

**THE
PARLIAMENTARY DEBATES
OFFICIAL REPORT**

IN THE SECOND SESSION OF THE TENTH PARLIAMENT OF THE REPUBLIC OF
TRINIDAD AND TOBAGO WHICH OPENED ON JUNE 18, 2010

SESSION 2011—2012

VOLUME 8

HOUSE OF REPRESENTATIVES

Monday, October 10, 2011

The House met at 1.30 p.m.

PRAYERS

[MR. SPEAKER *in the Chair*]

REPUBLIC OF TRINIDAD AND TOBAGO

No. 10 of 2011.

[L.S.]

By His Excellency TIMOTHY HAMEL-SMITH,
Acting President and Commander-in-Chief
of the Republic of Trinidad and Tobago.

TIMOTHY HAMEL-SMITH
Acting President

A PROCLAMATION

WHEREAS it is provided by subsection (1) of section 67 of the Constitution of the Republic of Trinidad and Tobago, that each session of Parliament shall be held at such place within Trinidad and Tobago as the President may by Proclamation appoint:

Now, therefore, I, TIMOTHY HAMEL-SMITH, Acting President as aforesaid, do hereby appoint Tower D, Port-of-Spain International Waterfront Centre, 1A Wrightson Road, Port-of-Spain, Trinidad, as the place at which the Second Session of the Tenth Parliament of the Republic of Trinidad and Tobago shall continue.

Given under my Hand and the Seal of the
President of the Republic of Trinidad
and Tobago, at the, Office of the
President, St. Ann's, this 28th day of
September, 2011.

ORAL ANSWERS TO QUESTIONS

Mr. Speaker: Hon. Members, in accordance with the established practice, questions to Ministers will be deferred until the completion of the budget debate.

The following questions stood on the order paper in the name of Dr. Keith Rowley (Diego Martin West):

**Hiring of Private Legal Services
(Details of)**

3. With respect to the hiring of private legal services for the period June 01, 2010 to August 31, 2011, could the hon. Attorney General:
 - a) State the total expenditure paid and/or owed to attorneys outside of the Public Service?
 - b) Identify each assignment stating the name of the project/assignment, the attorney or legal team hired and the amount paid or outstanding to each entity?
 - c) Also identify the nature of the specific output obtained from each attorney/legal team as it relates to the payments or liabilities mentioned in (b) above?

**Legal Matters
(Details of)**

4. With respect to the period June 01, 2010 to August 31, 2011 could the hon. Attorney General identify each legal matter involving the State for which an out of court settlement has been approved and/or effected, identifying the attorney/legal team involved for the complainant and the total sum approved and/or paid both to lawyers and to the complainants?

**Appointees by the Office of the Attorney General
(Details of)**

5. Could the hon. Attorney General indicate:
 - a) The name, profession and nationality of each of the persons appointed by him or the Office of the Attorney General to conduct investigations

into T&TEC, the Sport Company of Trinidad and Tobago, Petrotrin, NIDCO, HDC, eTeck, UTT and the Scarborough General Hospital;

- b) The date(s) and the terms of reference of each engagement and the amount of money paid to each of these persons to date;
- c) Whether these investigations are complete and if not, the precise stage of each investigation as at August 01, 2011;
- d) When each investigation is likely to be completed; and
- e) In the case of non-nationals so appointed, how many times each of these persons visited Trinidad and Tobago in the course of their investigations, the dates of these visits, the cost of each visit and the duration of their stay?

Questions, by leave, deferred.

QUESTION FOR WRITTEN ANSWER

The following question stood on the Order Paper in the name of Dr. Keith Rowley (Diego Martin West):

PSIP Project (Details of)

6. With respect to the Public Sector Investment Programme (PSIP), could the Minister identify the location and value of all projects from \$3 million to \$100 million which have commenced as new projects from June 1, 2010 to August 31, 2011?

Question, by leave, deferred.

PAPERS LAID

1. Draft Estimates of Expenditure for the financial year 2012. [*The Minister of Finance (Hon. Winston Dookeran)*]
2. Draft Estimates—Details of Estimates of Recurrent Expenditure for the financial year 2012. [*Hon. W. Dookeran*]
3. Draft Estimates of the Revenue and Expenditure of the Statutory Boards and Similar Bodies and the Tobago House of Assembly for the financial year 2012. [*Hon. W. Dookeran*]

4. Draft Estimates of the Development Programme for the financial year 2012. [*Hon. W. Dookeran*]
5. Draft Estimates of Revenue for the financial year 2012. [*Hon. W. Dookeran*]
6. Public Sector Investment Programme 2012. [*Hon. W. Dookeran*]
7. Social Sector Investment Programme 2012. [*Hon. W. Dookeran*]
8. State Enterprises Investment Programme 2012. [*Hon. W. Dookeran*]
9. Public Sector Investment Programme Tobago 2012. [*Hon. W. Dookeran*]
10. Review of the Economy 2011. [*Hon. W. Dookeran*]
11. Medium Term Policy Framework 2011—2014 [*Hon. W. Dookeran*]

APPROPRIATION (FINANCIAL YEAR 2012) BILL, 2011

Bill to provide for the service of Trinidad and Tobago for the financial year ending 30th September, 2012 [*The Minister of Finance*]; read the first time.

The Minister of Finance (Hon. Winston Dookeran): Thank you, hon. Speaker. I beg to move,

That a Bill entitled an Act to provide for the service of Trinidad and Tobago for the financial year ending 30th September, 2012, be read a second time.

Mr. Speaker, we are meeting for the first time in these quarters which will provide us with the temporary residence of the Parliament for the next foreseeable future. Today, we reaffirm the views expressed by the Prime Minister and the Government that the Red House will continue to be the official seat of the Parliament of Trinidad and Tobago. [*Desk thumping*]

The fact we are meeting here today has no doubt been due to the tremendous sacrifice, work and effort of many, and I would like to acknowledge the Clerk of the House [*Deskthumping*] for her contribution, the Chairman and Board of the UdeCott organization which was responsible for making this possible. [*Desk thumping*] and the Minister of Housing and the Environment, the Leader of Government Business, for overseeing this process. [*Desk thumping*]

Mr. Speaker, it is appropriate to note that this project was undertaken and was completed well in time in a tight schedule; [*Deskthumping*] it was also done under budget [*Desk thumping*] and it was subject to open tendering procedures. [*Desk thumping*] To some extent, this sets the tone for what I would like to present to this honourable House as the second budget of the People's Partnership Government.

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I would like to start by quoting a statement made in this honourable House on September 04 of this year. The statement is as follows and I quote:

“A failed state is where crime and violence become the norm. A lawless society takes over, driving law-abiding people out...the state of emergency is not something we picked out of the sky to break the rule of law in Trinidad and Tobago. It is enshrined in our Constitution. The Constitution framers have given us this weapon in order to protect the people of our land and to protect our country.”

These are the inspirational words of the hon. Prime Minister, Kamla Persad-Bissessar, as she justified the need for the current state of emergency in our country. This was indeed a decisive and dramatic intervention, a trait which has come to characterize the leadership of our Prime Minister who has quickly established her credentials in the international arena. [*Deskthumping*]

Mr. Speaker, these inspirational words have set the stage for today's discourse, disclosures and decisions. They will inform our budget statement for the fiscal year 2012. Indeed, it is the Government's duty to protect our citizens and our country. In discharging this duty, there was and there is a high level of expectancy by our citizens as they turned the political page last year and elected the People's Partnership Government some 18 months ago. At that time, we stood on the cliff looking down and looking up. We knew that we had to fix the economic foundation, get the arithmetic right and set the path for the turnaround of the economy. In accepting this task we had to muster the courage, a courage which reflected both resolve and vision.

Mr. Speaker, no one can doubt the resolve of this Government to grasp the difficult issues of the day. Many are complex matters and the decisions are never easy. It is very difficult to overcome some of these issues while pleasing everyone at the same time. The Government recognizes that an integral part of success in doing difficult things is the resistance one encounters and the courage one requires in the face of adversity.

Mr. Speaker, we know as a people we must ready ourselves for change, confront the issues which lie at our doorstep and mitigate the risk facing us both globally and locally. Some of our behavioural patterns nurtured over the past must shift; unsatisfactory levels of productivity, insensitive customer care, lack of competitiveness, social inequity and lack of transparency must be left behind. We must hold ourselves accountable as individuals, as families, as institutions, as civil

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society and as a Government. People must be held accountable for their past recklessness in our financial sector, and the harm they have caused to many vulnerable people. People must take responsibility for their personal investments, people must comply with the regulations and tax laws; we must exercise fiscal responsibility. It is time to take responsibility for adhering to the rule of law.

During the last year, we were never cowed by the size of the challenge, nor did we shirk our responsibilities to the population. We did not seek an easy way out and neither did we skimp on our efforts. We met the challenges head-on.

1.45 p.m.

We began carefully to design the architectural plan for the national economy, step by step, block by block, as we fixed the arithmetic of our finances and set the base for a steady foundation.

Mr. Speaker, as we approached this national task, we were aware that development cannot be proclaimed, imitated or imported; it had to be achieved by drilling down within ourselves. It must be inwardly driven from the strength of the country itself, by unearthing our people's entrepreneurship, talent and capabilities. Indeed, it is time for our nation to take responsibility for its destination.

Before I proceed, Mr. Speaker, I wish to extend my appreciation for the collective effort of my Cabinet colleagues, who have provided analytical perspectives and policy prescriptions on the various issues. To my team at the Ministry of Finance, my sincere thanks for the hours of hard work, meticulous research and analytical depth. To those individuals and agencies in the private sector, the labour movement and civil society, whose contributions have informed this Budget, I also express my gratitude. [*Desk thumping*]

Mr. Speaker, as we look ahead, the policy platform will focus on three priorities:

- Job creation: with projects for poverty reduction and a range of measures to close the equity gap;
- Investment: which will include creation of entrepreneurial opportunities and an innovation-driven economy to stimulate growth and competitiveness through public/private investment; and
- Security: which will involve the continued implementation of strategies for crime reduction, effective containment and the climate of law and

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order. It will also involve food security with clear production targets and infrastructural support.

At the time I presented the first budget of the People's Partnership Government, which was entitled: "Facing the Issues: Turning the Economy Around", confidence in the world economic recovery had begun to resurface, and by the first quarter of 2011 we envisaged a somewhat smooth sailing with a certain gentle economic wind at our backs.

Then, the sovereign debt issue currently engaging Greece and Ireland erupted creating contagion risks in the larger countries of Europe which eroded confidence in the European fiscal system. Coming on the heels of the political stalemate in the United States Congress and the subsequent downgrading of credit ratings of nations including the United States, new uncertainties have arisen, particularly with respect to jobs and growth at the global level.

Mr. Speaker, these uncertainties are transmitted to our economy through the impact on oil and gas and other commodity prices, the performance of the Caribbean region and the falling market for our exports. Indeed the conversation has now changed to market volatility, contagion of financial markets, lowering of growth rates, austerity and even recession. Trinidad and Tobago must not remain an innocent bystander to these new dynamics. We must develop a credible response to reignite growth within our economy and search for new buffers to insulate us against external shocks.

The world economy has emerged from a recession considerably weakened and still fraught with uncertainties. The geopolitical tensions in the Middle East and North Africa, the waning of US dominance, the debt dilemma that sprawls across the Eurozone and the furore about currency wars have shaken economies to their core. Mr. Speaker, crises are no longer being considered aberrations of our financial history.

Recent events in Europe seem to replicate the crisis that rocked Wall Street and felled several financial giants in 2008 and 2009. When the US recently lifted its debt ceiling, it occasioned another bout of heightened anxiety. The gravity of the US situation is far-reaching and may multiply in the months ahead. In August this year, the stock markets tumbled, some recording the biggest decline since 2008, generating statistical revisions, a realignment of currencies and fluctuations in commodity prices. With these new qualms, the odds of a global recession over the coming year have increased.

The Greek debt crisis, resulting in the Euro-area's current quagmire, has laid bare the flaws in the European welfare model where questionable accounting

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disguised the true size of the debt over several years. Similar conditions exist in Portugal, Ireland, Italy and Spain.

Regionally, uneven recoveries will persist. External current account deficits are widening and rising global prices threaten the most vulnerable groups, requiring large adjustments in national budgets. The recent slowdown in the US economy will have adverse effects on overseas remittances in the region and tourist arrivals as well, putting additional pressure on already fragile economies.

Against this backdrop, Trinidad and Tobago's stable economic outlook arises from stringent measures, exercised to ensure that fiscal and external debt burdens are on a more responsible path. Our international credit rating has not faltered; [*Desk thumping*] most of our liabilities to the contractors have been met; [*Desk thumping*] some wage negotiations with the Public Service Union have been settled; [*Desk thumping*] most VAT refunds to the business sector have been paid. [*Desk thumping*] The debt-to-GDP ratio remains relatively low and inflation fell to its lowest level in 42 years. [*Desk thumping*]

Moreover, the near devastating financial impact of the CL Financial/Clico Group and the Hindu Credit Union has been contained and trade unions and credit unions will be paid in full in two installments. [*Desk thumping*]

In addition, the Government intends to establish a new entity which will issue an instrument to holders of short-term investment products issued by Clico and BAT and mutual fund investors with Clico, who have exercised the option to exchange their bonds with maturities of years 11—20.

This instrument will be equal to the face value of their bonds at the date of exchange and will be significantly greater in values than the value of bonds in the open market. This means of exchange of the bonds may at any time be traded and the market-based instruments will allow investors an opportunity to regain some of their losses. In this respect, the Government will embark on a sustained communication plan to apprise citizens of the opportunities ahead of them.

Upon completion of the process of exchanging the bonds for units, the Trust will be listed on the Trinidad and Tobago Stock Exchange and units in the Trust can be traded within the trading structure of the domestic capital market, similar to other closed end trusts or funds which are currently listed on the Exchange. The potential risk associated with this market-based instrument would be properly explained to investors through a sustained communication plan.

Suffice it to say, Mr. Speaker, that this Government's innovative approach to dealing with what was a formidable economic challenge to our country and our

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financial system has won admiration, not only from all who are following the financial affairs of Trinidad and Tobago, but also from the people of Trinidad and Tobago who are making it happen. [*Desk thumping*] I propose to make the necessary adjustments to the Corporation Tax Act to permit the Trust to have its income and dividends exempt from tax. [*Desk thumping*]

Mr. Speaker, negotiation for revised salaries and other terms and conditions of employment for monthly-paid employees in the public service, including the police and teaching services and daily-rated employees of central government, the Tobago House of Assembly and municipal corporations for the period 2008 to 2010/2011 began in 2010 and continued against a background of a slowdown in recovery efforts and fiscal and financial uncertainty.

Notwithstanding these difficulties, settlements have been reached with the associations and unions representing employees in the civil service and certain statutory authorities, the Second Division Officers of the prison service and the Sugar Cane Feed Centre. Not only have we reached agreement on wages, but in the case of the civil service, we reached agreement on the following two important benefits:

- A commitment to extend their health insurance plan to include coverage for the whole family of the civil servant while striving to lessen the relative burden of the cost of plan to the employee. [*Desk thumping*]
- A commitment to undertake a job evaluation exercise which will bring civil servants compensation packages more in line with their market values.

Negotiations are still continuing between the Chief Personnel Officer and the associations and unions representing officers in the police, prison, first division, fire and teaching services and the daily-rated workers.

2.00 p.m.

In the wider public sector, negotiations have been concluded with a number of organizations, including the Airports Authority, the University of the West Indies for academic staff; the Water and Sewerage Authority; and the Chaguaramas Developmental Authority. Approval has also been granted for similar payments to be made to employees of the Regional Health Authorities and other organizations.

For those negotiations which are yet to be concluded for the period 2008/2010—and I note, it is negotiations for the period 2008/2010 before this Government came into office—[*Crosstalk*] it is our hope that they will be

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finalized shortly, given that the negotiations are in respect of a past period. We have already entered the 2011/2013 bargaining period and a new approach involving social dialoguing will be required if the parties are to arrive at mutually acceptable settlements within the economic realities.

Mr. Speaker, our ability to withstand the impact of recession in our major trading partners stems in large part from the presence of our financial buffers: the adequacy of our international reserves, the relatively low levels of public debt that provide capacity to borrow in an emergency and the resources of our Heritage and Stabilization Fund. These buffers have protected our nation's credit rating while others far mightier than ourselves have fallen prey to the weak global economy. We maintained, and strengthened these buffers in the face of significant domestic pressures from many quarters to put at risk the benefits of our disciplined and prudent approach.

As a result, Mr. Speaker, I am pleased to report that at the end of September, this year, gross official reserves stood at US \$9.7 billion—[*Desk thumping*]*—the equivalent of 13 months of imports. As a result of its conservative investment stance, the Heritage and Stabilization Fund was less affected by the turmoil in global markets than the average international fund. This fund, as of September 30, 2011, amounted to US\$4.1 billion. [Desk thumping]*

Mr. Speaker, we are not an island unto ourselves, the world is interconnected. Solutions to our problems here today are also the result of developments elsewhere. Instead of taking the position that we must protest, we have taken the position to construct new buffers internationally. [*Desk thumping*] Trinidad and Tobago has made significant proposals to the international financial institutions for a review of the existing windows for insulating small economies from external shocks. I am pleased to inform this honourable House that this matter is currently being considered and an international committee is being established to further this proposal. [*Desk thumping*]

Mr. Speaker, crime continues to be one of our country's formidable challenges. The Government was elected on the trust and hopes of citizens that we will bring change to this situation and we are resolute with respect to that objective. Our Minister of National Security has displayed a purposeful approach to tackling this situation and he is deserving of our commendation. This is why the biggest part of the budget, the biggest slice of the budget, is for National Security—over \$4 billion.

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Mr. Speaker, the Government's approach to crime containment and reduction is multi-pronged and involves more effective law enforcement and policing, social interventions aimed at discouraging a lifestyle of crime and violence, reform of the justice system and the legal framework; and a rehabilitation of offenders. As crime and criminal activity become more complex, priority is being given to increasing the sophistication of the resources and systems utilized and to the effective management of our law enforcement agencies.

As such, emphasis is being placed on:

- expanding the use of modern technology for tracking crime and security connectivity between law enforcement agencies;
- capacity building and training of law enforcement officers;
- modernization of fiscal infrastructure and information management systems;
- initiating a street and community patrol in partnership with the private security sector, beginning with 250 new motor cycle patrol officers; [*Desk thumping*]
- and in partnership with the municipal police, a City Surveillance Network programme is to be initiated in the city of San Fernando, expanding thereafter. [*Desk thumping*]

The 21st Century Policing Project is a major initiative which introduces a new delivery system for policing that builds partnerships with communities and provides a high level of customer service. It effectively blends intelligence-led proactive initiatives together with community policing strategies.

Mr. Speaker, in recognition of the transnational and perverse financing of crime, the Financial Intelligence Act, 2009 has been amended to improve the effectiveness of the Financial Intelligence Unit in combating money laundering as well as financing of terrorist activities in Trinidad and Tobago. Additionally, legislation will be brought to Parliament to strengthen the capability of the private security industry, and the Prison Rules and Defence Act and Evidence Act will be modified to strengthen enforcement capability.

Mr. Speaker, initiatives to stem illegal activity domestically must be complemented by actions that reduce security threats in our air space and maritime domains. To effectively safeguard the nation's maritime borders, greater security will be placed on containers, cruise ships and ferries as part of a comprehensive systematic approach to border security.

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Mr. Speaker, you will recall that in the last budget we had introduced the special allowance of \$1000, per month, for officers of the police service, in recognition of the special circumstances they face due to the severity of our crime situation. This allowance will now be extended to other members of the protective services including the fire and prison services and the defence force. [*Desk thumping*]

These are only some of the highlights of a comprehensive national security plan, and reflect the priorities of the Prime Minister and the Minister of National Security and the Government, to place this issue at the head as we confront the challenges head-on. [*Desk thumping*]

Mr. Speaker, I now turn to the strategy for economic transformation. Over the years, a consensus has emerged among economic analysts and practitioners, that there are limits to the expansion of economic activities in a small, open economy such as ours, largely due to the constraints of limited physical space, small population and few natural resources. There are new areas of economic potential that remain undeveloped across the land mass of Trinidad and Tobago, places like the north coast, the south western peninsula and north-east of Tobago. In addition, there are what we refer to as missing sectors that must be developed in several areas, including shipbuilding and repair, information and communication, sports and medical tourism.

Here at home, we have eternally spoken about the diversification of the economy yet, other than the transition from an oil-based to a gas-based economy, the structure of the economy has not changed. In essence, Government's revenue to GDP growth are highly linked to downstreams in the energy sector; our manufacturing sector remains constrained by the limitations of the Caricom market and economic activity, non-energy remains dependent on Government's ability to transfer energy sector revenue to domestic expenditure. It is in this context that we will find and explore physical, financial and investment spaces within which we would like to see responses, both from the private sector, the labour sector and also the state enterprises sector.

Mr. Speaker, as noted, the structure of the economy has not fundamentally changed despite the emergence of the dynamic petrochemical and gas sectors. What has changed, however, is the skill set of this country. Trinidad and Tobago now has more human resource capabilities in areas such as public administration, education, business, financial services, energy services and information and communication services.

In the budget statement of 2011, we began to spell out the specifics of what we refer to as opening new economic spaces in our quest to develop five poles of expansion in the medium term. It is in this context that the budget statement set three strategic imperatives for the transformation framework:

1. We should start the programme for change in the structure of the economy.
2. We shall embrace the challenge to enhance our institutional capability to deliver.
3. We shall alter the priorities of expenditure to meet the basic needs of our people—jobs, healthcare, homeownership, security and education.

2.15 p.m.

We are implementing a series of structural reforms aimed directly at the modernization of the State, particularly in the areas of public administration and public financial management. We shall strengthen governance and human resource management in the civil service. This will require a sustained effort at developing a culture of efficiency in customer service in all ministries, departments and state agencies.

We will accelerate the use of information and communication technology across the public service to improve decision-making and to deliver quality service to the citizens of Trinidad and Tobago. We intend to reform the management and preparation systems of the Public Sector Investment Programme. The PSIP has been redesigned to improve efficiency and accountability of public expenditure, the alignment between resource allocation, the Government's growth objectives and the quality of service delivery to the population.

We will, in 2012, establish a Public Financial Management Modernization Unit to manage the project development activities associated with the implementation of new financial management systems. The implementation of the programme covers a wide range of activities including strengthening the budgeting process, Treasury management and the creation of an integrated financial management information system with an aim towards the introduction of results-based budgeting by 2013—2014.

We will strengthen the capabilities of the Central Statistical Office to ensure that it meets the international standards and can provide almost real-time

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statistics. [*Desk thumping*] I am sure the Member for Diego Martin West will be happy to hear this in light of his protestations in the past for it to happen. [*Interruption*] We will improve and strengthen public debt and cash management within the Ministry of Finance with the technical assistance of the World Bank.

During 2012 we will enhance our consultation with all stakeholders with a view to ensuring that a medium-term economic plan has broad national support. The 1984 National Physical Development Plan will be revised and updated to accommodate current and future challenges. We will complete a land use policy during the course of this fiscal year which will include allocation of lands to support business growth in areas targeted for strategic development. [*Desk thumping*]

Mr. Speaker, we will intensify our efforts to improve the regulatory and the administrative framework to encourage private sector investment to promote growth and to enhance employment. [*Desk thumping*] The Computerized Customs Management Systems, ASYCUDA will come into effect in fiscal 2012. This will be integrated with a single electronic window which will improve the ease of doing business in Trinidad and Tobago and so improve our competitiveness. [*Desk thumping*]

Mr. Speaker, the Government, having recently paid off most of the arrears outstanding to VAT claimants, we will put measures in place for VAT refunds to be paid on a timely basis. [*Desk thumping*] We will also take measures to alleviate the burden imposed on offshore activities in the oil sector by the current VAT arrangements. The Government will introduce in fiscal 2012 an e-payment system for the payment of taxes and duties on both incomes and goods. [*Desk thumping*]

The Joint Select Committee of Parliament will report on the Procurement Act, and appropriate legislation will be laid in Parliament. Within three months of the passage of this legislation, the regulations and guidelines will be approved and a new structure will be geared to encourage e-tendering and website availability for the processing and awarding of tenders. [*Desk thumping*] We are resolved to take measures to improve and modernize the public service and areas of public management.

In addition, the Government intends to modify the Insurance Act to strengthen the regulatory environment in the sector. This will ensure that high-risk leveraging will not be repeated and public confidence in the stability of the financial sector and in the strength of its regulatory framework will be increased.

Mr. Speaker, we envisage that the above measures will enable greater efficiency in the operations of the private sector, and urge them to seize the

opportunity to broaden the economic space in which they now operate. The World Economic Forum's Global Competitiveness Report, 2010/2011 ranks Trinidad and Tobago at 81 out of 141 countries. As a country, we have to do better. We are doing our part to remove any administrative and institutional handicaps that contribute to this outcome and we expect the private sector to do the same. *[Interruption]*

Mr. Speaker, in our strategy for economic transformation—

Mr. Speaker: Hon. Minister of Finance—may I appeal to the Member for Diego Martin North/East to allow the Minister of Finance to make his contribution in silence, and observe Standing Order 40(a), (b) and (c). I would not want to ask any Member to depart from this Chamber, because of the indiscipline that is being projected. Hon. Minister of Finance, continue. *[Desk thumping]*

Hon. W. Dookeran: Mr. Speaker, thank you. In our strategy for economic transformation, we must look outward to the region and Latin American economies for access to their markets and for the use of our local services in their own development thrust. Already, we have secured healthy positions with respect to our financial service sector, for our presence in the region has been well established, but we intend to go further to seek opportunities in the capital market of the region and so provide financial returns to the country. To this end, we have challenged the International Finance and Business Company to promote Trinidad and Tobago as a place for financial activities as well as investment design and construction services in the areas of trade.

As an incentive, Mr. Speaker, we in the Government will seek to offer our services with respect to facilitating market penetration and market access for our private sector to sell their markets to markets abroad, the skills that we have. Wherever we can, we shall open doors, bring parties together, facilitate communication and initiate any activity that we deem both prudent and possible to promote the exports of the skills of our citizens. In this regard, we have started the reorganization of our foreign embassies to give them a greater focus on securing investment and promoting trade for Trinidad and Tobago. *[Desk thumping]*

Mr. Speaker, notwithstanding the emphasis on changing the direction of the economy, we must as a priority address the basic needs of our people in health, education and housing. We must encourage productive activity in the areas of agriculture, tourism, sports and culture. We need to undertake these activities

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while protecting our environment and the safety of our citizens. I shall now turn my attention to these matters.

Health services: with respect to the health services, we intend to continue expanding our health care to all areas of Trinidad and Tobago. A new programme for developing our hospitals is being finalized, which will include the new children's hospital [*Desk thumping*] and repair and upgrading of our current health and hospital facilities. The San Fernando Medical Complex, which has already begun with the conversion of the Chancery Lane Building into a medical facility, will be expanded to include the Naparima Medical Academy. [*Desk thumping*]

Mr. Speaker, the accountability and quality of health care will be further enhanced with the soon-to-be established Accreditation Council to certify best practice standards. We will also implement the health information management system throughout the health sector to ensure the rapid transmission of patient information while preserving confidentiality. [*Desk thumping*]

We will continue to support access to our most vulnerable patients to medical procedures and medication under the Financial Assistance to Needy Patients Programme and the Adult Cardiac Surgery Programme. We have already put into place the Children's Life Fund, Mr. Speaker, which is but the beginning of our new focus to protect our children in Trinidad and Tobago. [*Desk thumping*]

Mr. Speaker, with respect to education, high-quality education for our citizens is critical to our economic future. The GATEprogramme was expanded in 2011 to include technical and vocational training. A further review will be informed by the findings of the studies undertaken by the Centre for Workforce Research and Development funded through the European Development Fund under the aegis of the University of the West Indies. This study will identify the skill gaps within the local economy, thereby guiding education and training needs that are aligned with labour market information.

Mr. Speaker, the GATEprogramme will now be subject to more rigorous pay for performance rules with respect to students to ensure value for money spent, and greater accountability will be required from the institutions that are registered in the programme.

The Seamless Education System: Mr. Speaker, this is a multi-phase project. The first phase of the project will improve equity, quality and relevance of the educational services provided to all children in the early childhood care and education and in primary education.

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Mr. Speaker, the public and private partnership in education will include our higher education institutions as a source of valuable expertise and competencies. As a start, we endorse the collaboration by the University of the West Indies, the Arthur Lok Jack Graduate School of Business and their proposal for a collaborative effort for introducing a new growth initiative with private enterprises to help expand to new markets outside the Caribbean region and to develop new products. [*Desk thumping*]

Housing and Home Ownership: Mr. Speaker, there is no doubt that housing is a critical component of the quality of life for our country and, as such, the Government remains firmly committed to the provision of quality housing to our citizens. At present, there are 129,000 applicants on the waiting list of the Housing Development Corporation database. Approximately 80 per cent of the empty housing units are currently under repair, because of questionable work done by contractors. In fiscal 2012 we have targeted 4,450 housing units for completion.

We insist that they must be done on time, they must be done through open tendering processes and they must be done within budget. [*Desk thumping*]

2.30 pm

Mr. Speaker, in order to encourage home ownership, and in particular for first-time homeowners, the Government had introduced last year a tax allowance of \$18,000. In January this year, the Government extended the subsidized interest rate of 2 per cent to be accessible through all financial institutions for the purchases of HDC homes, thereby increasing the number of persons using that facility. Mr. Speaker, we are also making home ownership more affordable to the middle income groups. Government has decided, through the Trinidad and Tobago Mortgage Finance Company, to provide mortgages at reduced interest rates. Mortgage finance which is currently at 6 to 8 per cent will be reduced to 5 to 7 per cent. [*Desk thumping*] This will benefit over 13,000 homeowners and will become effective during 2012. This mechanism will be reviewed annually.

Mr. Speaker, with respect to the delivery of housing units, we have acknowledged the concerns and anxiety of citizens whose applications for housing under the Government's housing programme have been at the HDC for more than 10 years. To alleviate this situation, long-standing applications are given priority for housing distribution. [*Desk thumping*]

The Government is currently exploring the introduction of a new programme entitled "Land for the Landless"—[*Desk thumping*—]to provide greater

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opportunities for home ownership. The Government will give successful applicants a foundation base and an opportunity to construct a two to three bedroom unit. We believe as many as 10,000 applicants will benefit from this programme annually thereby allowing successful citizens to ease the 25-year to 30-year debt burden associated with home ownership. [*Desk thumping*]

Mr. Speaker, our Neighborhood Upgrading Programme is designed to improve the living conditions of low and middle income groups by regularizing tenure in squatter settlements across the country. The main components include squatter regularization, a new housing and home improvement subsidy and sector and institutional strengthening. In addition, we will finalize the title regularization of approximately 3,000 beneficiary families and relocate families where regularization is not feasible.

Mr. Speaker, the home improvement subsidy was raised last year from \$10,000 to \$20,000 per beneficiary household, to be used for home repairs, expansion and renovation, with the emphasis being on improving family health and safety. [*Desk thumping*] The new home subsidy programme will support home purchases and construction and will be up to a maximum of \$50,000 per eligible household for homes costing \$200,000 in Trinidad and \$220,000 in Tobago. [*Desk thumping*]

Transportation: Mr. Speaker, during the course of this year we will unveil an alternative transportation system. Feasibility and design studies will commence shortly to establish a modern system of urban transportation involving a system of park and ride facilities, inner city bus service and a bus rapid transit system. [*Desk thumping*] The bus rapid transit will service routes along the East-West Corridor and from the East-West Corridor to San Fernando. [*Desk thumping*] In addition to the ongoing construction of the highway from San Fernando to Point Fortin, which I remind this honourable House has been a project that has been in gestation for many, many years, it is this Government that has begun to make it happen. [*Desk thumping*]

We shall add the new projects: the construction of the San Fernando to Princes Town highway, and the commencement of designs aimed at improving the major intersections at the University of the West Indies, Pasea, Macoya, Piarco, Munroe Road, Endeavour and Couva. [*Desk thumping*] We also intend to complete a comprehensive reform of the existing institutional and regulatory structures that pertain to the road sector governance, aimed at improving our efficiency in the maintenance and construction of our road systems.

Water: Mr. Speaker, the country's water supply system suffers from major deficiencies related to high overheads, inadequate tariff, aging infrastructure and a lack of adequate maintenance. The Government will focus on improving the operational efficiency and financial sustainability of WASA and on rehabilitating and expanding the wastewater system, and on improving the sustainability of the wastewater and water systems. Already we have begun to see the results of these efficiency measures and recently our pipeline that has been completed was done under budget and within an affordable time that we had set. [*Desk thumping*] The results are beginning to happen, the anxiety on the other side would probably rise, but we shall commit ourselves to resolving the people's problems. [*Desk thumping*]

Agricultural Initiatives: Mr. Speaker, boosting agricultural output is a central plank in the efforts of the Government to improve employment, keep inflation low and stable and grow the economy. This year the Government initiated the Agricultural Incentive Programme aimed at assisting local farmers in overcoming the major challenges faced in the sector. The programme provides support to farmers in the form of percentage rebates on the cost associated with the purchase of irrigation equipment, land preparation, pest management and post-harvest marketing. There are also incentives to encourage youth in agriculture and fisheries, the provision of security in the agricultural sector and for agro-processing.

Mr. Speaker, the Agricultural Development Bank is playing a role in this initiative. The interest rate at the ADB had been reduced to between 3 to 5 per cent during last year, down from the 5 to 8 per cent, and this has resulted in an increase in the credit demand of approximately 50 per cent. No doubt food prices had begun to drop during the course of the year. [*Desk thumping*] These interest rates would be further reviewed in the new fiscal year.

Mr. Speaker, the Government is also encouraging the use of the greenhouse technology. The Trinidad and Tobago Agri-Business Association has been charged with increasing greenhouse agricultural production and marketing and will include greenhouse vegetables in its contract production programmes.

Tourism: Mr. Speaker, the Government's Tourism Action Plan highlights five key focus areas:

- product development
- marketing and public awareness
- competitiveness and investment

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- safety, security and access
- quality assurance

This comprehensive tourism thrust will generate high-quality jobs in industries. It will also encourage investments from internationally branded hotel chains that have proven track records and will facilitate the participation of owners of small accommodation property in the development of the tourism sector. We have had several indications of interest by local and foreign investors to pursue this path.

Mr. Speaker, sustainable tourism requires adequate infrastructure not for just accessibility to tourism and attractions, but systems to protect the fragile environment and many of the attractions, such as nesting sites of turtles and coral as at the Buccoo Reef. As we seek to revise and update our investment incentive packages in this sector, we shall concentrate on those incentives best suited to encourage sustainable development at both the product level and in support of the environment.

Mr. Speaker, sustainable economic and human development is not possible without respect for the environment. We will continue to work towards finalizing the Beverage Containers Bill to give effect to the reuse and the recycling of waste containers and to discourage the unsanitary and environmentally degrading practice of disposing of empty beverage containers the environment. The Beverage Containers Bill will assist in the establishment of the recycling industry in our nation.

Mr. Speaker, the Government has recognized environmental education as one of the core tenets in achieving sustainable development and this is entrenched in the National Environmental Policy of Trinidad and Tobago. We propose to make resources available for environmental education from primary school age to adulthood as well as public awareness on environmental issues. In this regard, following upon my last Budget Statement, in order to optimize the objective of the Green Fund, the legislation governing the fund was amended to allow non-governmental organizations incorporated under the Companies Act to be included as non-profit companies to be eligible to access the fund. [*Desk thumping*]

In addition, the Green Fund legislation provided for organizations and community groups which include reforestation and conservation of the environment in their portfolio of projects to qualify for assistance from the Green Fund. This year, Government proposes that the categories of activities eligible to access the Green Fund will be broadened further to include environmental education and public awareness on environmental issues. [*Desk thumping*] This

will require a simple amendment to section 64 of the Miscellaneous Taxes Act, Chap. 77:01.

Addressing Youth, Sports, Culture and Gender Issues: Mr. Speaker, youth unemployment is distressingly high; some have estimated as over 50 per cent in June 2010. We are actively addressing this issue. We will upgrade the Youth Development and Apprenticeship Centres to increase the intake of students as well as to further engender the shift from welfare practices to one of self-reliance and empowerment. Three centres will benefit from the ongoing initiative in the coming year—PraestoPraesto, Chatham and El Dorado.

2.45 p.m.

Sport—we will continue to maintain and improve the sporting infrastructure in our nation. In addition, three state-of-the-art megasport facilities will be constructed, and [*Desk thumping*] allocations have been made so that such construction will be compliant with international standards: the national cycle track, the national aquatic centre and the national tennis centre.

The Government has developed a two-year programme which will engage young people in full-time sport training programmes. This programme called the “Life Sport” is intended to train persons in sport and social skills, as well as in life skills through occupational skill training. This programme will be piloted in 10 different communities throughout Trinidad and Tobago during this fiscal year. [*Desk thumping*]

Culture—the Government intends to initiate a number of projects to reflect our nation’s rich heritage, to support and promote our multicultural society and to celebrate our diversity. The Government, through the National Museum, has made significant progress on the establishment of a national hall of fame. The museum is currently working towards the development of a portrait gallery which will be the foundation for the hall of fame. The establishment of the “Remember When Institute” would facilitate and manage the House of Music, among other heritage-related projects, such as the evolution of the steelpan exhibition and the recreation of Port of Spain as a museum city. We are confident that these projects would safeguard our traditional knowledge and facilitate meaningful contribution to an archive of indigenous culture and folklore for our citizens.

Mr. Speaker, we will further develop our human capital in the arts and culture by developing projects that enhance the link between our panyards and our local communities. These include:

1. the music school in panyard project which trains participants in music literacy and a mix of steelpan and other musical instruments;

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- 2 the art of success project which is a mentorship workshop series that would facilitate knowledge transfer from esteemed professionals. To assist, Government will establish a high-level panel for culture and art to make more recommendations to accelerate our efforts in this regard.

Gender—Mr. Speaker, gender inequities can severely impede the social and economic transformation of an economy. We shall seek to redress all forms of gender discrimination in the society. [*Desk thumping*] The Trafficking in Persons Act, 2011 was assented to in June this year and gives effect to the United Nations Protocol to prevent, suppress and punish trafficking in persons, especially women and children.

Mr. Speaker, to support women's participation at the leadership level in the country, we have ensured that women are adequately represented on state boards and statutory authorities. [*Desk thumping*] To date, 31 directors of state boards are women, compared to 26 per cent in the previous administration, and we target a figure of 40 per cent.

Managing our social safety net—in Trinidad and Tobago, poverty is estimated at 17 per cent of the population, with a level rising to 30 per cent in some geographic areas. These are totally unacceptable figures. The Government has targeted the reduction in poverty by a minimum of 2 per cent annually through rehabilitative and skill enhancement initiatives. The Poverty Reduction Programme has allowed persons at risk to undertake microprojects. This is facilitated by providing financial support to community-based and non-governmental organizations, as well as private sector entities, for the purpose of supporting microcredit and entrepreneurship to small entrepreneurs.

The Targeted Conditional Cash Transfer Programme provides social protection to our citizens by promoting nutrition and food security, while spearheading developmental activities through the provision of training and finding employment, budgetary planning, family planning and career guidance. [*Interruption*]

Mr. Speaker: It is becoming a bit disturbing, Members of the Opposition. I am sure you would like, when the Leader of the Opposition is responding, to have the complete attention of the Government. I appeal to you to show some discipline. Respect Standing Order 40 (a), (b) and (c) and allow the hon. Minister to speak in silence. I appeal to you for the second time. Please continue, hon. Minister.

Hon. W. Dookeran: Mr. Speaker, we have expanded the Utilities Assistance Programme through which financial assistance is provided to lower income customers of WASA and T&TEC by way of subsidies. In order to ensure the continued access to basic utilities, water and electricity, in 2012 the Utilities Assistance Programme intends to reach a total population of 11,268 households that are customers of WASA and T&TEC. We will ensure that those persons who are most in need have access to this subsidy.

Mr. Speaker, the first ever World Report on Disability produced jointly by the WHO and the World Bank this year, contends that differently abled persons experience worse socioeconomic outcomes and poverty than persons without a disability. Here in Trinidad and Tobago, equal rights of all persons with disabilities must be respected. [*Desk thumping*] Government will continue to take special care of our differently abled citizens so that they could live independently and participate fully in all aspects of life. We intend to add the following measures to the current programme.

1. Grants will be paid to single mothers who are the sole caregivers of a special child where the household income is inadequate to support the family. [*Desk thumping*]
2. Individuals who are differently abled will automatically qualify for food support under the Food Card Programme.
3. All persons with a disability will be able to access free transportation on the public transport system, and specially designed buses for the differently abled will be made available.
4. Families with a child who is disabled will automatically receive food support through the Trinidad and Tobago food card system; and finally,
5. All disabled persons who wish to further their education or enter the labour market via business development training will benefit from a scholarship of \$5,000 under the Rise Up Programme.

Mr. Speaker, I am advised that these new additions to the programme would effectively increase the income of the differently abled by at least \$500 per month.

Government recognizes the critical role of non-governmental organizations in our society. For years NGOs have been executing grass root initiatives that respond effectively to the realities of local communities. The State as well as kind individuals and corporate entities have been providing financial and other support for the excellent work carried out by these NGOs. However, in order to encourage

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the corporate sector and individuals to substantially increase their contribution to NGOs, appropriate legislation will be amended in line with international standards and introduced for such contributions to be clarified as tax deductible expenses. [*Desk thumping*]

We come now to Tobago. The Government is committed to working with the Tobago House of Assembly and other stakeholders in the development of the future of Tobago, paying due regard to the operations of Act No. 40 of 1996. In addition, the new Ministry of Tobago Development has added new opportunities as part of its imaginative thrust for securing the future of the people of Tobago. The slowdown in the global economy has significantly affected the Tobago tourism sector and its capacity to continue to be the primary private sector driver of development on the island.

We understand the consequences of seeing a 60 per cent decline in tourism arrivals for Tobago between 2005 and 2010. These effects would be felt almost in every facet of the island's economy, from the fishermen in Charlotteville to the taxi drivers in Crown Point and to the businessmen in Scarborough. The Government will work with the THA to ensure that Tobago's tourism project is appropriately positioned. Key to this repositioning is the roll-out of the Stakeholders Development Tourism Action Plan to be implemented over a 15-month period, which would provide financial incentives to investors in the industry for the resuscitation of the Tobago tourist product. [*Desk thumping*]

Mr. Speaker, the Tourism Development Fund is now set at \$100 million. This fund would also contribute significantly to the sustainability and the quality of the tourism product in Tobago. The fund is designed to provide a government guarantee to be accessed by both existing hotel properties as well as new property developers. Similar consideration is also being given to our private business sector partners in Tobago, on the advice of the Tobago House of Assembly, as we consider a range of initiatives to support the Tobago economy throughout this lean period.

Mr. Speaker, the Magdalena Grand Beach Resort, formerly the Hilton Hotel, has been mandated to work with Tobagonian farmers and fishermen to provide the food needs of the hotel. This will be the recommended model for all of Trinidad and Tobago with respect to greater purchases by hotels and restaurants of locally produced food.

Mr. Speaker, primary to the development of a stable private sector driven economic base for Tobago is the transformation of many of the necessary

institutions and approaches that impinge on the island's human capital. The Government in conjunction with its Tobagonian partners will construct the integrated university campus in east Tobago. The campus will integrate the campuses of UWI, UTT and COSTAATT in Tobago. The location of this campus in east Tobago will signal the end of the need for Tobago students to travel to Trinidad in search of tertiary educational opportunities.

3.00 p.m.

In the west of Tobago, the Government intends to conclude the acquisition of the Friendship Estate in order to pursue the development of an energy bridge between Tobago and Trinidad with all the related economic advantages of such a project which will redound to the benefit of all residents of Tobago.

We are also supporting Tobago's need to enjoy the benefits of a free zone, and we will strongly bring enabling legislation to this House to make that a reality. [*Desk thumping*]

Mr. Speaker, I pause—

Mr. Roberts: To let the PNM reflect.

Hon. W. Dookeran: The Scarborough General Hospital is finally to be delivered to the people of Tobago in time for Christmas this year. [*Desk thumping*]

Hon. Warner: Thank God at last, after 100 years!

Mr. Roberts: Praise Allah!

Hon. W. Dookeran: Mr. Speaker, the budgetary allocation for the Tobago House of Assembly for fiscal 2012 is \$2.199 billion of which \$1.1861 billion is for recurrent expenditure and \$319 million is for capital expenditure.

Mr. Roberts: Come across to the Partnership boy.

Hon. W. Dookeran: In our Appropriation Bill, Tobago will receive an additional \$510 million under various other Heads of Expenditure. [*Desk thumping*] Our commitment to Tobago is not only in words but based on deeds and action.

Hon. Roberts: Great is the TOP!

Hon. W. Dookeran: The Government honours its pledge for constitutional reform leading to full internal self-government for Tobago. Most of the groundwork has already been laid, and a framework that will allow this period of consultation to culminate in real legislative action is now being worked out at the

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level of the Offices of Prime Minister and the Chief Secretary. Mr. Speaker, this budget statement has sought to respond positively to the Tobago House of Assembly's request, as well as to the request of the Ministry of Tobago Development. In this regard, we must warn that we shall make every effort to ensure that moneys allocated are spent expeditiously and for the purpose so indentified. [*Desk thumping*]

Mr. Speaker, I move now to the strategy for growth, trade and investment; our investment platform. Growth is at the heart of our economic development, and the State has a pivotal role of play in building partnerships in new growth initiatives. Our goals are to expand the economy and change the direction of economic growth.

Last year's projection of positive economic growth did not materialize. The Central Statistical Office anticipates that for calendar 2011, 1.4 per cent contraction in the economy will take place.

Mr. Imbert: Things bad boy.

Hon. W. Dookeran: However, the gross domestic product per capita at current prices increased from US \$16,016 in 2010 and is estimated to US \$17,231 in 2011. [*Desk thumping*]

Mr. Imbert: The population went down.

Hon. W. Dookeran: Mr. Speaker, our growth initiatives are expected to increase output, incomes and employment. Our strategy is to generate new investments, re-energize the energy sector, facilitate private sector investments and encourage new financing for private/public sector initiatives.

The 2012/2014 investment platform for Trinidad and Tobago is predicated on new investments:

- Traditional energy
- Downstream industries
- Alternative and renewable energy
- Maritime economy
- Urban development
- Infrastructure, ICT platforms
- Environments promoting business competitiveness

- Capital market development and
- Creative industries.

Mr. Speaker, since 2006 this country has incurred a loss of approximately 30 per cent in crude output and condensate as well as more recently, the plateauing of the gas output. We are seeking to attract investments to make up the gap and to expand our industrial base. We will nurture new industries and extend our economic reach beyond the CARICOM Single Market Economy to the rest of the world. We are concentrating on the generation on high-value output to replace similarly lost crude output, and we are focusing on several integrated energy-based manufacturing industries.

The Government has also embarked upon renewable energy and energy efficient initiatives aimed at climate change mitigation and the enhancement of national development. We have begun work on the national energy policy with the development of a Green Paper based on local consultations held earlier this year, which will govern renewable energy and energy-efficient practices, and the utilization of compressed natural gas in the transportation sector.

The Government is also developing a local sustainable energy programme, will establish an energy regulatory referable to promote sustainable energy, maximize the efficient production in the use of fossil fuels and mobilize investment in renewable energy and energy efficiency.

Within this framework, we have had negotiations and decisions with respect to a number of investments. The Government anticipates that in 2012, some US \$2.5 billion will be spent in the energy sector on ongoing and new projects—these are commitments already made. In addition, petrochemical companies will add another US \$1.4 billion in the new downstream projects in 2012.

Firstly, the AUM 2 project which will produce melamine. We anticipate that the domestic production of melamine will provide the basis for melamine derived industries, including those producing plastics, adhesives and laminates. This facility has an estimated capital cost of US \$1.9 billion and will create more than 3,000 jobs during the construction period and 450 permanent jobs on completion. [*Desk thumping*]

Secondly, there is the CariSal Project. Government in conjunction with the US firm CariSal will construct a plant to produce calcium chloride, caustic soda and other related products for the domestic market, as well as markets in the Caribbean, North America, West Africa and Latin America.

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Construction of the CariSal project will begin in 2012, at an estimated cost of US \$430 million with the potential to create more than 200 jobs during construction and operation.

Mr. Speaker, as we look to the period 2012—2015 and beyond, we see the prospects of developing a number of new projects in the energy sector. Significant interests have been expressed by investors in these projects and negotiations are taking place. If they were to materialize, we will anticipate a further injection of investments of approximately US \$5 billion during this period. These projects are:

- Reliance Biumen Upgrader project;
- Methanol to Polypropylene project;
- Methanol to Acetic Acid project; and
- Melamine derivatives project.

By the end of this decade, our country would have in place a well-established and high-value manufacturing sector, generating good quality jobs and providing our citizens with good standards of living and general prosperity. Moreover, we would have taken substantial steps in replacing a lost output on crude and ensuring that our economic growth remains stable and sound.

Mr. Speaker, alternative energy development. I had indicated earlier that opening new spaces is one of the strategic imperatives of the programme for the economy of Trinidad and Tobago.

With respect to solar manufacturing, the Government proposes to seriously commence work on the solar industrial development plan, building commercial possibilities based on solar energy, namely silicone, glass and integrated photovoltaic manufacturing industries. Based on preliminary assessment, there appears to be great commercial potential in developing such a cluster and in establishing a solar manufacturing complex.

The Government will also commission a national energy efficiency study and pilot projects on the National Wind Resource Assessment Programme for which there has been a number of interested investors who are waiting.

The new maritime economy: There is an opportunity for the Government to play a catalytic role in the development of Trinidad and Tobago as the regional ship building and ship repair centre. We are today considering ways in which we can attract joint ventures with the requisite finance, skill and experience to make the necessary investments to create a ship building and repair industry with the potential to generate high skilled, quality jobs.

There are several investors who have indicated their interest in building this industry and we are providing the environment as well as the infrastructure to make it possible.

Regional fast ferry service: The Government has recognized the need to introduce the regional service between Trinidad and Tobago, Grenada, St. Vincent, St. Lucia and Barbados to improve the movement of persons and cargo. It is anticipated that these will be private sector initiatives and the Government will encourage proposals to make this happen. [*Desk thumping*]

Urban development: significant interest has been expressed in the transformation of the waterfront along Invaders Bay. This development has great potential for promoting commercial activities in the service sector and will benefit the country significantly. Such projects are meant to be private sector initiatives, utilizing green building technologies and will assist in making Trinidad and Tobago an attractive destination for new initiatives. Currently, these matters are under review and evaluation.

Mr. Speaker, I come now to a special project, which I refer to as the Sustainable City Project East Port of Spain. Over the years, numerous development initiatives in East Port of Spain have not achieved their goals and the community has grown wary of these efforts, particularly those which do not involve the community in decision making.

3.15 p.m.

This is the reason why in last year's budget, we announced the Heritage City Initiative as a mechanism to leverage the cultural and built heritage assets in East Port of Spain to improve the economic health of the area. The history of East Port of Spain, Mr. Speaker, is the history of Trinidad and Tobago. [*Desk thumping*]

The project is being developed in partnership with the East Port of Spain Council of Community Organizations, the Caribbean Network for Urban and Land Management at the University of the West Indies, the East Port of Spain Development Company and other key stakeholders. This exercise has also engaged the Making Life Important Initiative of the Ministry of National Security.

The Mayor of Port of Spain is an essential sponsor to this project, and has been involved with the ongoing negotiations with the Inter-American Development Bank through the Ministry of Finance. This initiative is part of a wider "Emerging and Sustainable Cities Initiative" supported by the Inter-American Development Bank, of which Port of Spain has been selected as one of the five pilot cities from 170 eligible cities in the hemisphere. [*Desk thumping*]

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While we develop the architecture for this project, Mr. Speaker, we are at the same time seeking the funding to make this possible and I can assure this honourable House, that this project will commence during the period 2012. [*Desk thumping*] The project involves the restoration of Fort Picton in Laventille, which is in close proximity to Our Lady of Fatima Church—[*Interruption*]

Miss McDonald: That is my church.

Mr. Warner: You know where that is? [*Laughter*]

Hon. W. Dookeran: —Our Lady of Fatima Church, Desperadoes Panyard and the Observatory. It was at the Observatory where the first accurate meridian in the New World was fixed. This represents heritage sites, which will attract local and foreign visitors and would facilitate employment creation. Support will also be provided to community theatre groups through historical re-enactment. It is an imaginative project, already firms have been engaged in setting up the designs and feasibility studies and we look forward in great anticipation to commencing this project in East Port of Spain. [*Desk thumping*]

Mr. Speaker, the Chaguaramas Development Authority is spearheading development in the North West Region and a master plan detailing land use proposals for that region will soon be subject to public discussion. This will include capital development projects in the areas of eco-tourism, park and recreation development and the development of a cruise ship complex and resort facilities.

In the Global Competitiveness Report 2010, it was identified that the quality of our overall infrastructure was ranked 53rd out of 134 projects within Trinidad and Tobago, our inadequate infrastructure was ranked as the 6th most problematic factor of the 15 identified criteria for the ease of doing business.

Mr. Speaker, as I said earlier, we are approaching the whole issue of the transformation of the economy on a step-by-step basis on building a block at a time to ensure that we can deliver what we say—[*Desk thumping*—to fit that delivery in a different future, to be able to excite the imagination of our citizenship, so they can see what change really means in Trinidad. [*Desk thumping*] Others have had the opportunity. They can only sit back now and cry crocodile tears while we continue to work. [*Laughter*] [*Desk thumping*]

In order to increase our capacity to develop additional infrastructure, our Government has established a Public/Private Partnership Unit in the Ministry of Finance. The general model is that the Government will establish relationships

with the private sector entities which would introduce resources and expertise into infrastructure projects. The development of the Private/Public Partnership will be done in collaboration with the Ministry of Trade and Industry.

This will add an additional platform for the creation of investment opportunities. Not only would we rely on the Public Sector Investment Programme, or indeed on the State Sector Enterprises Investment Programme, or indeed on the Private Sector Investment Programme, or indeed on the Energy Investment Sector Programme, we will now explore new partnership arrangements in public/private partnerships to embrace another platform for generating investment in Trinidad and Tobago. In addition and in this respect, we will partner with local businesses to ensure that we buy a larger percentage of goods and services locally.

Mr. Speaker, the Government will embark on an ambitious programme for expanding the use of compressed natural gas as an alternative vehicular fuel. This is part of our overall strategy to reduce the use of petroleum products and so reduce the size of the fuel subsidy. We are also implementing special measures to encourage the construction of multi-fuel stations to dispense gasoline, diesel and natural gas. Already, seven new sites have been approved for the construction of such stations. [*Desk thumping*] This is in addition to the existing nine CNG stations that are in operation. Applications for stand-alone CNG retail stations in other parts of the country are currently being reviewed.

Mr. Speaker, in order to encourage the use of CNG, Government is exploring the conversion of the PTSC fleet to use the CNG and certainly, with respect to new purchases of buses to insist that this facility be put into place. Interest has been expressed by private enterprises to explore this conversion.

Mr. Speaker, NIDCO and the Port Authority are being encouraged to convert existing vessels to use CNG as a fuel for the water taxis and ferries respectively. This programme would not only have an impact on the fuel subsidy but would also be environmentally-friendly and cost effective. During this year, the Ministry of Energy will embark on a communication plan to explain the benefits of such a programme to the citizens of Trinidad and Tobago.

Mr. Speaker, what we may have said last year, we are doing this year. [*Desk thumping*]

Mrs. Gopee-Scoon: You ought to be ashamed of that. [*Laughter*] [*Crosstalk*] [*Desk thumping*]

Hon. W. Dookeran: Mr. Speaker [*Crosstalk*] Mr. Speaker. [*Interruption*]

Mr. Speaker: I know that we are very close, I know, I know and I understand the excitement, but allow the Minister—allow the Minister to speak in silence. Could you continue, hon. Minister?

Hon. W. Dookeran: Mr. Speaker, I now move to a new proposal, the establishment of the National Infrastructure Bank, and it will be one of the most significant economic initiatives of this Government. It would be a long-term financing institution, providing financing for capital expenditure for sound business projects that support the public sector's wider aims in health, housing, transport, and the environment, the knowledge economy and small and medium enterprises. The ultimate aim is to have a positive impact on the growth potential of the Trinidad and Tobago economy. The bank will borrow on the capital market to finance these projects, thereby freeing up public sector resources.

It is part of our programme to explore new space, new financing and new opportunities for the people of Trinidad and Tobago. The Government has done significant work on this matter, but at this stage we intend to engage the services of the Washington-based World Bank affiliated International Finance Corporation to assist in the development of a business plan for the governance and operation of the National Infrastructure Bank. And I say to the Minister of Works and Infrastructure, this came from your initiative. [*Desk thumping*] In addition, we will review the operations of the Export-Import Bank of Trinidad and Tobago with a view to providing additional resources to make the institution more effective in the growth of the export sector.

Mr. Speaker, the Ministry of Planning and the Economy is working out the technical details of establishing an innovative financing facility to assist in creating opportunities for research to be converted into commercial activity. This effort will be complementary to the work currently being done by the Caribbean Industrial Research Institute.

Broadband Infrastructure: Mr. Speaker, the country's wide deployment of information and communication technology is the key enabler of sustainable economic and social development in Trinidad and Tobago. This has been identified in two of the seven pillars proposed for sustainable development, namely, the quest for a knowledge-intensive economy and access to information and communication technology.

Mr. Speaker, the Government would ensure that the unserved and underserved communities in Trinidad and Tobago will get the required access to the Internet. For this reason, citizens of Trinidad and Tobago need a modern, accessible and affordable broadband platform to facilitate the use of ICT Services such as e-Government, e-Health and e-Commerce.

The Government in collaboration with the World Bank is preparing a strategic map to roll out a nationwide high-speed broadband network within two years. This project would require a financing plan for the backbone infrastructure, the details of which we have begun to negotiate.

Communications Infrastructure: Evolving Technologies and Enterprise Development Company (eTecK) has completed the construction of the communications infrastructure for a modern data centre which will serve Trinidad and Tobago and the south-eastern Caribbean. A strategic foreign investor has been identified and has committed, and we expect construction of this for high-tech facility in the communication field to start within the next month.

Mr. Speaker, in our last budget statement, we announced plans to rationalize various state-owned assets. This programme has commenced. During the last year, a strategic local private sector investment joined with the Development Finance Limited to float a new capital structure for that company and so encourage financing of small and medium enterprises.

3.30 p.m.

In addition, the state-owned Vanguard Hotel Limited in Tobago identified an operator for the hotel, who immediately unveiled a new brand: Magdalena Grand Beach Resort which would reposition the hotel to support development of air links to Tobago and to introduce modern operational and management capacity.
[Desk thumping]

Mr. Speaker, the Government will now expand these public offerings in its continuing effort to improve the efficiency of the state enterprise sector and enhance the domestic capital market. The first phase of the programme would involve the securing of strategic investors for a number of state enterprises. In parallel, further public offerings will be made on the Trinidad and Tobago Stock Exchange. We would offer to the national community further tranches of the shareholding of the Government in:

- Point Lisas Industrial Port Development Corporation Limited, since this company is already listed on the Trinidad and Tobago Stock Exchange;

- Trinidad and Tobago Mortgage Bank—a merger between Trinidad and Tobago Mortgage Finance Company and the Home Mortgage Bank for which an initial public offer by the Government will be made; and
- First Citizens Bank, for which an initial public offering will be made, but which offering will not affect Government's ownership of the bank. It will assist the bank in widening its capital base and so facilitate its expansion programme in which the bank is currently engaged.

The Government is continuing with the technical work and due diligence exercises in the remaining state enterprises. We envisage a second phase of the programme which would involve, where appropriate, the implementation of further public offerings or the securing of strategic investors for some of those enterprises.

In the final analysis, all state enterprises would be modernized with best practice corporate governance structures in their administration. We are ensuring through the modernization of our state enterprises that the citizens of this country are provided with affordable, transparent and customer-focused services and an opportunity to share in the ownership of these enterprises.

While the public offerings programme would seek to revitalize capital market activity, our small and medium enterprises continue to be over-reliant on bank financing. As a result, we will work with the Trinidad and Tobago Stock Exchange to create a third tier on the exchange to provide small and medium enterprises with access to the capital market. The Trinidad and Tobago Stock Exchange would expand its scope of operations as it establishes an SME market. The recent Jamaican experience has shown what can be achieved in countries where the circumstances for investing are even tougher. Participating voting shares and other securities of eligible small and medium-sized companies may now be listed for trading purposes.

For the first five years SMEs whose capital is greater than \$5 million but less than \$50 million and listed on the SME market for trading purposes would be allowed a reduction in the corporate tax of 10 per cent. [*Desk thumping*] The SMEs would be required to raise capital on the stock exchange through an initial public offering with a minimum of 25 shareholders holding at least 30 per cent of the company's share capital. This initiative will be reviewed every five years. We expect this tax incentive regime to encourage small and medium-sized enterprises to access resources from the capital market.

The Government will take a fresh initiative to encourage the development of a regional stock market going beyond the arrangement that has been arrived at by the Barbados Securities Exchange, the Jamaica Stock Exchange and the Trinidad and Tobago Stock Exchange. The regional market will provide important opportunities for the integration of the region and private returns and investment opportunities for our citizens. This is consistent with our attempt to build regional buffers and will become an important institution for the integration model for the Caribbean in the future.

It is now necessary to review the architecture of the Caribbean Integration Process and to seek to build new projects integrating the natural mineral resources of the region. The Government will initiate discussions with Caribbean countries to identify a new integration framework to facilitate this process and to include the larger countries of the hemisphere.

For fiscal 2012, in this budget statement we have identified a national investment programme for which there are firm commitments from the public sector, the private sector and the energy sector. This amounts to approximately TT \$26 billion or 18 per cent of the GDP and will contribute to the renewal of growth in the economy. [*Desk thumping*]

I come now to the fiscal measures to support the broad and specific policies that have been identified.

Incentives for small and medium-sized businesses to access the stockExchange: Small and medium enterprises are better served by raising capital on the domestic capital market. For too long they have been relying on high cost commercial finance which has limited their viability and expansion. In our effort to assist the SME sector and at the same time strengthen the domestic capital market, we are proposing to encourage them to access the facilities provided by the Trinidad and Tobago Stock Exchange.

SMEs with a minimum capital of \$5 million will be able to list on the Trinidad and Tobago Stock Exchange provided that they have at least 25 shareholders holding at least 30 per cent of the share capital which must not exceed TT \$50 million. To encourage this activity, the Corporation Tax Act shall be amended to provide for reduced corporation tax at a rate of 10 per cent on taxable profits for the first five years of operation.

Mr. Speaker, the deposit insurance system is an important component in a financial system for protecting depositors. Since the establishment of the Deposit Insurance Corporation in September 1986, the deposit insurance coverage limit has been adjusted only once, in October 2007, when it was raised from \$50,000 to

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\$75,000. Consistent with international best practice banking standards, the Deposit Insurance Corporation will increase its deposit insurance coverage limit from \$75,000 to \$125,000 for deposit holders of commercial banks and non-banks licensed under the Financial Institutions Act, 2008. We are developing a change in our approach to financing and, as I said earlier, we are providing the necessary protection that the State must do, but we believe that citizens must hold themselves accountable for the investments they make. [*Desk thumping*]

Amendments to the Central Bank Act: The recent amendment to the Central Bank Act, No. 18 of 2011, provided a means of augmenting the emergency powers of the Central Bank of Trinidad and Tobago under its enabling legislation, by the creation of a stay of proceedings in instances where the Bank's emergency powers had been invoked. In an attempt to preserve the rights of persons who may have a cause of action against an institution which is under the emergency control of the Bank, the Central Bank Act will be amended further as follows:

- To provide that, where an institution has been brought under the emergency control of the bank under section 44D, time shall cease to run in respect of any limitation period provided under the Limitation of Certain Actions Act; and
- To stipulate that the running of time would resume upon the lifting of the stay of proceedings in accordance with the section of the Central Bank Act as amended by the Central Bank Act, No. 18 of 2011.

I come now to amendments to the National Insurance System. We seek to introduce changes to the National Insurance System that will broaden the country's social security net, particularly for the elderly, and at the same time contain the rate of growth in expenditure for retirement income in our fiscal accounts. We seek to accomplish these goals by the following provisions.

Minimum guarantee monthly retirement pension: The minimum pension benefit was increased to \$3,000 for the vast cross-section of persons in the Finance Bill, 2010. However, despite persons insured under the National Insurance System making contributions via monthly deductions from their salaries, the minimum national insurance retirement benefit remained unchanged from the sum of \$2,000. In order to bring equity to the system and in order to broaden the net, the minimum national insurance retirement pension will increase from \$2,000 per month to \$3,000 during fiscal year 2012. [*Desk thumping*] This measure, I am sure, will be welcomed by the many retired public servants and teachers in this country who continue to receive pension payments well below what are the existing and prevailing rates today. We will give them an additional

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\$1,000 per month. [*Desk thumping*] It will go beyond those groups, to include all those who have contributed to the National Insurance Programme and are now in a position to access the retirement benefits.

Increase in the insurable monthly income under the National Insurance: We shall increase the insurable monthly income ceiling from \$8,300 to \$10,000. This will help to fund the increases in the minimum guaranteed pension indicated above. This measure will take effect during fiscal 2012.

Simplify National Insurance benefits: We intend to eliminate the complicated and time-consuming benefit structure for retirement benefits by moving from a fixed earning class and dollar figure to a percentage of salary. This will be one per cent of salary up to a maximum of \$10,000, for each of the insured's years of contribution. In other words, the worker earning \$10,000 per month, having contributed for 31 years, will simply be entitled to one per cent of \$10,000 multiplied by the total years of contribution. In this case, such a person will receive a pension of \$3,100 per month, and this measure will come into effect from fiscal 2012. [*Desk thumping*]

3.45 p.m.

Mr. Speaker, in an effort to spread the coverage of a social security net, we are seeking to include the self-employed in the benefits under the National Insurance System. Although self-employed persons fall within the national insurance legislation, there are no arrangements in place to govern the payments of contributions or the benefits to be paid to such persons. Consequently, there are approximately 115,000 persons who currently do not make any contributions to the National Insurance Board and so cannot access any benefit under that system.

The Government will engage in discussions with the National Insurance Board to ensure provisions of support to those persons who may encounter challenges in complying with the requirements of the National Insurance System by virtue of their age or income. In other words, we have embarked on a programme to increase the net of persons to at least 115,000 persons who shall now become contributors to the National Insurance System. [*Desk thumping*]

You see, one of the hallmarks of this Government and the economic and financial strategy that we have been following, is that we are doing it step by step, we are doing it block by block, we are building the foundations and we shall wait to see the rewards come to the people of Trinidad and Tobago and they will be sustainable. [*Desk thumping*]

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It is time to ensure that those persons who provide a significant contribution to the development of our country and the welfare of our people, through their entrepreneurial activities and artistry, are adequately taken care of in their later years.

Mr. Speaker, we are proposing a waiver on the payment of penalty and interest on outstanding contributions to the National Insurance Board. The proposed waiver is to be applicable until June 30, 2012, providing always that:

- (i) All outstanding contributions payable by the employer to the board are paid before the expiry date of June 30, 2012.
- (ii) The waiver shall only be available to employers, who are registered with the Board before October 10, 2011, in respect of penalties and interest on contribution for insured persons registered as their employees prior to October 10, 2011.
- (iii) The waiver only applies to penalties and interest payments which accrue before October 10, 2011.

It is anticipated that this measure would encourage those who are in arrears to make good those arrears and to put the fund in a better position to discharge its responsibilities to Trinidad and Tobago.

I come now to the energy sector measures. The energy sector continues to be main driver of Government revenue and exports. The expansion of this sector remains critical for ensuring the long-term growth of the economy. However, the administration of this sector must be efficient and effective if our citizens are to obtain the maximum benefit from the sector.

The licensing regime is the legal framework for administering and regulating petroleum operations. The licences are issued under Regulation 3 of the Petroleum Act. With the exception of amendments introduced in 2009—specifically for bunkering operations—the licence fee structure has remained unchanged since 1969.

Accordingly, we shall raise the licence fee from \$4000. to \$40,000. In fees for the following series of licences in order to reflect a more reasonable cost of regulating the industry. The eight licences are as follows:

- an Exploration Licence
- an Exploration and Production (Public Production Rights) Licence
- an Exploration and Production (Private Petroleum Rights) Licence
- a Refining Licence

- a Liquefaction of National Gas Licence
- Transportation (other than by pipeline) Licence
- Marketing Licence
- with respect to wholesale operations
- with respect to bunkering operations
- A Petrochemical Licence.

Retail transactions at petrol filling stations have been increasing at a rapid rate. Accordingly, we are proposing that the annual licence fee for each gas station be now based on the annual total sales of all grades of gasoline and diesel for the immediate preceding year. There will be three categories as follows:

- \$1,000 for gas stations with annual sales of gasoline and diesel of less than 1,000,000 litres
- \$2,000 for gas stations with annual sales of gasoline and diesel in excess of 1,000,000 litres but less than 5,000,000 litres
- \$4,000 for gas stations with annual sales of gasoline and diesel in excess of 5,000,000 litres.

Peddling operations refer to small wholesale transactions of less than 600 imperial gallons of refined petroleum products other than gasoline. This type of operation was prevalent in the past when kerosene was used as the primary household fuel. Today, most peddlers operate road tank wagons in excess of 10,000 imperial gallons. We propose that the peddling operations shall be renamed Authorized Distributors and the current \$50 licence fee for peddling operations be raised to \$1,000.

Road tank wagons also engaged in the transport of liquid petroleum products. We propose to institute an annual licence fee of \$500 on those engaged in the transport of liquid petroleum products by road tank wagons and that licence will be granted subject to the inspection of the road tank wagon.

We intend to introduce a new licence for the transmission of natural gas, which would be based on the carrying capacity of the pipeline, in the following manner:

- Line capacity greater than 100 mmcf/d \$40,000

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- Line capacity between two and 10 mmcf/d \$10,000
- Line capacity less than two mmcf/d \$5,000

Compressed National Gas Licence: we shall adjust the fees with respect to licences, in respect of servicing, marketing and consumer refuelling of compressed natural gas. The annual fees to be adjusted in the following manner:

- CNG Service Licence \$2,000, currently \$1,000
- CNG Marketing Licence \$2,000, currently \$1,000
- CNG Consumer Refuelling Licence \$10,000, currently at \$5,000

The increased fees relating to marketing licence for gas stations, peddling operations and CNG service, marketing and consumer refuelling operations, licences for transportation of liquid petroleum product and the pipeline licence would take effect on January 01, 2012.

Changes in the penalties under the Petroleum Production Levy and Subsidy Act: we propose to increase the penalties for breaches committed under two provisions of the Petroleum Act as follows:

1. Any person who contravenes section 6(2) of the Petroleum Act shall be liable to a fine, on summary conviction, of \$300,000 up from the current figure of \$30,000, and in the case of a continuing offence, a further \$5,000 per day up from \$1,500 while the offence continues.
2. Any person who contravenes the rules of regulations under section 29(7) of the Petroleum Act shall be liable to a fine, on summary conviction, of \$150,000 up from \$15,000, and in the case of a continuing offence, a further \$3,000 per day up from \$300 while the offence continues.

Mr. Speaker, the provision of subsidies is an important strategy for containing transportation and energy cost of the industrial and agricultural sectors. The cost to the country could be as much as \$3.5 billion per annum depending on oil prices. This subsidy has been subject to abuse. We propose the following as a deterrent to this practice, and in support of the administrative measures that the Ministry of Energy will put into place.

A person caught in such illegal activity at present pays a fine of \$10,000. Therefore, in an attempt to curtail such practice, we propose to increase this fine in respect of any person caught exporting or attempting to export for sale by retail petroleum products as follows:

- \$150,000 for volumes under 40,000 litres.

- \$600,000 for volumes greater than 40,000 but less than 160,000 litres
- \$3,000,000 for volumes in excess of 160, 000 litres.

We also propose to raise the fine for persons who fail to pay the levy for the purpose of subsidizing the product prices from \$10,000 to \$100,000 and in the case of a continuing offence from \$200 to \$2,000 for each day the offence continues. In addition, the fine for persons who contravene the Act or Regulations in general will increase from \$1000. to \$10,000. These fines are under the Petroleum Levy and Subsidy Act that will be achieved and the coming into operation of the Finance Act, 2012.

These measures are aimed at curtailing what has turned out to be the illegal use of fuel bunkering in Trinidad and Tobago, and in so doing will, hopefully, as a deterrent reduce the fuel subsidy that the Government has to meet each year.

Alternative energy: we have been seeking to optimize the benefits which accrue from our energy resources. To this end we have been encouraging investment in the provision of retail dispensing of compressed and liquefied natural gas as a basis for reducing the use of gasoline fuel and by extension reducing the fuel subsidy payments. An additional benefit is the lowering of our carbon footprint in the hemisphere. We propose to intensify this investment effort by strengthening the incentive framework by amendments to the relevant tax legislation and to provide for the tax allowance of 50 per cent on the expenditure incurred in the purchase of retail dispensing of compressed and liquefied natural gas up to a maximum of \$2 million per station excluding installation cost. This expenditure will not be entitled to capital allowances and will cover the period from January 01, 2011 to December 31, 2015.

A reduction in import duty by 50 per cent on vehicles which are manufactured to use of natural gas, and have an engine capacity smaller than 2300 cc. This reduction in duty will cover the period from January 01, 2011 to December 31, 2015.

With effect from January 01, 2012 a wear and tear allowance of 130 per cent of expenditure incurred on the acquisition of plant, machinery and equipment excluding installation costs, for the purpose of providing a compressed natural gas kit and cylinder installation services and the acquisition and installation in the motor vehicle, of a compressed natural gas kit and cylinder.

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Wear and tear allowance of 150 per cent of expenditure incurred in respect of plant, machinery, parts and material for use in the manufacture of solar water heaters, wind turbines and supporting equipment, solar photovoltaic systems and supporting equipment, or solar water heaters.

This requires an amendment to the Income Tax Act which will take effect from January 01, 2011.

4.00 p.m.

I come now to some issues with respect to tax administration. The value added tax remains a strong source of non-oil revenue, and we will preserve its importance by increasing the ease of filing and reporting, and also by monitoring VAT receipts. Given advances in the field of technology, the Board of Inland Revenue will be given the legal authority to issue and utilize electronic invoicing subject to the proclamation of the Electronic Transactions Act, 2010.

Mr. Speaker, inflation has eroded the value of the threshold for qualification for VAT registration. Accordingly, we will raise the threshold for qualification for VAT registration from \$200,000 to \$360,000—effectively \$30,000 per month.

Mr. Speaker, in the energy sector, development and exploratory work requires the use of large and costly capital equipment, much of which is imported for specific short-term operations. Currently, these operations must pay considerable VAT on the equipment, at times a significant financial outlay. While this VAT is refundable, the refund is only given when companies file their returns with the Board of Inland Revenue.

To maintain energy sector competitiveness, we are adding the following items to Schedule 2 of the Value Added Tax Act, Chap. 75:06:

Drilling rigs

Drill ships

Pipelay vessels and barges

Anchor handling tugs in excess of 35 metres in length

Geophysical survey vessels

Heavy lift installation crane barges

Oil skimming vessels

Rig and platform supply vessels in excess of 60 metres in length

Vessels used in bunkering in excess of 65,000 barrels

Floating dry dock in excess of 1,000 DWT for repair of anchor handling tugs and platform supply vessels.

Changes in penalties under VAT legislation: Mr. Speaker, efforts to evade payments of VAT have continued unabated. We propose to take deliberate steps to deter this action by increasing the penalties for breaches of the VAT legislation.

Transfer pricing: Transfer pricing regimes are becoming common features of tax legislation in developing, emerging and advanced countries. The issue of being able to verify revenue has become increasingly critical in jurisdictions where large multinational corporations operate. Most countries have adopted the principle of “The Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations” developed by countries of the European Corporation and Development Group.

Recently, Trinidad and Tobago became the 102nd member of the OECD Global Forum on Transparency and Exchange Information for Tax Purposes. In order to converge to best practice, Trinidad and Tobago proposes to include a transfer of pricing regime based on the principles embodied in the OECD guidelines. [*Desk thumping*]

Amendments to the Betting Levy Board Act: Mr. Speaker, our research shows that levies collected from betting establishments do not reflect accurately the earnings generated by pool betting offices in Trinidad and Tobago. The financial support and funding provided by the Betting Levy Board for the development and improvement of the local horse racing industry is, therefore, severely compromised. We propose to establish a robust monitoring system to determine accurately the earnings of these operators.

We, therefore, propose to increase the penalty for contravention of the licence requirement from \$50,000 to \$250,000. Further instances where the licence of a licensed betting office fails to pay the levy, the fine payable on summary conviction will be increased from \$50,000 to \$250,000.

In addition, Mr. Speaker, we will be bringing to Parliament the long pending regulations to the Betting Levy Board Act which will provide the necessary legislative muscle to ensure effective compliance. These are interim measures pending the comprehensive modernization of the regulatory arrangements governing the gaming industry which I want to speak about.

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The gaming industry in Trinidad and Tobago has evolved into a large unregulated, and, no doubt, very profitable industry for the operators and owners of these establishments. Under the Registration of Clubs Act, private members' clubs are required to pay an annual tax on gambling tables and other devices, including slot machines. Even though registered clubs can legitimately carry on gambling as part of only their club operations, it is not intended that these clubs should be carrying on business for gain or profit.

Mr. Speaker, what has transpired over the past decade, or more, is that the operations of some of these business places have never complied fully with the legislation and regulatory requirements that were established for games among members of the private members' clubs. We have recognized that thousands of persons are employed in this industry.

In the circumstances, Government signals its intention to enforce the provisions of the law relating to private members' clubs to ensure that they comply with the regulatory standards. In addition, it should be noted that private members' clubs are currently under the supervisory authority of the Financial Intelligence Unit and are subject to the guidelines issued by the FIU.

Payment of late filings for annual returns of companies: Mr. Speaker, all corporations are required to file several documents with the Registrar of Companies, and failure to do so attracts a penalty of \$100 for every month or part thereof, when that person or company fail to deliver or file within the time specified for so doing.

Many small and medium companies have failed to comply with these requirements and have accumulated penalties which have attained levels which are now prohibitive. To facilitate companies which have not complied with filing obligations, and for whom the cost of accumulated penalties may be a deterrent to filing, it is proposed that a waiver be granted in respect of all penalties outstanding or chargeable. The proposed waiver is applicable until June 30, 2012 provided always that: one, companies are not absolved of the obligation to file and deliver any forms or documents to the Registrar of Companies; and two; the relevant filing fees, as they currently apply in respect of each form or document, are paid. Section 51(6) will also be amended to provide for the increase in the penalty from \$100 per month to \$500 per annum.

Mr. Speaker, you will note that in this budget we have introduced no new taxes. [*Desk thumping*] But we have taken strong measures to enforce the existing tax system in Trinidad and Tobago. We hope that this would add to the issue of responsibility which has been the hallmark of our fiscal regime, and this is partly

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why we have found ourselves at the end of this fiscal year to be in a position of resilience against what is happening externally.

I would like to now make a short statement on the state of our finances and the arithmetic of our budget. Our national economy is still at risk and remains vulnerable to external shocks. Notwithstanding, our economy remains resilient and our financial system is strong. We must stay on course in this time of uncertainty.

Our fiscal 2012 budget calculation was based on an oil price of US \$75 per barrel and a gas price of US \$2.75 per mmbtu. We have estimated a real GDP growth of 1.7 per cent and an average inflation rate of 7 per cent. The total revenue is projected at \$47 billion comprising \$18.1 billion from the energy sector and \$28.9 billion from the non-energy sector. Total expenditure is projected at \$54.6 billion resulting in a fiscal deficit of \$7.6 billion or 4.89 per cent of our GDP. The debt to GDP ratio remains sustainable and well within international benchmarks. [*Desk thumping*]

Of total expenditure: education and training will receive \$8.7 billion; infrastructure including works, public utilities and transport will receive \$6.9 billion; health, \$4.7 billion; national security, \$5.1 billion; agriculture, \$1.9 billion and housing, \$1.9 billion.

The unemployment rate as estimated by the Central Statistical Office as of December 2010, stood at 6.3 per cent. We anticipate that there has been an upward movement in this figure since then but it remains lower than our foreign trading partners. The thrust of our investment programme and our policy initiatives outlined in this budget statement are designed to reverse this trend.

To summarize, Mr. Speaker, total revenue is estimated to be \$47 billion; total expenditure, \$54.6 billion—an overall deficit of \$7.6 billion. With regard to the financing of this deficit, we estimate that 52.7 per cent of the financial requirement will be met from domestic sources while the remainder will be sourced from external sources including multilateral financial institutions.

Mr. Speaker, many would question the performance of the economy but the figures are there to speak. During the course of the last year, we have kept on course and during the course of the next year; we shall also keep on course. [*Desk thumping*]

Mr. Speaker, our Government and leadership shall remain firm in our resolve to transform the economy, and to correct and to add, in concert with the people of

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our nation, to have the confidence to create more jobs, achieve a safer environment, and increase our investments for the development and benefit of all our citizens.

In the preparation of this budget, we consulted widely in keeping with our commitments for social dialogue to be part of our policy process. In developing the package of policies, strategies and fiscal measures for fiscal year 2012, the Government very carefully reviewed all the numerous submissions and proposals made by individuals, government agencies, representatives of private sector organizations, the labour movement and non-governmental agencies.

I was heartened by the interest shown by all individuals and interest groups and the genuine demonstration of eagerness to assist in the rebuilding of the economy and the nation. I take this opportunity to express my appreciation to everyone.

4.15 p.m.

We intend to build on this process and social dialogue would play a critical role in advancing opportunities for women and men to obtain decent and productive work in conditions of freedom, equality, security and human dignity.

Our adoption and execution of prudent policies and measures has contained the impact of external adversities. In a period ahead, we shall strengthen our macroeconomic policies and will stimulate the economy. This is the cornerstone of our development strategy. It will be anchored in a multi-year framework which will serve as a high performance platform, not only for ensuring future progress, but also for providing strength to cope with the challenges of an uncertain global economy.

Mr. Speaker, we believe firmly that despite these uncertainties and weaknesses in the international and domestic arena, we possess the sincerity, humility and constancy of purpose to continue along the ark of a remarkable journey, one that brings about security, opportunity and welfare for all our citizens.

Mr. Speaker, I have come to the end of this budget statement for 2012. The measures, the performance and the directions form the basis for which I have presented to this honourable House. Directions for change are clear and a multitude of new measures have been enunciated in this budget. [*Desk thumping*] The budget builds on the measures enunciated in the 2011 budget and makes a quantum leap once again in confronting the challenges for transformation and change.

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Mr. Speaker, we have kept faith with the mandate of the People's Partnership Government, as articulated in the seven interconnected pillars and has been demonstrated by the electorate of this country on May 24, 2010.

In keeping with the title of the budget statement "From Steady Foundation to Economic Transformation" we now move boldly forward to set the mechanisms in place to open up new spaces in the economy, to ignite growth and start the journey to economic transformation. It is an ambitious goal, but a doable one, focusing today on the key issues of job, investment and safety.

There is much work to be done, more troubled waters ahead, more strategies to be articulated, more issues to confront, more targets to be achieved and more citizens to benefit. And to do all this, we are comforted that we have a Government that reflects the various interests of a society; the Parliament that is ready to work I hope, and a population eager to spawn the People's Partnership Government for tomorrow. [*Desk thumping*]

Finally, as I reflect on the lessons learnt from my own public life, as our nation shapes its future, we must always strive to get the link between power and purpose correct, to get the performance and strategy aligned and to get the practice and politics right.

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

Mr. Speaker, I wish to inform this House that the debate on this budget will resume on Friday, of this week, October 14, 2011, at 10.00 a.m.

ADJOURNMENT

The Minister of Housing and the Environment (Hon. Dr. Roodal Moonilal): Mr. Speaker, I beg to move that this House do now adjourn to Friday, October 14, 2011, at 10.00 a.m. Thank you, Mr. Speaker.

Relocation to Tower D (Appreciation for Dedication and Commitment)

Mr. Speaker: Hon. Members, before putting the question for the adjournment, first of all let me take this opportunity to congratulate the hon. Minister of Finance on being the first Member to make a presentation in this august Chamber, which as you know will be the temporary home of the Parliament of the Republic of Trinidad and Tobago for approximately three years.

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Permit me also on behalf of all hon. Members of this House to record our collective appreciation to the Minister of Housing and the Environment, Hon. Dr. Roodal Moonilal; the Chairman of UDeCott, Mrs. Jerlean John; the Chief Operating Officer, Mrs. Greer Quan and their entire team for the dedication and commitment which they have demonstrated towards ensuring completion of the project to temporarily accommodate the Parliament in this facility.

Hon. Member for Arouca/Maloney I am on my legs. I am to be heard in silence. Let me continue please, in silence, please. Hon. Members, we are also mindful of the protracted and tedious hours spent by the many contractors and movers who are too numerous to list individually. Furthermore, we recognize the significant role played by the Minister of Finance, the Permanent Secretary in the Ministry of Finance, as well as the Director of Budgets and their team of experts. Additionally, I wish to convey our sincerest appreciation to the Chairman and members of the Joint Select Committee on Parliamentary Accommodation.

Special commendations are also extended to members of staff of the Office of the Parliament who worked assiduously to ensure a seamless move of the Parliament from the Red House to Tower D. The relocation project was a mammoth undertaking and yet again they rose to the challenge.

While there are too many persons to mention please, allow me to place on record our profound gratitude to Mr. Neil Jaggassar, Clerk of the Senate; Mr. Garreth Ferguson, Information Systems Manager; Mr. Sebastian Modeste, Marshal of the Parliament; Miss Cindy Edwards, Procurement Officer; Mrs. Lenore Shah, Accounting Executive; and Mr. Anthony Blackman and Mr. JulienPantin of the maintenance team. [*Desk thumping*]

Recognition is also paid to the broadcasting and information systems team who often worked beyond midnight to ensure all the technical equipment and apparatus were installed and ensured that intricacies and details thereto were expertly executed. [*Desk thumping*]

Providing tremendous support as well were the drivers who went beyond the call of duty, and our security personnel who ensured the safety of staff who worked into the wee hours. Deserving special commendations is our extraordinary Clerk of the House, Mrs. Jacqui Sampson Meiguel, forher prudent and meticulous management of this relocation process.

Hon. Members, our Tower D temporary accommodation is still, to some extent, a work in progress. I have noted the concerns expressed by all. Indeed, your input is crucial and much appreciated. I give the assurance that I will make

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every effort to facilitate all legitimate concerns and ensure that they are addressed with alacrity.

At the same time, I ask that you endeavour to adapt to our new accommodation as we seek to carry out our mandate to the people of this country. Keep in mind that this is an office building, which has been reconfigured for parliamentary purposes and that the current accommodation is only temporary whilst the permanent home of the Parliament of Trinidad and Tobago, the majestic and splendid Red House, is restored to its original glory. We, therefore, look forward to your unstinting support and cooperation.

Finally, all Members, including Senators, could collect their budget documents in the J. Hamilton Maurice Room, which is behind me. The media, you are advised that your packages, your budget documents, can be collected at the reception area on the ground floor entrance.

I wish to thank you.

Question put and agreed to.

House adjourned accordingly.

Adjourned at 4.27 p.m.