. This vision of the People's National Movement is rooted in upholding and advancing the human dignity of every individual irrespective of race, colour, religion, culture, ethnicity, gender or social orienting. Such dignity, Mr. Speaker, must be based on self-reliance and self-help and the confidence in the ability of individuals to promote their own development and that of their communities and their nation at large.

Trinidad and Tobago will be a prosperous and progressive society catering to the needs of our citizens, a preferred place to live, raise children, do business, work and go to school. Economic growth will be inclusive of and socially responsive to the needs of all segments of the society. It will be based on the full participation of the population and promote wealth creation among all income groups. Trinidad and Tobago will be a society of creative thinkers, innovators and entrepreneurs engaged in a process of lifelong learning. All citizens will be given equal opportunity for personal growth, self-expression and active participation in their own development. We will be a society that will look after our elderly and our less fortunate. In the society of 2020, poverty and unemployment will have been significantly reduced to minimal levels, if not eliminated altogether.

Indeed, Mr. Speaker, the citizens of Trinidad and Tobago will be enjoying a high quality of life based on the highest standards of modern human development in the areas of education, health, housing, transportation, basic amenities such as water and electricity, telecommunications, personal security, social services and the environment. The society will be cohesive and caring with strong spiritual and ethical values and a deep sense of nationalism. It will celebrate the diversity of its people and function on the principles of democracy, human rights and social justice. Crime and violence will not be tolerated. New and improved standards of governance will provide the context for all public and private sector undertakings. The Government would be effective and close to the people and function in accordance with the highest standards of public accountability and integrity.

Mr. Speaker, one of the founding principles of the PNM is the protection of the welfare of every citizen of Trinidad and Tobago. It is within this context that the theme of this budget is "Vision 2020: People, Our Priority". For us, making

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people our priority means eliminating poverty, providing adequate support systems for our youth, senior citizens and less fortunate, re-establishing standards of transparency, accountability and governance to ensure that the country's resources are employed efficiently for the benefit and welfare of all citizens and nurturing our core values of equality, tolerance and mutual respect. Making people our priority is a strongly held belief of the People's National Movement that development is about people and improvement in the quality of their lives and the potential for children to enjoy a higher standard of living than their parents.

Mr. Speaker, in 1991, the start of my first administration, the economy had experienced more than a decade of almost uninterrupted decline in growth and international reserves, high unemployment levels and an acute external debt crisis. However, with astute management we turned the corner by 1994, when the economy grew by 3.5 per cent led by a recovery in the energy sector. The unemployment rate declined and inflation slowed. Our economic programme was aimed at reducing inflation and unemployment further, raising official net international reserves, maintaining exchange rate stability and achieving significant and sustainable economic growth. The overall fiscal position was to remain strong and structural reforms, including divestment of public enterprises, were to be continued. As a result, the economy continued to strengthen considerably by 1995.

The country's foreign reserves continued to grow and the exchange rate, which we floated in 1993, remained stable. Structural reforms continued at an active pace with the lowering of import tariffs, continuing financial sector reform and divestment of public enterprises. When we demitted office in the latter part of 1995, we left the economy on a sound footing with all the economic indicators pointing in the right direction.

Mr. Speaker, when the PNM was returned to office late last year, it was clear that the world economy had entered a recession. The US economy had come to the end of its longest uninterrupted expansion in the post-war period; Europe was flagging and Japan continuing to show signs of economic depression. In such an environment, commodity prices were generally soft.

Notwithstanding this global environment, in the 2001/2002 budget, the UNC administration pressed on with revenue projections and expenditure plans based on overly optimistic assumptions for oil prices and non-oil tax collections, despite evidence available since the latter half of 2000 that a domestic economic slowdown was underway. Mr. Speaker, it is against this background that we can now address an update of our fiscal situation and set the framework for the budget for the year 2003.

On January 3<sup>rd</sup> of this year, the Cabinet appointed a committee to determine the current state of the public finances of Trinidad and Tobago. The committee reported that the forecast for current revenue should be set at \$14.128 billion compared with the original estimate of \$15.802 billion. With total expenditure budgeted at \$15.799 billion there would be an overall deficit of \$1,671 billion or 2.9 per cent of our gross domestic product. I would now like to report to this honourable House that by the end of September 2002, the central government's fiscal balance recorded a surplus of \$68.9 million. [*Desk thumping*] Mr. Speaker, I repeat: from a projected deficit of \$1,671 million in January of this year, we have achieved a surplus of \$68.9 million by the end of September. [*Desk thumping*] I am sure my colleagues opposite will be a little surprised at that report in nine months and I am sure they would want to know how it was done. All you have to do is you cut out the corruption [*Laughter*] and you have money available [*Desk thumping*] for conducting the people's business.

How was this achieved? Once more, it fell to a PNM administration to take the difficult decisions to protect the long-term financial, economic and social stability of our nation. [*Desk thumping*] Mr. Speaker, let me lift the veil of our nation's finances so that the national community can share a common starting point in understanding the changes that we have to make together in the new fiscal year.

In recent years, the finances of the central government have been presented as being strong. In fact, the UNC administration, with much fanfare, created an Interim Revenue Stabilization Fund. The objective is laudable—set aside revenues that exceed original forecasts to be used in the future when lower commodity prices and/or shortfalls in production may otherwise force painful cuts in expenditure.

The balance in the fund at the end of last year was about one billion dollars; and just for the record, it is the same balance now, Mr. Speaker. However, the full significance of this rainy day saving must be judged in the context of the Government's finances as a whole. Do we really have rainy day savings? At the same time that these funds were set aside, considerable and questionable expenditures were shifted off budget. Statutory bodies were also encouraged to borrow in order to minimize budgetary transfers through the more transparent process of parliamentary approval. The parliamentary oversight that would have accompanied recourse to budgetary transfers or attempts to raise the borrowing limits for state enterprises was readily circumvented by the liberal use of Letters of Comfort that domestic lenders keenly accepted in lieu of formal government guarantees.

Mr. Speaker, debt, backed by Letters of Comfort, stood at \$104 million at the end of 1995 when we demitted office. At the end of fiscal 2000, this debt stood at

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\$373 million and jumped to \$717 million at the end of fiscal 2001. However, over the three-month period October to December 2001, this debt escalated to a phenomenal \$1,874 million. That is what they did. That is, Mr. Speaker, in the three months of an election campaign, the UNC administration issued \$1,157 million in Letters of Comfort. With the surprised look on the faces of some of my colleagues opposite, it is clear they did not even know. That is how it was done, Mr. Speaker. This represents more than 10 times the level of such debt left by the PNM administration in 1995. This expenditure covered such items as road paving by Tidco.

Mr. Speaker, let me hasten to add that the guaranteed debt of statutory bodies and state enterprises that is subject to parliamentary scrutiny also increased considerably. The outstanding balance more than doubled from \$3.3 billion in 1995 to \$9.5 billion in 2001. However, in the last three months of 2001 alone, this debt increased by \$779 million. In summary, during the last three months of 2001, and I repeat, the months of the election campaign, the contingent domestic debt, backed by government guarantees and Letters of Comfort, increased by an unbelievable TT \$1,936 million. This represents roughly \$21 million of debt a day for three months—\$21 million of debt a day for three months. I wonder who was the Minister of Finance.

In contrast, let us see how this administration managed the economy during 2002. Mr. Speaker, because of the sound macroeconomic policies that began in 1991, Trinidad and Tobago is expected to experience its ninth consecutive year of economic growth by the end of 2002. Let us review the management of the economy in 2002. The economy grew by 2.7 per cent in real terms. This growth is taking place in a stable inflationary environment as the rate of inflation fell to 3.9 per cent. Job creation has continued as the unemployment rate fell to 10.1 per cent in June 2002.

Foreign direct investment continues to be buoyant, particularly in the energy sector, and remains an important pillar in the financing of the balance of payments. Gross official reserves reached US \$2005 million in September 2002 and covered six months of imports. The exchange rate is realistic, stable and competitive. Interest rates began to fall as monetary conditions eased. The prime lending rate has declined and so have mortgage interest rates, and the external debt remained stable at 16 per cent of gross domestic product.

Mr. Speaker, let us now discuss the evolution of the Government's finances over the past year. As I said before, based on preliminary data, we estimate that the central government's operations for 2002 will yield a small surplus of \$68.9

million despite the fact that oil revenue turned out to be lower than projected. Even within our tight expenditure budgetary constraints, in the context of our overriding preoccupation of making people our priority, we began to implement our programmes to stabilize the social situation. Accordingly, effective January 01 this year, the maximum old age pension was increased from \$800 to \$1,000 at a cost of \$150 million. This benefited over 62,000 of our elderly citizens, most of whom have no other means of support.

In the spirit of fair play and respect for contractual obligations, we began to regularize the public sector situation with the immediate payment of one month's salary towards settlement of arrears due to public servants. We made a bold intervention to alleviate the hopelessness and marginalization of large sections of our society, most particularly our youth, by reactivating several of the social programmes that had been terminated or left to languish by the UNC administration. We introduced the "Helping You Prepare for Employment Programme—the HYPE Programme—which first corrects deficiencies in reading and numeracy, using computer technology, and then provides skills training for young people who have left the secondary school system and have been unable to find employment. A total of 720 persons was trained this year.

We re-introduced the Geriatric Adolescent Partnership Programme to equip young persons with the skills and discipline to care for the elderly. We re-introduced it. We re-introduced the On-the-Job Training Programme, which placed more than 5,000 young people alongside experienced persons in existing jobs so that they can acquire valuable experience. We reinstated the Civilian Conservation Corps to involve young people in our reforestation and environmental programme while exposing them to the discipline of the armed forces. We have created the National Entrepreneurship Development Company Limited and changed the focus of the Small Business Development Company into the Business Development Company. Both companies are expected to produce a new breed of entrepreneur while generating significant employment opportunities.

We began to take steps to meet the critical housing needs of our population. As such, 3,000 housing starts were approved by September of this year under the Government's accelerated housing plan. Additionally, several National Housing Authority apartment buildings are being renovated, painted and repaired at an overall cost of \$67 million. Mr. Speaker, we continue to implement certain essential infrastructural works, including the extension of the Solomon Hochoy Highway and the widening of the Churchill Roosevelt Highway between El Socorro and Curepe. In addition, we have expanded the school transportation

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service by providing additional seats. We have implemented a \$1,000 book grant for every secondary school student and provided free schoolbooks for every primary school child in Trinidad and Tobago. [*Desk thumping*] Stubborn things, facts; they do not go away.

In short, after a mere nine months in office, we have demonstrated an extraordinary competence to manage the economy effectively [*Desk thumping*] and showed an awareness and determination to begin to deal with the critical social issues of our country. Thus it came as no surprise to us, Mr. Speaker, when Standard and Poor's upgraded our economic outlook from stable to positive and maintained our investment grade rating. [*Desk thumping*] This outlook was later confirmed by Moody's Investors Service.

The Government's medium-term plan targets real GDP growth averaging 4 per cent to 6 per cent over the years 2003 to 2005. While the main engine of growth will continue to be the energy sector, the Government will intensify efforts to create a globally-competitive and knowledge-based economy. The expansion of the non-energy sectors, the booming construction activity coming from ongoing and planned investments in the energy sector and the housing programme, as well as a concentrated thrust on small business development, are expected to result in the creation of over 30,000 new productive job opportunities.

The medium-term plan emphasizes the importance of maintaining low inflation and exchange rate stability as major planks in a comprehensive incentive framework, designed to attract both domestic and external private sector investment and safeguard real incomes. Our medium-term plan underscores the importance of fiscal discipline which, when combined with prudent monetary policies, should contribute to lowering domestic interest rates which would help stimulate domestic private investment.

Mr. Speaker, I cannot overemphasize the fact that the success of our medium-term strategy hinges critically on the development of our human capital. If we are to advance rapidly towards developed country status, we need, with utmost urgency, to proceed with a major reform of our education and health systems. These are two areas in which the Government will take the lead in bold and innovative ways. Trinidad and Tobago has been sorely lagging in these areas.

I turn now to our strategic investment and reforms as we develop our vision for transforming Trinidad and Tobago into a developed country. Given our resource endowment, the energy sector will continue to be the main engine of growth in our economy. As is well known, the sector is undergoing profound



changes as a result of which we are being transformed from an oil-based to a gas-based economy. Oil production will continue to play an important role. With the recently announced oil find by BHP Billiton, oil production is expected to rise from the current level of 120,000 barrels per day approximately to 200,000 barrels per day by mid 2006.

As hon. Members are no doubt aware, Atlantic LNG's Train 2 is now operational and Train 3 is due to begin production in May of 2003. LNG production is expected to further increase by approximately 50 per cent by the fourth quarter of 2005, following the construction of Train 4, which will be the largest single train to be constructed in Trinidad and Tobago. There also exists the possibility for the construction of a Train 5 and a Train 6 to take advantage of the growing global market for natural gas. These developments will fuel further exploration and development of our offshore natural gas fields while strengthening our relations with neighbouring Venezuela as we seek to process Venezuelan gas discoveries in Trinidad and Tobago's domestic facilities.

Mr. Speaker, some of the other significant developments expected in the energy sector are:

- Atlas Methanol's US \$400 million 5,000-tonne per day methanol plant comes on stream in the fourth quarter of 2004. This will increase the country's total production of methanol from 2.86 million tonnes per year to 4.6 million tonnes per year. Trinidad and Tobago is already the world's largest exporter of methanol and this plant, Atlas Methanol, will preserve that position.
- Methanol Holdings is in the process of establishing a 5,000-tonne per day plant with an investment outlay of US \$520 million in the next three years.
- Nitrogen 2000, an ammonia plant, integrated with the Caribbean Nitrogen Company, will commence operations in the second quarter of 2004 increasing the production of ammonia from its current 4.28 million tonnes per year to 4.9 million tonnes, again preserving Trinidad and Tobago's position as the world largest exporter of ammonia. The investment outlay is estimated at US \$300 million and 1,500 people are expected to be employed in the construction phase.

Mr. Speaker, other prospective energy projects include a US \$850 million gas to liquids plant, a one billion dollar aluminium smelter plant and a US \$1.22 billion ethylene complex. All of these are US dollars. These investments are being considered in the context of optimal utilization of our natural gas resources to ensure that the country's sustainable development goals and objectives are met.

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Mr. Speaker, La Brea provides the best deep-water harbour in this country. [*Desk thumping*] The Government plans to complete the development of the industrial estate at La Brea to cater for new downstream industries based on the availability of primary products, ammonia, methanol, urea, iron and steel, ethylene, et cetera. We also plan to establish a service port at Point Galeota and a port for CNG exports to the Caribbean at Cove Point in Tobago. [*Desk thumping*]

The Standing Committee on Energy, appointed by the Cabinet in January of this year, is presently addressing three major issues. Firstly, the committee is examining the possibility of natural gas being sold directly to selected downstream industries. This will encourage some level of competition among new entrants in the upstream sector of the gas industry. Secondly, the committee is reviewing several options and the modalities for supplying gas to Caricom. At present, we are the largest regional exporter to Caricom. Thus providing some assistance to Caricom neighbours is a way of helping ourselves. In this context, we are proceeding with plans for laying a natural gas pipeline to service our Caricom partners. [*Desk thumping*]

Thirdly, work is nearing completion for the implementation of a new fiscal regime for gas, as well as adjusting the fiscal regime for oil to reflect the new realities. As hon. Members are no doubt aware, the fiscal regime for the energy sector has not been revised since 1992. The revisions to the tax regime will aim at increasing the Government's tax take while maintaining the incentives for increased investment.

Mr. Speaker, I turn now to the agricultural sector. The latest available statistics bear stark testimony to the fact that the agriculture sector is in a state of decline. Since 1996 the sector has contributed a little more than 3 per cent of GDP. In addition, the share of the labour force engaged in agriculture has declined from 10.8 per cent in 1985 to 9.1 per cent in 1999, while average incomes in the sector are among the lowest in the country. A strong agriculture sector is important to the Government's vision for 2020 and we are laying the groundwork that will fully develop the potential of the sector.

We will focus on enhancing the physical infrastructure, namely, marketing facilities, water management, flood control, irrigation and agricultural access roads and land settlement. We will focus also on the operational deficiencies of the Agricultural Development Bank (ADB) with a view to ensuring that the ADB becomes a more efficient and effective supplier of credit and financial products to the agricultural sector and that its developmental role be reinstated.

Mr. Speaker, the quality of the infrastructure of the fishing industry has been allowed to deteriorate. We will move decisively to ensure that various fisheries landing sites throughout the country are upgraded to international standards. We

will also put measures in place to re-establish fishing grounds through enhanced protection and conservation, including the control of trawling. We will upgrade the Port of Spain wholesale fish market and the Orange Valley wholesale fish market as well as commence refurbishment works on the San Fernando and Claxton Bay fishing centres. We also plan to build a major fishing port at Moruga.

We believe that there must be greater use of technology in agriculture and in the sugar industry in particular. Accordingly, we will introduce a significantly higher level of mechanization in cultivation and automation in manufacturing. There will also be a greater reliance on agroprocessing as we stimulate agricultural production—first to satisfy the local market and to market any surpluses abroad. We propose to concentrate on the use of some of the many technologies in agroprocessing that are now emerging around the world as we seek to develop this industry on a community basis.

Mr. Speaker, the macroeconomic and regulatory framework that was put in place in the early 1990s has contributed to making our manufacturing sector the strongest in the Caribbean. We need to further strengthen the sector to deal with the challenges posed by globalization and, in particular, the Free Trade Area of the Americas (FTAA). This Government will ensure that Trinidad and Tobago, and in particular the private sector, are involved in setting the new rules for trading relationships. We will make representation in the various international fora, be it FTAA, the World Trade Organization, the African, Caribbean and Pacific Group (ACP) and the Caricom Single Market and Economy.

Over the medium-term, the Government will pursue a range of initiatives to create a competitive manufacturing sector. These initiatives will include investment promotion, export development and development of external transport links. The objective is to position Trinidad and Tobago as the manufacturing centre of the Caribbean. Accordingly, the manufacturing sector has been earmarked as one of the principal generators of growth in our economy. Secondly, we will implement a trade assistance programme that will be geared towards enhancing private sector competitiveness. This programme will be supplemented by appropriate business facilitation methods designed to reduce bureaucratic impediments to trade.

In this regard the Government has recapitalized the Exim Bank, restructured the Small Business Development Company as the Business Development Company and reformed Tidco. We are consulting with BWIA to ensure adequate air and sea links to the new markets in Central and South America. Mr. Speaker, we are integrating Trinidad and Tobago into the global economy.

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As a consequence of the rules of the World Trade Organization, we are required to remove the export allowance under the Corporation Tax Act because it is inconsistent with our obligations to the World Trade Organization. This measure will take effect from January 01, 2003.

Corporation tax: Mr. Speaker, as a major fiscal initiative to support the private sector, as well as encourage new business opportunities, the Government proposes to reduce the corporation tax rate of 35 per cent to 30 per cent, except in the petrochemical and related sectors. This measure, which will take effect from January 01, 2003, will require amendments to the Corporation Tax Act. The revenue foregone from this measure is approximately \$200 million. [*Desk thumping*] May I say also, Mr. Speaker, it is our intention to lower the rate further over the next five years as we seek to make Trinidad and Tobago the most attractive location for investment in the Western Hemisphere. [*Desk thumping*]

We plan to convert some 1,100 acres of real estate at Wallerfield into a light manufacturing industrial estate for the industrial and commercial transformation of the economy. The Trinidad and Tobago Light Manufacturing Estate Company, as it will be called, will be positioned as the national and regional epicentre for light manufacturing and other commercial activity. This project will be developed in collaboration with local and foreign investors and other stakeholders, including the tertiary education sector. We plan to begin work soon on the anchor facility, which will serve as an incubator and commercialization sector that will nurture nascent enterprises and serve as the administrative, management and training centre for the estate. The estate would also serve as a one-stop shop for investors.

Subsequent phases of the project will build on the initial development and are expected to result in significant direct and indirect employment opportunities. In excess of 25,000 jobs is expected to be created in the first 10 years of the development. [*Desk thumping*] This project is poised to transform the human resource base of the country and serve as the major catalyst in our movement towards developed country status by 2020.

Mr. Speaker, the National Enterprise Development Company Limited (NEDCO) has been given the responsibility for the development of the small and micro enterprise sector. The company will seek to foster and encourage a spirit of entrepreneurship and enterprise development generally but particularly among the disadvantaged, youth and women in the nation's communities. NEDCO's specific responsibilities will include the establishment and operation of an entrepreneurial training centre and a small and micro enterprise mentoring programme. It will provide credit to support the operation of small and micro enterprise centres

throughout the country. We have targeted over the next two years the establishment of 10,000 new small businesses in Trinidad and Tobago. NEDCO, since its inception in August, has already disbursed over 900 loans. [*Desk thumping*]

The Small Business Development Company, recently renamed the Business Development Company, is being refocused to concentrate on turning established small businesses into successful medium and large enterprises. This company's new mandate involves enhancing management capacity, promoting technological innovation, product development, improving productivity and quality control and accessing export markets for the enterprises.

Mr. Speaker, the Government also plans to establish a credit union development bank under the auspices of the Ministry of Finance. [*Desk thumping*] This new institution will serve as the bank to invest resources of the credit union movement. These resources will be available to our small and micro enterprise development effort and other national developmental priorities as determined by Government. Appropriate safeguards will be put in place to protect the investment of shareholders.

I now turn to the tourism sector. The tourism sector has floundered and declined as a result of a lack of strategic vision on the part of the former administration, which was manifested in its poor financial support for the tourism industry. The events of September 11, 2001 compounded the industry's dilemma. Mr. Speaker, this administration views the tourism sector as one with tremendous potential for promoting economic diversification, harnessing the skills of our people, generating foreign exchange and, most importantly, for creating a substantial number of new and sustainable jobs.

This Government recognizes that when compared to our Caribbean neighbours, Trinidad and Tobago as a tourist destination has a potentially unique product to offer in terms of our rich cultural diversity—ecotourism, honeymooning and film making—and has tremendous potential for development of such niches as sport, festivals, cruise and conference tourism. Mr. Speaker, we intend to move rapidly to take advantage of this competitive edge and to give the tourism industry a major boost.

In May of 2000 the Government established, under the chairmanship of the Prime Minister, a standing committee of all major stakeholders to address matters pertaining to the sustainable development of tourism in the country; and this committee, incidentally, has been meeting in Tobago. We now have a tourism development plan under which a total of \$305 million will be injected into the tourism industry over the next three years. This will make a major impact on tourism in Tobago and in Trinidad and is expected to produce up to 15,000 new jobs over the three-year period—very significant, Mr. Speaker.

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Critical to the success of our tourism drive is the existence of a supporting legislative and regulatory framework to increase development and to guide the orderly development of the industry. The Tourism Development Act, 2000 is therefore in the process of being reviewed. Plans are also underway for the finalization of a new strategic plan for the industry. The recently established airlift committee plans to negotiate mutually acceptable arrangements with international airlines with the aim of boosting visitor arrivals.

In terms of specific measures, Mr. Speaker, the terminal building of the Crown Point Airport will be expanded and revised policy guidelines are being formulated for integrated resort development, defined to cover projects with a minimum capital investment of \$350 million, incorporating a hotel of at least 200 rooms as well as other amenities including golf courses, marinas, et cetera.

We also propose a capital allowance of 100 per cent of the cost of building materials in respect of approved capital expenditure incurred by the owner or operator in the conversion of existing homes to guesthouses. This measure will take effect upon coming into operation of the Finance Act, 2003. This measure will stimulate the development of new entrepreneurs in the tourism sector, especially in Tobago. In the development of the tourism sector, the Government will ensure that the ecological balance is maintained. We plan to insist on the highest standards for environmental management systems, Solid Waste Management and sewerage treatment and management.

Structural reforms. Over the past few years, the financial system of Trinidad and Tobago has become more modern and sophisticated, both in terms of its institutional mix as well as the range of financial instruments available. The Government is committed to promoting the continued development of the sector in line with our vision for the development of our economy, which includes making Trinidad and Tobago a major financial centre not only in the Caribbean but also in the Western Hemisphere.

To achieve this goal, we need to ensure that the regulatory and supervisory framework meets internationally acceptable standards. To this end, during the next fiscal year the Government plans to introduce legislation that would integrate the supervision of insurance companies and pension funds with that of the banking system under the authority of the Central Bank. This move will help us to deal more effectively with the reality of universal banking.

We urgently need to rationalize the government bond markets as part of our broader programme to develop our capital structure, but also to help reduce the financial cost of government borrowing. The Ministry of Finance, in collaboration

with the Central Bank, is well advanced on a project that seeks to organize and structure government borrowing plans across a range of maturities in order to establish a yield curve, expand the list of primary dealers and facilitate the development of a liquid secondary market in government debt and assure transparency in government bond markets.

The need for consumer protection in the financial sector is well established and many developed and developing countries have put in place mechanisms to ensure that consumer rights are protected. The Government is finalizing legislation for the establishment of a financial services ombudsman. The main function of the ombudsman would be to provide independent and prompt resolution of disputes against the criteria of law and best practice. When the law is approved, it will cover all products and services offered by all licensed financial institutions. In the meanwhile, pending the new legislation, the Central Bank will introduce an ombudsman scheme for the banking sector to be put in place in early 2003. [*Desk thumping*] Good or bad? The Government also plans to take steps to institutionalize the Interim Revenue Stabilization Fund through the passage of appropriate legislation.

Mr. Speaker, the State sector has been undergoing considerable reform over the past several years. This process will continue in the context of the overriding strategy to divest those enterprises where continued ownership by the State cannot be justified on strategic grounds and improve the operating efficiency of those enterprises that remain in the purview of the State. Over the next fiscal year, the Government plans to pursue the following initiatives.

We will recapitalize the Export-Import Bank of Trinidad and Tobago Limited to give a greater role to the local private sector and international institutional capital. The revitalized Exim Bank will assist manufacturers in securing new export markets, in particular in Central and South America. We are now taking limited.

Mr. Speaker, we have agreed to consider the introduction of private sector involvement into the operations of the Port Authority of Trinidad and Tobago. Requests for proposals to introduce the private sector into the operations of the strategic business units involved in transshipment and cargo handling have already been issued. We intend to transform the National Broadcasting Network Limited into a viable and competitive entity so as to allow the company to meet the challenges of the newly liberalized telecommunications and broadcasting market. We also intend to conclude the sale of the assets of Trinidad and Tobago Forest Products Limited to a consortium of the unions which represented the employees before that enterprise was closed in 2001.

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We plan to restructure the Trinidad and Tobago Unit Trust Corporation into a public liability company by passing in Parliament the Trinidad and Tobago Unit Trust Corporation Vesting Bill, 2002. Good? This will allow for an initial public offering by the newly restructured Unit Trust Corporation. This public offering is essential, not only for providing greater opportunities for wealth creation within the national community, but also for developing and strengthening the domestic financial and capital markets, thereby leading to faster economic growth.

We have taken steps to reorganize Caroni (1975) Limited through a process of re-vesting the assets of Caroni into the national community, including the major stakeholders. As you are aware, Mr. Speaker, the programme of action for modernizing Caroni has already begun. Shortly, we will be in a position to offer an enhanced Voluntary Separation of Employment Programme (VSEP) to all employees of Caroni (1975) Limited. We are taking steps to transfer to the State all lands now controlled by this wholly owned state enterprise. We will lease back to Caroni (1975) Limited lands that are needed for the pursuit of its core agricultural business. Some of the land will also be leased to the cane farmers.

Mr. Speaker, we have established a new company, Estate Management and Business Development Company Limited, with a mission to manage the lands leased to them by the State for the purpose of stimulating and facilitating new business activity in the areas of light and heavy industrial manufacturing, agricultural estates, housing estates and commercial complexes. Caroni (1975) Limited will remain in the sugar processing business but cane cultivation and production will be assumed to a greater extent by the cane farmers in the context of the scaling down of the sugar industry. Mechanized cultivation and automated manufacturing will be standardized to make the industry internationally competitive and we will seek niche markets for the type of sugar that we produce. We will produce sugar that will fit into the niche markets around the world.

Mr. Speaker, the modernization of Caroni (1975) Limited, together with the orderly transformation of its lands into growth poles, would provide a range of alternative industrial and commercial activities to allow for a re-absorption of the unemployed labour resulting from the rationalization. Moreover, this employment enhancing operation would be strengthened by the introduction of the private sector into the non-sugar operations of Caroni (1975) Limited—the rum distillery, the rice and citrus entities and the dairy and cattle enterprises. It is important that we create an environment which would allow companies, including divested state enterprises, to prosper and to flourish. As you are aware, Mr. Speaker, we are working on the structural environment, promoting transparency, accountability of



government and developing risk and venture capital for those sectors, in particular knowledge-based industries which require state partnerships.

Let me turn now to an issue that is at the forefront of the Government's policy agenda—the efficient and effective delivery of social services. From an economic and developmental perspective, the country has benefited significantly from nine years of positive, uninterrupted growth rates, but notwithstanding these successes, many of our citizens have been left vulnerable and unprotected. Accordingly, we are of the view that social intervention in the national community is a prerequisite for ensuring that this country's development efforts are all inclusive and all embracing.

**3.00 p.m.**

In the design and formulation of our social policy, we have adopted a two-pronged approach. One approach recognizes the importance of providing direct and immediate relief to the impoverished and vulnerable groups in the society. As a consequence, priority is being placed on the provision of effective social intervention programmes that protect the human dignity of these individuals and their families.

Mr. Speaker, the other approach is based on the view that social policy must be more transformational and developmental in its intent in order to secure sustainable advances in human and social conditions. High priority has been placed on human development, particularly education and training, as well as on economic security through sustainable employment.

Our social agenda focuses on ensuring that all our citizens, the employed, the unemployed, the infirmed, the aged and our youth are treated in a fair and equitable manner. We are strengthening some of the existing programmes as follows:

The Social Help and Rehabilitation Effort, SHARE programme, has made a significant contribution towards filling a gap in the system by targeting needy persons between the ages of 18 and 65 who do not receive public assistance or old age pension.

We will increase the number of food hampers distributed to needy households from 8,000 to 15,000 hampers per month. [*Desk thumping*] We will also increase the value of each food hamper from \$150 to \$200. In addition, Mr. Speaker, each eligible household will receive one food hamper per month for six months instead of three months. [*Desk thumping*]

Mr. Speaker, we considered a food stamp programme as an alternative, but found this approach to be superior in the context of efficiency and public

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accountability. The programme also comprises a developmental component through which it sources or refers clients to skills-based activities or microentrepreneurial activities.

We are committed to bringing all citizens to a level of self-sufficiency, but we recognize the importance of a transitional phase during which those most in need should be provided with basic needs to allow them to focus on acquiring the necessary tools for self-development. In 1995, the PNM Government addressed this need with the creation of three relief centres in Cocorite, in Port of Spain South and in John John, Laventille. These centres have been appropriately renamed transformation and development centres in keeping with our vision of making the recipients of these centres contributors to community and national development.

To date, more than one million meals have been served to the needy and more than 14,000 persons have benefited from training at the centres. The meals are used purely to attract persons who are in need so that they could be exposed to the transformational programmes conducted at the centres.

During the fiscal year, we will add 21 centres throughout Trinidad and Tobago—21 new centres—seventeen of which will be located in Trinidad in the areas of Mayaro, Sixth Company; Torrib Trace, New Grant; Basse Terre, Moruga; St. Joseph; San Juan; Barataria; Aripo; Arima; Tunapuna; La Brea; St. Madeleine; Carolina Village. You know where Carolina Village is? [*Interruption*] That is your constituency, but the others do not know. It is in Couva South, in the middle of the cane field. Carolina Village, Sangre Grande, Maracas Bay, San Fernando and North Manzanilla, as well as four centres in Tobago. [*Desk thumping*]

Mr. Speaker, the public assistance grant is paid monthly to needy individuals and families. An individual under the current system receives \$222 per month, while the maximum payment a family can receive is \$720 per month.

In the current context of the general standard of living in Trinidad and Tobago, these amounts are clearly insufficient, yet we recognize that in the establishment of new levels, the benefits should not be too attractive to reduce the incentive for undertaking self-improvement measures and which can have serious disincentives on employment and work. Accordingly, we propose to implement the following increases:

Household size of one person, the current benefit is \$222; we take it to \$320, Mr. Speaker. Two persons, \$420 being paid at this time; it goes to \$560. Three persons, \$625 being paid at this time; it goes to \$770. And four persons receiving \$720 at this time will now receive \$940 under the new arrangements. [*Desk thumping*]

Under the public assistance programme, we have also allocated \$2 million to provide urgent temporary grants to persons who have experienced some type of natural disaster. These measures will take effect from the coming into operation of the Finance Act 2003.

Mr. Speaker, the additional cost of restructuring the public assistance programme is \$94 million. The disability grant and the grant for children with disabilities, which are also components of the public assistance programme, will remain the same but will be upgraded in fiscal year 2004. It costs \$70 million. We just did not believe that we could afford it this year. Just could not afford it this year, so we will do it next year.

Mr. Speaker, we remain mindful of the special needs of the physically challenged in our society. As hon. Members are no doubt aware, approximately 12 per cent of our population is hearing impaired, yet made valuable contributions to our society. This Government has not overlooked the special needs of these citizens. At present, members of the public who wish to be tested and fitted with hearing Aids may do so. As of July 2002, a total of 767 persons were tested for hearing deficiencies by DRETCHI and 336 persons were fitted with hearing Aids. Mr. Speaker, 122 children and 92 pensioners received hearing Aids.

This is a facility that must be continued and expanded, and we have allocated \$3 million to this programme in this fiscal year. [*Desk thumping*] We are also expanding this programme to allow for the testing of every school child for hearing and sight problems. [*Desk thumping*] The Ministries of Education and Health will develop and implement this programme in this fiscal year.

Adolescent mothers. Mr. Speaker, the expansion of our choices (Caring, Happiness, Organization, Ideals, Communication, Education, Self-Awareness) programme for adolescent mothers is aimed at providing remedial and development services to pregnant teens and young mothers. We recognize the difficulty that young women face in accessing opportunities for support, counselling, personal development, skills development, training in childcare skills, pre-vocational training and reproductive health. This programme will target at-risk teenaged girls and adolescent mothers between the ages of 13 and 19 years. The programme, which is now conducted in collaboration with the Child Welfare League at three centres, will be expanded to 10 centres. We have allocated \$4.2 million for this programme.

Training and employment opportunities will also be available to young unemployed adults and displaced workers. The Youth Training and Employment Partnership Programme, YTEPP, after being re-evaluated, has now been broadened

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to capture a wider range of participants. The programme's new specialized training encompasses the key area of business development and strengthens the participant's capability through entrepreneurial development and support. A total of \$11 million has been allocated to the programme in the next fiscal year.

The Export Centres Programme, while supporting training in the niche industry of specialized handicraft, will also serve as a business incubator programme for graduates of the programme. It will also provide support in research and development, as well as provide a resource base for increasing the marketability of craft in Trinidad and Tobago and the region.

The programme will target single heads of households with children to educate, unskilled persons and voluntary community-based organizations. It will provide training in various niche products that facilitate self-employment and entrepreneurship development based on the native skills of the communities. Five hundred participants will access this programme in 2003 at a cost of \$5 million. This is an existing programme that had lost its way and will be brought back on track in this fiscal year.

The Community Education and Support Programme will focus on skills training, group leadership development, management skills, community awareness and entrepreneurial development. Some 9,000 persons have already benefited from the skills training component of this programme in the last fiscal year with a total of 44 leadership development and management programmes planned for the Ministry of Community Development's eight administrative districts. An estimated 10,000 persons are expected to benefit from the programme next year.

Mr. Speaker, at the centre of our transformational and development efforts will be our nation's youth. This transformational effort will provide our youth with not only the tools and knowledge necessary for success at life, but also equip them with the spirit of sound moral values and the discipline and focus required for success in the world of work.

We have reinstated a number of programmes which will centre on the nation's youth. The Civilian Conservation Corps will provide temporary employment for unemployed and unemployable young adults between the ages of 18 to 25. Participants will also benefit from the discipline of the Defence Force, as well as the awareness, patriotism and responsibility that come from preserving and protecting the environment and from being engaged in activities that directly benefit their communities.

We are expanding the programme to include Maracas/St. Joseph, Valencia; Tabaquite and Biche; Point Fortin and Siparia—it is a pleasure—Tableland and Rio Claro, and Les Coteaux and Roxborough in Tobago. A total of \$25 million has been allocated to this programme in the new fiscal year.

Mr. Speaker, we have also reinstated the On-the-Job Training Programme which we envision will facilitate a smooth transition between the school and work environments. The On-The-Job Training Programme will provide pre-employment training to young adults between the ages of 16 and 30. It will match academic and vocational skills with current trends in skill development in the labour market. The programme targets graduates of schools and technical institutions at both the secondary and tertiary levels exposing its participants to work-based training while fostering positive work attitudes. Over the next year, 10,000 persons will benefit from this programme at a cost of \$18 million.

Mr. Speaker, the Geriatric Adolescent Partnership Programme (GAPP) is aimed at fostering stronger intergenerational relationships between older persons and adolescents between the ages of 17 and 25. The programme has been restructured and expanded. It will now cover seven centres throughout the country. This programme has traditionally enjoyed a 90 per cent success rate and benefits some 560 trainees annually. A total of \$3 million has been allocated to this programme.

Mr. Speaker, we have also supplemented these well established social programmes with a number of other programmes to target specific social needs. As part of our developmental thrust for the agricultural sector, we are focusing on encouraging our youth to become much more engaged in agriculture.

With this in mind, as an initial step we have implemented a Youth Apprenticeship Programme in Agriculture (YAPA), aimed at attracting 1,000 youths by early November who will be apprenticed to specially selected farms to allow them to gain first-hand knowledge and experience in farming. Participants will be provided with a daily stipend over a six-week period. A total of \$33.5 million has been allocated to this programme which will now be expanded for a longer gestation period and for greater numbers of persons. This programme has already demonstrated a lot of promise and we will be monitoring it closely to see if it will produce a new category of farmer in Trinidad and Tobago. [*Desk thumping*]

The Community Enhancement and Regeneration Programme (CERP) is a new programme that integrates a number of existing projects and priorities. These include the Depressed Communities Programme, the Integrated Projects Initiative Programme being run by the Community Development Fund and the Adopt-a-Community Programme.

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The CERP targets the poorest communities in Trinidad and Tobago. It will establish the framework for the comprehensive development and regeneration of those communities addressing both infrastructural and social and human developmental needs. The CERP will regenerate those communities empowering its members with skills and ensuring that basic services and facilities are developed. In fiscal 2003, 19 communities throughout Trinidad and Tobago will benefit from the implementation of the CERP and it is expected that over 100,000 persons will benefit from the programme. The programme will be implemented by the Community Development Fund in collaboration with a number of Government and voluntary agencies.

Information Made Easy Through Technology (Imat) centres are being introduced in communities throughout the country to facilitate training, distance learning and Internet access. These centres will be established within existing youth facilities. The programme will be phased in over a two-year period with phase one focusing on seven centres in Arima, Chaguanas, San Fernando, El Dorado, Laventille, Malick and Sangre Grande.

Mr. Speaker, we will establish a Community Development Scholarships Programme under which bursaries will be awarded to young persons to undertake programmes of training and/or study in traditional and non-traditional areas. The awards will be tenable at local as well as overseas institutions.

In addition to ongoing programmes, we will introduce three more new programmes this year for the benefit of our young people. The first will target students who did not complete their secondary school programme. They will be trained in technical skills at the army's camp at Cumuto. The second will target secondary school students who did not graduate with a full certificate. They will be housed in dormitory facilities utilizing existing schools after regular school hours; and the third will be a system of voluntary—I repeat, voluntary; I repeat voluntary—national service. I stress voluntary. [*Desk thumping*]

All of these programmes will be run by the Defence Force and, in addition to exposing our young people to military discipline, will also train them in life skills such as conflict resolution, family life, etiquette, parenting and so on.

Mr. Speaker, recently I had the privilege of witnessing personally the drive and determination of the residents of Rock City in Laventille who took it upon themselves to improve their community. The residents of Rock City embarked on a self-help project to beautify and improve the infrastructure and surroundings of their community. This involved the laying of pipes for running water—notwithstanding the

promises of water for all by 2000—placing poles for electricity and the building of infrastructure in the form of road work and drainage for the area.

Mr. Speaker, we have taken a page out of their book and have formulated a two-phase project to develop and improve the living conditions of communities throughout the country. The National Social Development Programme is targeted at improving the supply of water and electricity and developing or refurbishing infrastructure and recreational facilities.

These projects will be managed by the Ministry of Public Utilities and the Ministry of the Environment along with the National Commission for Self-Help. The first phase which has already been initiated has provided roads, water, electricity and recreational facilities to communities across Trinidad and Tobago. Under the programme, we will continue the installation of communal tanks, the laying of pipelines, the drilling and equipping of water wells and the rehabilitation and building of water pumping stations.

In addition, Mr. Speaker, the improvement works to the electricity supply to these communities will benefit approximately 2,600 homes and will allow them to receive a supply of electricity for the first time. It also includes the installation of streetlights and the electrification of 35 rural areas. The self-help component of the programme will facilitate and support necessary infrastructural development within communities as was done in the Rock City model.

Mr. Speaker, in phase two of the programme, the Government will provide the residents of these communities with skills training and training in information technology. Both phases of the programme will be conducted in collaboration with community leaders to ensure the relevance of all projects to the respective communities. The people involved matter. Further, Mr. Speaker, the Government has recently incorporated the community improvement company which will be charged with the responsibility for rebuilding our communities on a systematic basis. [*Desk thumping*]

Pension and measures to increase savings on disposable income. Mr. Speaker, my Government's position on providing for the aged is quite simple, clear and unambiguous. We must continue to provide a flow of protection to this vulnerable group. We will maintain the present \$12,000 per annum to all 63,000 beneficiaries, however, this annual amount will be kept under review to enable the elderly to always maintain a reasonable standard of living.

Mr. Speaker, our pension arrangements need to be rationalized. In addition to the basic pension represented by the old age pension, we must have a second level

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that will provide adequate pensions to the working population. We are in the process of evaluating recommendations on pension reform with a view to providing the national community with a comprehensive pension reform framework for wide consultation. Also, an actuarial evaluation of the NIS pension scheme, National Insurance, is at present being undertaken and the results will be available within the current fiscal year. It is anticipated that the new pensions to be paid by the National Insurance Board would parallel payments made under the old age pension scheme. [*Desk thumping*]

Mr. Speaker, one major component in achieving our vision 2020 is increasing the level of disposable income in the hands of our citizens, as well as increasing the level of national savings. As a result, we propose to grant to individuals a deduction of up to \$10,000 per annum in respect of shares bought in a society registered under the Cooperative Societies Act. And I would like to congratulate the credit union movement for the contribution that that movement has made. This measure will take effect from January, 01 2003.

In addition, the Government proposes to reduce the individual income tax rate bands from 28 per cent to 25 per cent, and 35 per cent to 30 per cent. [*Desk thumping*] Five percentage points dropped at the top marginal rate. This measure will take effect from January, 01 2003. The revenue foregone as a result is approximately \$289 million.

Mr. Speaker, we also intend to increase the minimum wage to \$10 per hour within the next five years. [*Desk thumping*] We will engage in tripartite discussions with labour and employers' representatives with respect to the timing and method of its implementation.

Education. Mr. Speaker, achieving our economic and social objectives will depend critically on our success in the optimal development of our human resources. The development of human resources in turn is dependent on improving the quality of education offered to all our citizens. This is even more important if we are to achieve the status of a developed country by the year 2020.

Our strategic plan has been informed by the White Paper on Education 1993—2003 and is driven by the need to provide for all children access with equity to quality education at all levels of the education system. I wish to share some of the major initiatives of the strategic plan. We will increase the number of early childhood care and education centres in every district. We will increase the number of secondary schools. We will rehabilitate and upgrade primary schools to increase student intake. We will deshift the junior secondary schools to ensure that



all students are provided with five continuous years of schooling with a standard curriculum. We will modernize the secondary school curriculum to make it relevant and appropriate to the needs of the individual and the country in the global environment of the 21<sup>st</sup> Century.

Mr. Speaker, we also propose to intensify our professional teacher and administrator development programme. We will improve the physical facilities and we will improve the governance and management of schools. In addition, we have established a School Intervention Strategies Programme to manage and strengthen several ongoing programmes aimed at behaviour modification, conflict resolution, building self-esteem and providing mentoring for students.

In terms of physical arrangements, we have taken steps to tighten security in all schools, particularly in those that are deemed high risk by the completion of appropriate perimeter fences, installation of electronic devices and effective utilization of a security guard service.

Mr. Speaker, tertiary education. We are committed to providing affordable education at the tertiary level and ensuring that no student is denied a university education based simply on the inability to pay the fees. While the Government will honour existing obligations under the Dollar for Dollar Plan, and I repeat that—while the Government will honor existing obligations under the Dollar for Dollar Plan, a more suitable and sustainable alternative will be announced during the year. [*Desk thumping*] The Government would also provide bursaries and scholarships for tertiary education.

Mr. Speaker, there are many worthy young people who have met the entry requirements to the university but who cannot gain entrance because of a lack of capacity. We aim to correct this anomaly. Our first step is to establish a new tertiary education institution, the University of Trinidad and Tobago, which will initially concentrate on science and technology as we seek to increase our tertiary education graduates from the existing 7 per cent of our population to 20 per cent by the year 2020.

We however wish to state that we remain committed to the development and advancement of the University of the West Indies as a regional educational institute—so it is together with, not in lieu of.

Mr. Speaker, I now turn to the health sector. As with education, an efficient health system is a prerequisite for achieving a sustainable improvement in human welfare. As hon. Members are aware, Trinidad and Tobago is far from having a quality and efficient health system. In fact, our citizens deserve a much better service from our health system than that which is now being provided.

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As an urgent priority, we are now instituting a comprehensive reform of our health sector. We are currently engaged in discussions with the Inter-American Development Bank with a view to regaining lost momentum with respect to the Health Sector Reform Programme—an initiative which we had commenced in 1995 and which the UNC had failed to advance.

As hon. Members would recall, earlier this year we reached agreement with medical practitioners on new terms and conditions of employment. This agreement has paved the way for the Regional Health Authorities to implement the service contracts between the Ministry of Health and the authorities. Mr. Speaker, the nation's facilities will now benefit from increased numbers of adequately trained and motivated staff. This process will be complemented by the purchase of new and technologically advanced equipment by the RHAs at a cost of \$55 million.

We plan to fast track the implementation of the reform programme to fulfill our objective of improving the health status of our population by promoting wellness and providing affordable quality health care in an efficient and equitable manner. We have programmed an increase of 10 per cent in the health sector's budget to \$1.263 billion.

We are accelerating the construction and refurbishing of primary and secondary health care facilities, including the construction of the Scarborough Regional Hospital. Mr. Speaker, we are equipping the health facilities with appropriate health technology including haemodialysis and mammography machines in light of the prevalence of such chronic conditions as kidney failure and breast cancer and their ranking among the top causes of mortality in the population.

We plan to train approximately 300 nurses per year over the next three years [*Desk thumping*] and to introduce a Bachelor of Science Nursing Degree at the University of the West Indies in St. Augustine. [*Desk thumping*] We will increase primary health care and health promotion activities. As we promised in our election campaign, Mr. Speaker, we will provide free medication for the elderly and the poor and remove customs duty and VAT from medication. [*Desk thumping*] This measure will take immediate effect and the revenue foregone is \$19 million.

We will also provide free birth certificates in the new fiscal year. And there is a very good reason for that, Mr. Speaker, which one of my colleagues will elaborate on in the budget debate.

We will introduce a programme of free prostate and cataract treatment, as well as subsidized cardiac surgery for the poor. In addition, we will install approximately

20 dialysis machines in the major Government treatment centres and expand the capacity for cancer treatment with the establishment of a National Oncology Centre for cancer patients. Just for the record, Mr. Speaker, we can do all of this because there is no corruption in the conduct of our affairs. [*Desk thumping*] What used to go into the pockets of the few is now available for applying for the benefit of all the people of Trinidad and Tobago. [*Desk thumping*]

We are revisiting the National Health Insurance System to ensure that the poor and terminally ill are not excluded from access to life saving health care in the face of escalating medical costs. We recently launched three important instruments which will revolutionize delivery of health care. First, we have established the charter of rights and obligations of patients and, by extension, the responsibilities of health care professionals. Secondly, we have put in place a national accreditation standards manual which will facilitate assessment of the operations of various sectors in the public health system. It is envisaged that the public will be part of the accreditation process. And thirdly, we have a health quality awards programme that will acknowledge nationally the attainment of optimum standards within the sector.

Shortly, the Ministry of Health will begin implementation of the Trinidad and Tobago Mental Health Plan. The plan will rationalize and reorient the provision of mental health services using a holistic and integrated approach to mental health promotion, treatment and care.

Mr. Speaker, HIV/AIDS has been acknowledged as having a devastating effect on individuals and families and poses a serious threat to national development. The Report on the Global HIV/AIDS Epidemic prepared by UNAIDS and released recently notes that “the scale of the AIDS crisis now outstrips even the worst-case scenarios of a decade ago”. The prognosis for the Caribbean is that in the absence of effective responses, the impact on life expectancy, the dissolution of households and ultimately, the erosion of the quality of life will all be intensified.

This Government intends to depart radically from the complacency of the past and instead pursue a fundamental shift in this country's approach to HIV/AIDS. Starting this fiscal year and continuing for the next five years, the Government will spend \$500 million on all aspects of the campaign against HIV/AIDS. [*Desk thumping*] As part of this financing, we are working towards concluding negotiations with the World Bank for a loan of US \$25 million that will be used to support our expanded national response to HIV/AIDS. We will also seek to access funding from other international agencies.

Mr. Speaker, underpinning this paradigm shift—paradigm, not [*Laughter*—is the demonstrated strengthened leadership of Government in an expanded national

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response. We have established a multisectoral task force with a mandate to coordinate all aspects of the preparation of a programme that would significantly reduce the number of reported HIV/AIDS cases.

Access to comprehensive care and treatment will be significantly expanded. The cost of HIV/AIDS drugs will be reduced through appropriate subsidization. Anti-retroviral drug treatment will be provided to persons living with HIV/AIDS and the Mother to Child Treatment Programme will be expanded. We have also allocated \$3.2 million to the medical research foundation of Trinidad and Tobago headed by the world famous pioneer of HIV/AIDS research and son of the soil, Prof. Courtenay Bartholomew.

Mr. Speaker, in Tobago, the Tobago House of Assembly will expand the AIDS awareness community-based education programme to all communities throughout Tobago. In addition, work will begin in fiscal 2003 to construct in Tobago a world class AIDS testing facility in which a walk-in service will provide the results of an AIDS test in a very short time. [*Desk thumping*]

The national strategic plan for HIV/AIDS will be the blueprint for the country's response to the challenge and will provide a comprehensive framework for the national response.

Housing, Mr. Speaker. Adequate housing is a basic need of every citizen of this country and an essential feature of human development. This PNM Government will ensure that every citizen will have access to adequate housing. As hon. Members are no doubt aware, the private housing market has failed continuously to cater to the lower income segments of the population. As a result, heavy demands are being placed on the state.

Our recent invitation to citizens to submit applications for low cost housing received an overwhelming response. The Ministry of Housing received an estimated 31,000 applications. Additionally, on the basis of current growth projections, the estimated demand is 9,000 housing units per year.

An unsavory consequence of the housing situation has been a rise in the squatter population which has been estimated at 50,000 with approximately half of this number occupying state lands. Faced with this situation, the then Government in the six-year period 1995—2001 planned and started only 376 houses. They sold an average of 448 service lots each year to beneficiaries for their own construction and they regularized only 3,190 squatters.

Mr. Speaker, this Government is well advanced in the implementation of an extensive multidimensional response to the housing crisis that will bring tangible

benefits to low and middle income families. Our accelerated housing programme will provide 2,925 new housing units this year in 30 sites across the country and a targeted 10,000 units per year for the next five years.

This programme, aptly termed “The Keys to Your Dreams”, will provide two- and three-bedroom single family detached homes, as well as apartments in high-rise buildings. It will generate a significant number of jobs in fiscal 2003 and over the next 10 years. This housing programme is being carried out in collaboration with the private sector and Government agencies, particularly UDeCOTT, which will bring significant financial resources to bear on the programme. A lot of private sector financing here.

Mr. Speaker, this Government understands that even with the provision of relatively low cost housing many of our citizens will still face the issue of affordability. We will implement a subsidy grant system for the acquisition of new housing units and for home improvement. This will be reinforced by a decline in the lending rates of the Trinidad and Tobago Mortgage Finance Company from 8 per cent to 6 per cent maximum and a reduction of the required down payment from 10 per cent to 5 per cent. [*Desk thumping*] The fact, Mr. Speaker, it could be as low as zero per cent since sweat equity is being taken into account in this matter.

We will provide even greater relief to the lowest income families through grants to defray part of the cost of the housing units purchased. For privately owned dwellings, we will provide direct grants to an estimated 1,100 families for home improvement. We will also introduce a tax deduction of \$10,000 per year per house for five years against the purchase price of a first home. This measure will take effect from January, 01 2003.

Mr. Speaker, the refurbishment of National Housing Authority apartment buildings is part of the immediate initiative to improve housing conditions. We are upgrading 237 of the 351 NHA apartment buildings that involve major overhaul of roofing, electrical and plumbing systems. The exercise also extends to the upgrading of sewage treatment facilities in 19 NHA estates. These works are being undertaken utilizing community-based labour and is expected to generate approximately 600 jobs.

Mr. Speaker, the illegal occupation of lands will not be tolerated. Our squatter regularization programme will focus only on families covered under the State Lands (Regularization of Tenure) Act, No. 25 of 1998. We will upgrade physical facilities and regularize tenure of about 5,400 families at 17 squatter settlements. We have already started with 1,600 households in eight areas: Harmony Hall, Gasparillo; La Platta KP Lands, Valencia; La Paille, Caroni; Malick; Rice Mill Road,

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Bon Air Estate, Arouca; Southern Gardens, Warden Road, Point Fortin; Wallerfield, Cumuto; and Sea Trace East, Bagatelle Central, River Estate, Diego Martin. On completion of these sites we will commence work on the other nine areas.

Mr. Speaker, a loan of US\$32 million has been sourced from the IDB to fund the first two phases of Second Settlements Programme over the next three years. The full project, which is a component of the Accelerated Housing Programme, will be executed over a period of six years at a cost of US \$100 million for which the IDB is prepared to lend US \$80 million to the Government of Trinidad and Tobago.

Mr. Speaker, the increase in crime in Trinidad and Tobago, and indeed around the world, is a matter of serious concern, not only for the Government, but for the society at large. Let me emphasize that crime is not a partisan issue. It is a national issue. In order to dislodge the criminal platform, our war on crime cannot be waged in the traditional fashion. We must take a holistic approach.

It must be fought with intelligence operations, strong tactical police actions and with coordination and cooperation of all segments of the society. However, Mr. Speaker, among the root causes of crime are factors such as the breakdown in family life, unemployment, poverty, drug abuse, hopelessness and failure of communities to perform their traditional roles. It is for this reason that throughout this budget we have included policy measures and initiatives that seek to deal with these underlying problems and, in that way, tackle crime at its very root.

Mr. Speaker, Operation Anaconda brought immediate relief to our citizenry who were literally under siege. We plan to continue the Anaconda Programme, but on a strategic and as-needed basis. The following are some of our measures aimed at strengthening the protective services:

- We have committed increased resources to the protective services;
- We will expand the police presence in several high crime areas;
- We will construct five new police stations in Manzanilla, Mayaro, Matura, Cumuto and Brasso;
- We will utilize mobile police and army patrol stations in the more remote areas;
- We have started a programme of repair and refurbishment of police stations that have fallen into disrepair;
- We are upgrading the Coast Guard facilities and we are establishing a multipurpose facility in Tobago; and

- In addition to the 30 vehicles which were recently acquired, we are securing 74 special vehicles for the police service.

We will also implement several community-based projects aimed at cementing the bond between the protective services and our communities. These include:

- the Weed and Seed Programme, an innovative programme geared to weed out the criminal elements in the community and to seeding positive values.
- the Citizen Corp to encourage upstanding citizens to donate their time to mentor groups of children within their community or within communities where children are more at risk; and
- the strengthening of community policing to include the conduct of school lectures on drugs and crime, and to provide greater networking with community based agencies and groups.

Mr. Speaker, the Government is very appreciative of the recent private sector initiatives aimed at addressing the crime situation. I am referring specifically to the reintroduction of the Crime Stoppers Programme by the Chamber of Industry and Commerce and the groundswell of assistance that has come from various private sector based organizations. I wish to assure these groups that the Government will continue to work closely with the private sector to adopt and implement creative solutions to the crime situation.

Mr. Speaker, we will continue to support the projects undertaken by the Centre for Criminology and Criminal Justice on prison recidivism and on reducing youth deviance in schools. The recidivism project will attempt to determine the root cause of the high level of repeat offenders in our nation's prisons and as such will offer additional insight into the scope for rehabilitation and reform. The youth deviance project aims to provide data as well as clarify the facts related to the genesis and solutions to the problem of youth deviance and school violence.

This Government is deeply committed to rekindling the ideals of rehabilitation of offenders since we on this side are firmly of the view that there should be no second class citizen in Trinidad and Tobago and the rehabilitation of offenders is a serious priority for this Government. Towards this end, resources will be committed to the correctional services to embark on internal rehabilitation programmes aimed at preparing offenders to re-enter society and avoid the world of crime.

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Turning to the crime of kidnapping, we propose to introduce legislation aimed at combating this crime. A Kidnapping Prevention Act with stiff penalties will be placed before Parliament within 90 days. Mr. Speaker, this legislation will, among other things, criminalize the demand for ransom by any person or entity for the safe return of any person who has been kidnapped, prohibit the granting of bail to persons charged with a kidnapping offence for ransom and authorize financial institutions to provide confidential financial information to the police in kidnapping cases.

Mr. Speaker, terrorism and kidnapping for ransom reside in the same criminal households. Accordingly, we shall also introduce a Terrorism Prevention Bill to deal with the threat of terrorism in Trinidad and Tobago.

Corruption in public life is another area of serious concern for the people and Government of Trinidad and Tobago. Towards this end, we will seek to amend the relevant legislation to substantially increase, inter alia, the penalties for offences involving corruption by persons in public life. And, perhaps, Mr. Speaker, I should also advise this Parliament that we are giving consideration to amending the Commissions of Enquiry Act to provide stiff penalties for persons who are summoned to appear before Commissions of Enquiry refusing to do so.

We will also provide specialized training and resources to the Police Anti-corruption Bureau and the Director of Public Prosecutions to fight this crime and bring offenders to justice.

Arts, culture and entertainment. Mr. Speaker, as we move towards our goal of achieving developed country status by 2020, we must do so in a manner that acknowledges and celebrates our unique cultural identity. Trinidad and Tobago's culture is enjoyed all over the world. Our carnival, our calypso, soca, rapso and chutney music and our steel pan are already a distinctive brand of global appeal. We are developing a national strategic plan for culture that has widespread stakeholder ownership.

Notwithstanding all these efforts, the potential of this sector will only be realized if we develop appropriate cultural facilities and expand the opportunities for artistes and entertainers to develop and market their talent. This Government will visibly change the cultural landscape with the establishment of an academy for the performing arts on the Princes Building Grounds. Just for the record, entrance to that academy will be based not on academic qualifications but on the availability of talent alone.

Mr. Speaker, the Prime Minister's Best Village Trophy Competition and the Village Olympics have been important avenues for community expression. Their



suspension by the UNC administration was unfortunate. These programmes were created in 1969 as an outlet for the untapped creative and physical expression found in communities across the country. The youths in various communities are able to achieve their full potential and expression through the vehicle of Village Olympics, and other components such as the folk fair and La Reine Rive. These programmes will be expanded in the new fiscal year.

Mr. Speaker, the Community Concerts Programme is another avenue for cultural expression. The staging of concerts at venues throughout Trinidad and Tobago will expose the talents and skills of all communities and those talents attaining the requisite levels will be exposed to national and international audiences.

As a nation, we need to pay increasing attention to the development of our national instrument, the steel pan. As a first step, we will undertake in collaboration with Pan Trinbago a programme for the rehabilitation of pan yards throughout the country. Further, through the implementation of the Pan in the Classroom Programme, the steel pan will be phased in as the instrument of choice in the music curriculum of primary and secondary schools. We intend to follow up this initiative with a similar programme for the introduction of the harmonium in schools across the country.

Mr. Speaker, we propose that companies involved in sponsoring local cultural, educational and entertainment productions that are broadcast to local, regional and international audiences be given a tax deduction of 150 per cent of the actual expenditure in respect of those productions up to a maximum allowance of \$450,000.

We also propose that production companies which produce local cultural, educational or entertainment productions that are broadcast to local, regional or international audiences be given a tax deduction of 150 per cent of the actual expenditure incurred in making such productions up to a maximum allowance of \$450,000. These measures will take effect from January, 01 2003.

Mr. Speaker, turning specifically to sport, our goal is to develop the full potential of our athletes in the various sporting disciplines to ensure that they are competitive at regional and international levels. Our national sport policy offers a formal holistic and systematic framework for the development of sport in Trinidad and Tobago. As a critical component of this new policy, we propose to establish a National Sport Institute at the University of the West Indies which will place emphasis on the development of high performance sport.

Mr. Speaker, the National Sport Institute will be complemented by an academy of sport that would be, in effect, a secondary institution to provide

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academic and specialized athletic training to young athletes. The institute of sport will feed into the academy through the use of its development programmes, research and training systems.

Mr. Speaker, the Government recognizes that the private sector has a major role in the development of sport. Our view is that the business community stands to gain considerable benefits from the use of sport as an integrating factor in society and as a mechanism for dealing with the problems of the youth. As a fillip to the sporting fraternity, we propose that a tax allowance of 150 per cent of the actual expenditure incurred, up to a maximum allowance of \$450,000 be granted to companies promoting or sponsoring sporting activities and sportsmen. This measure will take effect from January, 01 2003.

Mr. Speaker, it should be noted that with respect to the incentives for sport and culture, the aggregate allowance that may be claimed by the company promoting or sponsoring sporting activities, artistic works and promoting video and audio productions of local culture shall not exceed the sum of \$450,000.

Infrastructure. Mr. Speaker, we will also provide support for the construction of modern infrastructure throughout Trinidad and Tobago. These include:

- the Invaders Bay project;
- the Harris Promenade project;
- construction of a new Customs and Excise Head Office and a new Board of Inland Revenue building;
- restoration and repair works are continuing on the Red House.
- the Siparia Administrative Complex; [*Desk thumping*]
- the restoration of Queen's Royal College, the President's residence and office, and Stollmeyer's Castle;
- renovation and construction works on district offices located at Sangre Grande, Port of Spain, Princes Town, Chaguanas and San Fernando.
- rehabilitation of the runways at both airports, repairs to the taxiway at Piarco and rehabilitation of the south terminal at Piarco and the electrical substation.

**4.00 p.m.**

Mr. Speaker, I now turn to the environment. As we have become so well aware in recent times, economic development must be in harmony with ecological

principles. Our approach, therefore, will be to pursue a strategy of sustainable development which will improve the quality of human life while living within the carrying capacity of the country's eco-systems.

The Environmental Management Authority is the primary government agency responsible for coordinating all environmental management activities in Trinidad and Tobago. The EMA is, however, hampered in its ability to effectively carry out its mandate due to unavailability of appropriate resources. We are, therefore, reviewing the operations of the EMA to ascertain its resource requirements and provide the necessary financial and other support to enable it to implement the requirements of the various environmental regulations in a timely manner.

Mr. Speaker, there is currently no legally constituted system of national parks or other similar protected areas and the existing wildlife management system is relatively ineffective. We have, therefore, held discussions with the World Bank with a view to accessing grant funding in the amount of US \$4.2 million under the Global Environment Facility. These funds will be used in conjunction with counterpart funding from the Green Fund to finance a National Parks and Wildlife Conservation Project. Legislation will soon be brought before Parliament to enable the creation of a National Parks and Wildlife Conservation Authority and the creation of national parks at Matura, Maracas and Main Ridge and other protected areas.

Mr. Speaker, in order to empower communities to improve the condition of their local environment, this Government recently initiated a community-based Environmental Protection and Enhancement Programme. Through this programme teams comprising unskilled and unemployed persons from the local communities will ensure that the environment will be aesthetically pleasing. The programme is being executed by the Solid Waste Management Company, the mandate of which has been expanded to include the preservation and upgrading of the environment. A total of 5,400 jobs have been created under this programme.

Mr. Speaker, in addition to reintroducing lapsed pieces of environmental legislation, such as those covering water pollution rules and beverage container deposits, we will also bring other pieces of legislation concerned with industrial pollution and the recycling of waste before Parliament.

The Green Fund: Mr. Speaker, due to serious deficiencies in the Green Fund as it is currently legislated, the fund has been the subject of widespread criticism. The purpose of the Green Fund is to enable grants to be made to community groups and organizations primarily engaged in activities related to the remediation, re-

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afforestation and conservation of the environment; however, disbursements from the fund have been delayed due to decisions made by the UNC administration regarding the composition of the board. We are putting in place mechanisms to correct this as well as to ensure the accountability and transparency of the fund.

One proposal we are reviewing is the harmonization of the Green Fund and the Environmental Trust Fund by changing the governance structure of the Green Fund so that they are both managed by the Trustees of the Environmental Trust Fund appointed by His Excellency the President. This measure will not only assure coordination of projects within the framework of national plans and policy, but will minimize administrative costs. In this context also, suitable projects will be recommended by an advisory council with broad membership from the business community, trade unions, environmental non-governmental organizations, a geographically representative set of community-based organizations, the Tobago House of Assembly and the Government.

Importation of used vehicles: During the period 1998—2001, the Ministry of Trade and Industry has granted licences for a total of approximately 15,000 vehicles of which 3,000 were for commercial use. The rapid increases in the demand for imported used vehicles demonstrate that there is a legitimate need for these vehicles in Trinidad and Tobago.

Mr. Speaker, the original intent of negative-listing foreign used vehicles is no longer valid since the automobile assembly industry that it was meant to safeguard no longer exists in this country. Accordingly, we propose to allow the importation of fully assembled right-hand drive motor vehicles without licences, except in the case of individuals and other persons who are unregistered foreign used car dealers. Individuals will continue to be allowed to import their own vehicles with a licence, however, foreign used car dealers will be required to be registered with the Ministry of Trade and Industry after satisfying certain requirements. We, therefore, propose to remove from the negative list the importation of fully assembled right-hand drive foreign used vehicles by registered foreign used car dealers. This measure will take effect with the coming into operation of the Finance Act 2003.

Mr. Speaker, consistent with our policy of liberalizing the foreign used vehicle market, we propose to amend the fiscal regime that applies to the importation of foreign used vehicles as follows: The motor vehicle tax band applicable to the importation of fully assembled used motor vehicles, will be reduced from the existing six bands to one band. All vehicles, regardless of age,

will be subject to 75 per cent of the motor vehicle tax payable on the registration of a new vehicle. This measure will take effect from January 1, 2003.

We also propose to discontinue the registration by the licensing authorities of vehicles that are reassembled from imported new and used components. In order to give dealers in such vehicles sufficient time in which to sell their existing stock of locally reassembled vehicles, we will give a grace period until December 31, 2002, before this measure is implemented. The measure will accordingly take effect from January 01, 2003.

Mr. Speaker, we intend to further simplify the regime for the import of vehicles including left-hand drive vehicles by returning nationals. In the interim, we will grant an amnesty to those persons whose vehicles have been impounded, provided such action is not inimical to the interest of the State.

In addition, the Parliament should be advised that the Government is reconsidering the policy on private members' clubs which are, in fact, operating as casinos. Pending the conclusion of this review, we propose to impose, with immediate effect, a 200 per cent increase in gaming taxes payable on the gambling activities carried on at those clubs.

Public sector administration: Mr. Speaker, the competitiveness of our country is directly related to the performance of our public sector. We recognize the value of an effective public service and the need to treat public servants fairly. Following on the down payment of one month's salary in February, this budget includes \$600 million to finally settle the 15-year-old debt to public servants. [*Desk thumping*] Payment will be made at the end of November; that is next month. [*Desk thumping*]

An essential element of Trinidad and Tobago's Public Sector Reform Programme has been and continues to be the modernization of the human resource management function. This Government fully embraces the philosophy of creating a harmonious working environment and will put in place a strong policy framework to ensure that the human resources of the public service are efficiently and effectively managed.

New skills, competencies and attitude are required. The public service, therefore, must have the capacity to attract and retain a wide range of professional skills. This necessitates, first of all, a proactive approach at the national level to determine manpower needs, not just for the public service but the entire nation, and the offer of training programmes and awards to address demand. The reintroduction of an annual Trinidad and Tobago Development Scholarship Programme is a positive step in this direction and central to this Government's

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effort to ensure that Trinidad and Tobago has the necessary human capital to achieve developed-nation status by the year 2020.

Mr. Speaker, within the public service itself, emphasis will be placed on job classification and compensation systems that support the business needs of the public service and reflect labour market realities. It is recognized that competitive compensation is a vital tool for attracting and retaining the right people; modern recruitment and career management practices are also critical elements of such a human resource strategy.

The information system to support the human resource management function is the first across-the-board system to be radically transformed in the public service. Project IHRIS is currently in train. This project will allow for data to be captured on job positions and employees. This data will greatly enhance organizational and human resource planning, thereby improving decision-making. This Government also intends to review and re-engineer the public service's financial management, procurement, record-keeping and information management processes.

Mr. Speaker, a proposal for the establishment of a revenue authority is before the Cabinet. This agency when established is expected to enhance the efficiency and effectiveness of the Government's revenue collection as well as provide improved service to the public.

Permit me now to turn specifically to Tobago. This is the first budget presented by a PNM-controlled central government and a PNM-controlled House of Assembly installed in Tobago. [*Desk thumping*] Accordingly, let me take this opportunity to congratulate the Chief Secretary and the rest of the PNM team in Tobago for taking the lead in demonstrating to the nation the need for change. [*Desk thumping*] This administration also profoundly appreciates the efforts of the Tobago House of Assembly and the people of Tobago to help strengthen the union of our two islands through effective cooperation, collaboration, dialogue, discussion and consensus building. [*Desk thumping*] This process is essential for enhancing the link between our two islands and to expand and enrich the opportunities for genuine social and economic advancement for all the citizens of our Republic.

Mr. Speaker, as we are all too painfully aware, Tobago, despite its natural charm, does not have the quality of physical and social infrastructure needed for sustained economic growth and diversification. Tobago clearly needs to catch up and the key to achieving this is through investment in human and physical capital to raise productivity levels, to increase per capita incomes and to bring Tobago into the mainstream of the national economy, allowing it over time to contribute more fully, as it rightly should, to national economic and social development.

This budget recognizes that Tobago's developmental needs are urgent and critical. It also recognizes that significant capital investments are required if Tobago is to bridge the economic and social gap between itself and Trinidad and move into the development mainstream of the nation as a whole. This explains the overall allocation of \$742.9 million to the Tobago House of Assembly for the fiscal year—\$638.8 million for recurrent expenditure and \$104.1 million for the development programme and the Tobago-specific Public Sector Investment Programme.

We are currently reviewing the capital programme proposed by the Tobago House of Assembly and will be looking at the possibility of appropriate financing arrangements for the funding of certain critical developmental projects. Some of the major projects earmarked for Tobago include a new Scarborough library; new health centres; the construction of the Scarborough Hospital, housing programmes at Roxborough, Blenheim and Castara, namely the Roxborough town expansion project, the Castara housing development and the Blenheim Housing Estate Phase II, a new Mason Hall Government Primary School, a new Scarborough Methodist School, commencement of Phase II of the Tobago Technology Centre at Goldsborough; youth empowerment centres in Castara and Charlotteville; and the restoration of the Mount St. George Youth Camp.

In recent years, it has become obvious that the Crown Point Airport does not possess the capacity to accommodate the level of air traffic and passengers visiting the island. Accordingly, the Government is currently reviewing plans for the construction of a new airport in Tobago. We would also ease the burden of air travel between the islands by reducing the cost of an airline ticket from \$300 to \$200 during the fiscal year. [*Desk thumping*] In addition, we will purchase a passenger ferry to service the inter-island sea route between Scarborough and Port of Spain.

The Tobago House of Assembly (THA) has also proposed the construction of a transport hub in downtown Scarborough. This project entails the refurbishing of the Public Transport Service Corporation bus facility into a modern, multilevel transport terminal area for maxi taxis and PTSC buses.

In the area of agriculture, the THA is working on the implementation of a New State-Land Distribution Policy for Tobago. This will ensure that State lands allocated to persons for agriculture are used for that purpose only. A new technical support and monitoring unit is also being considered to provide technical support and monitor farmers' activities on the island.

On the demand side of the industry, plans are also being made for the expansion of the school feeding programme and the provision of a breakfast programme, as is currently done in Trinidad.

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Mr. Speaker, let us be reminded that Tobago's development is not simply about formulae or percentages, but about the volume of resource flows; about how much money is available to the Tobago House of Assembly to conduct the affairs of the people of Tobago; about how effectively and efficiently these resources are used and about having Tobagonians develop in a developing Tobago and, indeed, in a developing Trinidad and Tobago. [*Desk thumping*]

Mr. Speaker, let me now summarize the Government's fiscal operation for the next fiscal year. The total estimated expenditure for fiscal 2003 amounts to \$20,000,507,153; \$236 million of this expenditure will come from the Unemployment Fund, the Dollar-For-Dollar Fund and the Road Improvement Fund; \$6,368,090,978 is a direct charge on the Consolidated Fund, therefore, the remaining \$13,396,416,175 will have to be appropriated by Parliament from the Consolidated Fund by way of the Appropriation Act.

Total recurrent expenditure amounts to \$18,882 million, of which personnel expenditure is \$4,764 million; goods and services, \$1,990 million; minor equipment purchases, \$114 million; current transfers and subsidies, \$3,900 million; transfers to the Tobago House of Assembly, \$639 million; transfers to statutory boards and similar bodies, \$1,291 million. Debt servicing, the legacy of the UNC's six years in administration, \$6,184 million —[*Interruption*]—debt servicing, \$6,184 million, of which interest and expenses amount to \$2,532 million and principal repayment and sinking fund allocations, \$3,652 million.

Mr. Speaker, the national community will do well to take careful note of what the PNM has inherited, a debt servicing charge of \$6,184 million, next year, fiscal 2003.

Total development expenditure, \$882 million; total draft estimates of expenditure, \$19,764 million; total Road Improvement Fund expenditure, \$50 million, of which \$25 million has been allocated to development programmes which, in fact, brings the development programme to \$907 million; total Unemployment Fund expenditure, \$136 million; and total Dollar-for-Dollar Fund expenditure, \$50 million. It brings a grand total of \$20,000,507,153.

The total expenditure of \$20,000,507,153, adjusted for principal repayment/sinking fund of \$3,652 million and taking into account total revenue of \$15,725 million, translates into a deficit of \$623 million or less than one per cent of GDP. [*Desk thumping*]

The revenue estimates are predicated on an oil price of US \$22 per barrel and are based on the existing energy tax regime. The revenue estimates take into account tax relief measures that we announced earlier. The current expenditure



estimates include a one-time payment of \$600 million to cover salary arrears. In fact, it is this one-time payment that leads to the overall deficit of \$623 million. Excluding this payment, the budget would show a slight deficit of a mere \$23 million; in other words, the budget is roughly in balance.

In line with our priorities, the expenditure estimates imply the following classification: An increase of 10 per cent in Government spending on health and an increase of \$12.3 per cent in expenditure on education. Total amortization payments, both foreign and domestic debt, will amount to \$3,377 million. Planned borrowing on the domestic market will amount to \$2,989 million, of which \$1,989 million is the refinancing of Government's high cost debt. Contractual external borrowings from multilateral lending institutions will amount to \$248 million and \$930 million has been programmed to be borrowed from the international commercial market.

Mr. Speaker, in the budget debate that will follow, the respective Ministers will amplify the proposals and clarify other aspects of Government's policy arising out of this budget presentation.

This Government understands the challenges the country faces as a result of the present scenarios of the global market, together with the present socio-economic circumstances that exist within our Republic. Trinidad and Tobago is on the cusp of a new dawn, but that new awakening will only be realized through deliberate effort on our part. It will come through the structural transformation of our society. This is a major goal of my Administration and it is the goal of the budget that I have presented here today.

Every citizen at every level must have the opportunity to find individual fulfillment and to contribute to the progress of the nation. All must be brought into the mainstream of national development. There are so many who, having been blessed with opportunity, developed their talents and are today leading productive lives at both the individual and national levels. This must continue and this budget will ensure that it does. At the same time, however, there are many languishing in idleness or uncreative endeavour; their talents stunted by unfortunate circumstances of one kind or the other.

In this relatively rich country, poverty has been stultifying the lives of hundreds of thousands of people; we cannot allow this to continue. We must completely remove poverty from our society. We are sure that this is possible given our size and abundant resources. All our citizens must benefit from the wealth of the nation; all must be empowered to overcome obstacles and to deliver

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themselves from whatever debilitating circumstances they encounter; all must be housed, clothed and fed; all must be educated; trained and prepared to take advantage of the opportunities that abound in this country. We must move resolutely to achieve full employment in Trinidad and Tobago. No child or young person, because of economic circumstances, must be denied access to the best education the nation has to offer.

This is the way to develop our human resources to the fullest; it is the way to secure the nation's future; it is the way to ensure social stability and to restore the feeling of security among our citizens. This is the way to prepare Trinidad and Tobago for the next major step towards the new dawn which is ours to create. We must not lose this opportunity, Mr. Speaker. This Government will ensure that we do not lose that opportunity. Along with the rest of the national community, we shall attain that new dawn which now beckons. This budget is a step in that direction.

Mr. Speaker, to the extent that future revenue streams from the Atlantic LNG gas processing terminals can offset the fluctuations in revenue from oil taxes, we have some room to implement all our projects over the medium term.

In concluding, let me highlight some of our campaign promises and illustrate to the national community that we have delivered in this budget.

We promised to reduce the top marginal rate of income and corporation tax; delivered. [*Desk thumping*]

We promised to reinstate the credit union tax deduction at \$10,000 per year; delivered. [*Desk thumping*]

We promised to remove duty and VAT on medication; delivered. [*Desk thumping*]

We promised to provide free medication for the elderly and the poor; delivered. [*Desk thumping*]

We promised free birth certificates; delivered. [*Desk thumping*]

We promised to commit \$500 million to the fight against HIV/AIDS; delivered. [*Desk thumping*]

We promised to reduce the cost of HIV/AIDS drugs; delivered. [*Desk thumping*]

We promised to provide bursaries and scholarships for tertiary education; delivered. [*Desk thumping*]

We promised to introduce a tax deduction of \$10,000 per year for five years for first time homeowners; delivered. [*Desk thumping*]

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We promised to commit more resources to provide a first class, professional, highly trained protective service; delivered. [*Desk thumping*]

We promised to provide more training and job opportunities for the youth; delivered. [*Desk thumping*]

We promised to commit resources to the social sector, including health, education and housing; delivered [*Desk thumping*];

And we promised that the PNM would win the general elections; delivered. [*Desk thumping*]

Mr. Speaker, I beg to move. [*Desk thumping*]

I wish to advise this honourable House that the budget debate will continue on Thursday 24, October 2002, at 10.00 a.m.

*Motion made* That this House do now adjourn to Thursday, October 24, 2002 at 10.00 a.m.

*Question put and agreed to.*

*House adjourned accordingly.*

*Adjourned at 4.29 p.m.*