



Republic of Trinidad & Tobago

Budget Statement

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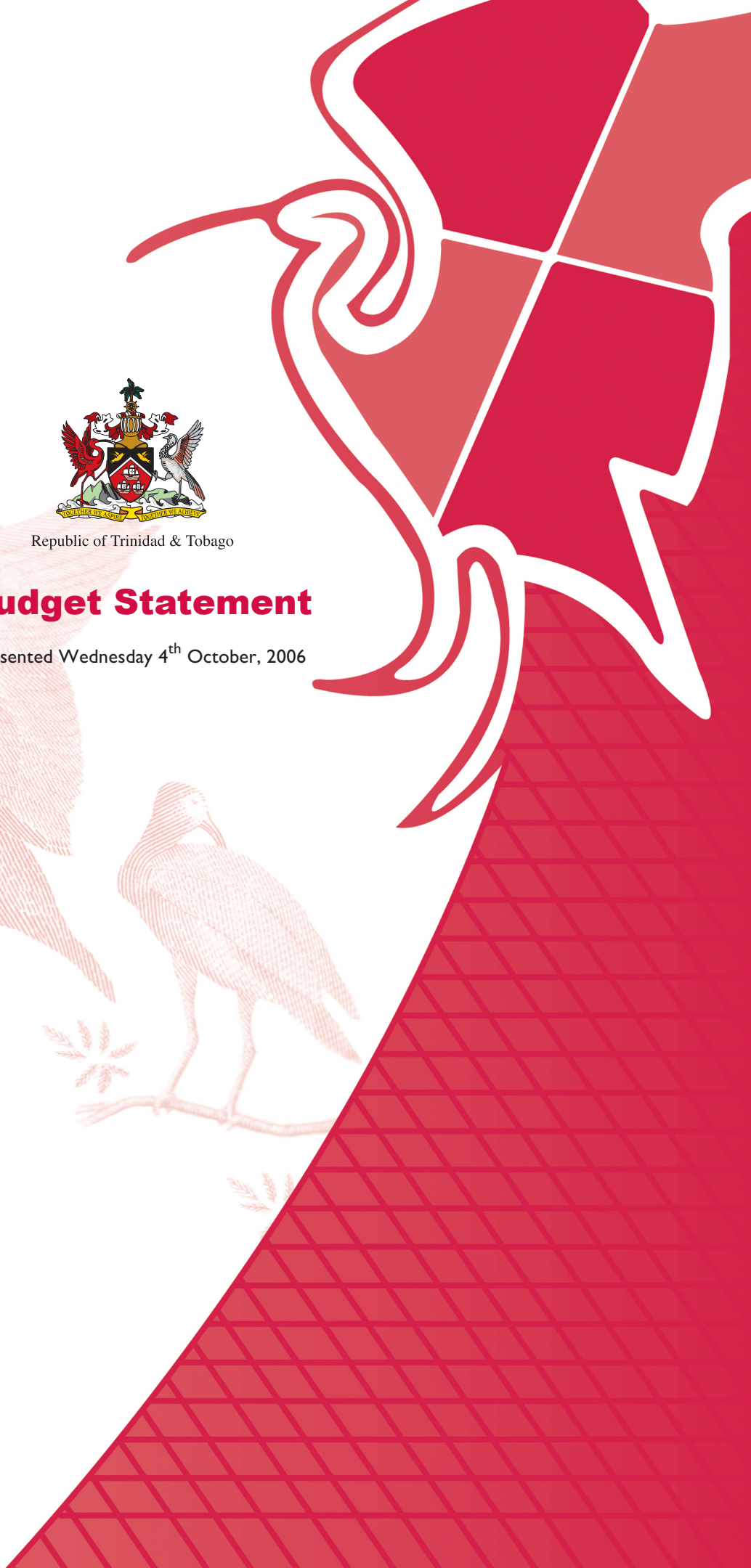
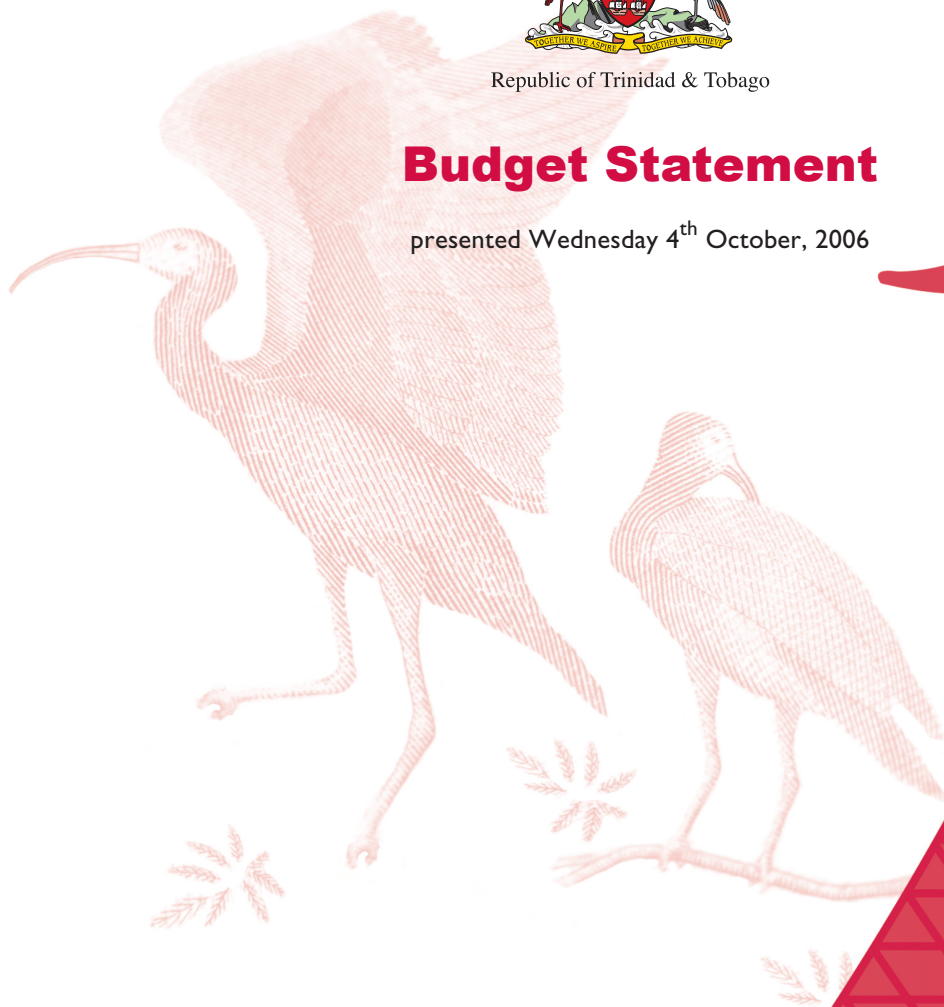


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INTRODUCTION

Mr. Speaker, I rise to present to this Honourable House and the Nation, the Appropriation Bill for fiscal year 2007.

Mr. Speaker, for me it is an honour to present this, the fifth Budget Statement of this People's National Movement Administration.

Mr. Speaker, on behalf of the Government I wish to thank all the individuals and organisations, in the public and private sectors, as well as the civil society organizations who have contributed to the formulation of this Budget. I must pay tribute to the hard working and dedicated officers in the public sector who continue to provide exceptional service to all our citizens. The quality of their work is evident in the accompanying documents which form part of the national Budget process. These public officers Mr. Speaker must be commended for their professionalism.

I must also express my gratitude to my Cabinet colleagues and other members of the Government for their contributions and invaluable input.

Mr. Speaker, Trinidad and Tobago is rich in natural resources, specifically oil and natural gas, and the challenge is to ensure that while we build a stronger economy, the gains for some do not come at the expense of others, but all our citizens share in our country's economic success.

As a result, we have given priority to the investment of our oil and gas revenue in the key public services of education, health, housing and national security. We are also investing in the social services; building stronger communities; and upgrading infrastructure. We aim to develop a country that boasts of world class public services which are easily and readily available to all our citizens.

Mr. Speaker, the current transformation of Trinidad and Tobago is the most ambitious in the history of our nation but we still have much further to travel; with so much untapped potential and so many unsatisfied needs, we owe it to ourselves to build on our recent achievements.

Our future course of action must accomplish therefore, a proper path towards sustainable, lasting and equitable economic growth – growth that serves broad social objectives over the long term or what I call high quality growth.

Mr. Speaker, in 2001 when this administration re-entered office, we embarked on a journey to make Trinidad and Tobago a developed country in the shortest possible time.

We knew that, despite the availability of our financial resources, this journey would not be easy because it meant confronting a sometimes unfriendly international environment; in many cases, changing deeply-entrenched tendencies, dealing with some self-centered agendas and addressing our own perception of ourselves.

Mr. Speaker, for some time this Government has been advocating a foreign policy position which has at its core the protection of Trinidad and Tobago's sovereignty. We have been at the forefront of many international initiatives one of which has been honouring our commitment to the International Criminal Court of Justice.

In doing so we have had to reiterate our position even in the face of being denied participation in US military training programmes for the last four years.

However, Mr. Speaker, we remained steadfast in our position and took every opportunity both here and abroad to reaffirm that position. Mr. Speaker, just last week on my visit to Washington to address some members of the Congress I again made the position of Trinidad and Tobago quite clear.

Mr. Speaker, our position on this issue has been vindicated because just yesterday, the Government of the United States announced that Trinidad and Tobago is among 21 countries which have been granted a Presidential waiver of the US requirement for exemption from Article 98 of the International Criminal Court.

For the last five years, we have journeyed on, facing many setbacks; some of those we anticipated and indeed some new

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ones that we had not envisaged. But through it all we have stuck to our mission and we have achieved many successes. But the journey is long and we still have far to go; we recognize this and we intend to continue to move ahead.

Mr. Speaker it is for this reason that the Government has chosen as the theme of this year's budget, **Vision 2020: Moving Onward.**

Mr. Speaker, the strategy employed to achieve Vision 2020 is to use the revenue derived from the high international prices currently being obtained for our energy resources, to develop a non-energy economy that is diversified, dynamic, internationally competitive; one capable of generating self-sustaining growth with high quality jobs and improved services to all our population.

We recognized from the onset, that in order to do this we needed to **develop innovative people, to encourage a competitive business climate, upgrade and modernize our**

physical infrastructure, and to promote effective government to drive the process.

But our Vision 2020 Plan mandates even more than that. In particular, Mr. Speaker, for us it implies **the nurturing of a caring society** that ensures that poverty is rapidly reduced and eliminated; that the foundation of our society continues to be based on the creation of strong families with high moral and ethical values; that all our citizens have access to adequate and affordable housing and first class health-care that enable them to live healthy lifestyles; and that we put in place systems to support the most vulnerable in our society.

This Budget builds on what we have been doing towards the achievement of these objectives and is designed to guarantee the security of our country's future.

This is our vision and this we will achieve.

ECONOMIC REVIEW

Mr. Speaker, our exceptional football team, the Soca Warriors has taken the world by storm, and I hasten to add, if they were impressed with us in Germany then just wait until they see us in South Africa in 2010.

Our citizens continue to excel internationally in various areas of sport, culture, and academics. Similarly, our economy is buoyant, our energy sector is internationally competitive, our manufacturing sector continues to be the strongest in the Caribbean and our financial sector is poised for takeoff.

Mr. Speaker, over the last five years the economy of this country has doubled. This was achieved through a combination of good policies and favourable commodity prices which have stimulated high quality economic growth and have resulted in a low, single digit unemployment rate the likes of which this country has never experienced.

This economic expansion has been taking place in the context of an increasingly open economy with a buoyant foreign exchange market; a competitive exchange rate; consistent balance of payments surpluses; a healthy build-up of official reserves; prudent fiscal management; and sustainable debt servicing.

Not many developing countries in the world have been able to achieve this economic performance not many. Let me therefore share with the nation how we were able to achieve our successes.

Our strategy had three essential and inter-dependent components.

The first component of our strategy was implemented when we liberalized the economy. From the beginning of the 1990s price controls were removed. The trade system was liberalized as import restrictions were eliminated, tariff structures rationalized, and the domestic currency was made fully convertible, an action which Indeed Mr. Speaker, markets and the private sector responded and we have witnessed the solid growth rates associated with financial and economic stability.

In short, these measures collectively provided the environment for the vibrant private sector activity that we see today in Trinidad and Tobago.

The second component of our strategy was to stabilize the economy. We made decisive progress towards an environment of low inflation through appropriate fiscal and monetary policies. Our budget and external balances were made sustainable and we have achieved the credibility associated with strong macroeconomic fundamentals.

The third essential component of the strategy was the creation of the institutions and markets that are needed for a competitive economy to function effectively and to serve the broad and higher objective of high quality growth. This is the most complex and time-consuming part of the strategy. It requires a change in our systems of delivering services and it is something to which this Administration is very committed.

Mr. Speaker, the Government has not forgotten the social implications of economic reform. We have put in place transitional arrangements to help address the social cost of the economic restructuring. Many of our citizens have suffered hardships during the economic restructuring process and we have created mechanisms to assist them in becoming much more able participants in the new economy. Yet, at the same time we have ensured that the less fortunate in society have the wherewithal to maintain a reasonable standard of living.

Our economic policies have set the stage for an increasingly competitive, flexible and dynamic economy.

We have been successful but the world is ever changing and it is necessary for us to take stock of where we are and determine if we are on the correct path. As we do this, we recognize that we have much further to go, but we are **moving onward** to developed country status.

Mr. Speaker, the economic performance of this country over the past decade has been enviable to say the least. But let me emphasize, that while we have had and continue to face several challenges, we can boast of a large number of

Economic Review

significant successes. Permit me to catalogue some of the major achievements of the past year:

In 2005, our **real GDP**, which is a measure of the goods and services we produce, rose by 8 percent and is projected to grow by 12 percent by the end of fiscal 2006, putting the average increase in real GDP since 2001 at 8.7 percent. This means, Mr. Speaker, that our GDP per capita, which is a crude indicator of average incomes in our society, rose from US\$6,970 in 2001 to US\$13,978 in 2006. This level puts us among the higher income emerging countries in the world.

Mr. Speaker, when we came into office in 2001, we made the bold assertion that we would implement measures that would result in the country achieving full employment in five years or before.

Mr. Speaker, those on the other side scoffed at this projection. Indeed Mr. Speaker, the objective of full employment was made as early as 1995 and I am sure you will recall the vilification to which I was subjected as a result.

It is now my distinct privilege to announce to this Honourable House that from October 2005 to June 2006 the economy created 12,700 jobs, reflecting an average unemployment rate over the period of 6.9 percent and this rate is projected to reach approximately 6 percent by the end of 2006. The accepted international benchmark for full employment is 5 percent given some level of frictional unemployment, that is, where people are between jobs. Even so the signs that we may have already achieved full employment are evident on a daily basis.

Mr. Speaker, our **external accounts** are robust, characterized by a significant current account surplus, sizeable foreign direct investment and a very healthy foreign reserve position.

The Government has kept **public and external indebtedness** well under control. In fact our external debt ratio at 7.8 percent of GDP is extremely low by international standards.

Mr. Speaker, as you are aware, this Administration has pursued a massive programme to provide quality affordable housing

to our citizens through the construction of new houses by the Government and the private sector since 2002.

We have substantially upgraded our health system. We have introduced modern equipment in our health institutions, severely cut waiting time for surgeries and provided free drugs for many common ailments such as diabetes hypertension, and glaucoma.

Mr. Speaker, to date over 230,000 persons have accessed the facilities under the Chronic Disease Assistance Programme. This is a Programme, whereby citizens receive state funded medical drugs and is another way in which this Government is committed to making a difference in the lives of our citizens.

We have achieved universal access to primary and secondary education and are well on the way to achieving universal early childhood education.

We increased Old Age Pension from \$720 in 2001 to \$1,150 in 2005. We also increased the minimum wage from \$7 per hour in 2001 to \$9 per hour in 2005.

We are responding aggressively to the rise in criminal activity. Kidnappings for ransom have declined significantly from a high of 58 in 2005 to 8 cases at the end of August this year. May I take this opportunity to congratulate our security forces for their efforts in this regard and we make bold to say that anyone who kidnaps someone for ransom will be caught.

Mr. Speaker, we have had many successes but we continue to work on providing quality service to the nation. We have listed for the benefit of our citizens some of the results of our policies which are contained in a document laid in Parliament today called: "**Government at your service: Highlights of Achievements**".

Mr. Speaker, I am sure that the nation will appreciate that one of the major challenges we face has been controlling inflation. We have targeted an inflation rate of 7 percent but keeping inflation below this target has been difficult and the rate has risen to 9 percent, year on year, as at the end of August. On analysis, Mr. Speaker, we note that rising inflation

has become a global issue largely due to high international oil and food prices.

To preserve the living standards of our citizens, the Government has decided to maintain sizeable subsidies on fuel and electricity to cushion inflationary pressures.

Another contributing factor to the rise in inflation has been lagging agricultural output exacerbated by reduced imports from other countries in the region that have faced natural disasters. A third factor has been higher import costs as a result of the direct impact of high international oil prices.

As a result, reducing inflation is a major priority in the coming year.

Mr. Speaker, I want to repeat that reducing inflation is a major priority of this Government in the coming year.

Mr. Speaker, in the last fiscal year actual revenue was \$38.6 billion while actual expenditure stood at \$38.1 billion which included a transfer of approximately \$3,159,863,000 to the Interim Revenue Stabilization Fund. This represents the largest annual transfer ever made to the Fund and brought its balance to \$8,604,571,812 at the end of fiscal 2006.

Of the total expenditure of \$38.1 billion we also spent:

- \$4.1 billion on social programmes;
- \$2.9 billion on national security;
- \$2.2 billion on the health sector;
- \$4.9 billion on education which included \$266 million in direct support to persons accessing tertiary education through the Government Assistance for Tuition Expenses (GATE);
- \$5.2 billion for infrastructural investments;
- \$2.4 billion on interest payments;

When total expenditure is further disaggregated:

- \$5.2 billion was spent on wages and salaries;
- \$1.3 billion to maintain the subsidy on fuel; and
- \$2.2 billion for pensions, including old age pensions.

Mr. Speaker, several commentators have accused the Government of over-spending; of concentrating too much on the construction of high rise buildings. We have a somewhat different view and the data suggest otherwise.

We have been faithful to our commitment of saving for a rainy day and for future generations. But, as a responsible Government, we must also seize the opportunity to improve the quality of our education, security, health system, enhance our poverty reduction programmes and infrastructure.

We are therefore continuing our programme of house construction to further reduce the housing deficit; we are upgrading our infrastructural facilities and we are easing existing capacity constraints. Our Government office construction programme will improve the work environment for our public servants thus helping to boost productivity, additionally there will be considerable savings on rental payments for office space on completion of the exercise.

We are convinced, Mr. Speaker, that we have been operating a very disciplined and transparent expenditure policy, ensuring that the population gets value for money. And, Mr. Speaker, the population could be assured that we would continue to be a responsible government.

Mr. Speaker, the assumptions that we have used for the Budget for fiscal 2007 are based on our understanding of the potential developments in the world economy over the next three years. These assumptions are:

1. The experts expect international oil prices to remain over US\$60 per barrel over the next three to five years. In line with our usual conservative approach, this year's Budget is based on an international oil price of US\$45 per barrel and a notional net back Henry Hub gas price of US\$3.50 per MMBTU. On this basis, we would expect substantial transfers to the Heritage and Stabilisation Fund over the next three years.
2. Real GDP growth will average 6.2 percent per year.
3. We will reduce inflation to 7 percent. This will require a halving of the increase in food prices

GROWTH AND THE DIVERSIFICATION CHALLENGE

from between 20-25 percent currently to 10-12 percent.

Energy

Mr. Speaker, the energy sector will continue to be the main engine of growth over the next several years, with increased production coming from the existing plants.

The Government's policy towards the industry is expected to greatly facilitate this process of growth and expansion in fact the projection is for the doubling of our GDP before 2014.

Firstly, tax incentives will continue to be offered to support an appropriate programme of oil and gas exploration.

Secondly, the Government intends to ensure that, in future, new downstream industries provide significant value-added and involve meaningful linkages between the energy sector and the rest of the economy.

Mr. Speaker, the petrochemical sector now comprises ten ammonia plants, seven methanol plants, three Direct Reduced Iron modules, one hot briquetted iron plant and a gas-processing plant. Several additional petrochemical plants are currently under construction. There is also a pipeline of petro-chemical projects to come on stream over the next two to three years which will increase downstream activity significantly as well as generate substantial employment opportunities.

Some of these plants manufacturing mainly ethylene, polyethylene and propylene will now establish the basis for a plastics manufacturing sector. This will complete the raw material base that we have determined to be necessary for the establishment of the modern industrial state of Trinidad and Tobago.

This modern industrial state, Mr. Speaker, is happily not only the forte of foreign companies investing in Trinidad and Tobago, but it is also the area of large investments by local companies and joint venture arrangements between local and foreign companies.

Ansa McAl Urea Ammonium Nitrate Plant

Mr. Speaker, ANSA McAl is currently in the process of establishing a petrochemical complex to produce 300,000 tonnes per annum of Urea Ammonium Nitrate (UAN) solution. The project will be located at Union Estate and will cost US\$835 million and create 2,000 job opportunities during the construction phase.

Ammonia/Urea/Melamine Project (AUM)

Methanol Holdings Limited/Clico is undertaking an Ammonia/Urea/Melamine (AUM) project. The proposed capacity of the plant is 1.4 million tonnes per annum of Urea Ammonium Nitrate and 60,000 tonnes per annum of Melamine. Construction of the plant began in May 2006 at the new extension of the industrial estate at Point Lisas.

In addition, there is a proposal for the construction of a new pier to facilitate exports from the proposed plant. This project will cost US\$1.5 billion and employ 2,500 people during construction.

Westlake Ethylene Complex

Mr. Speaker, in April of this year the Government and Westlake Chemical Corporation of USA signed a US\$1.5 billion Memorandum of Understanding for the construction of an ethylene complex in Point Lisas. Construction of the plant is scheduled to begin in the fourth quarter of 2007 and is due to be completed in 2010. The integrated complex will comprise an ethylene cracker complex and a polyethylene plant complex.

The capital cost of the project is estimated at US\$1.5 billion subject to further definition of the venture.

The Malaeic Anhydride Processing Facility

The establishment of a Malaeic Anhydride Processing Facility is to be undertaken by ISEGEN (PTY) Limited, a wholly owned private company incorporated in South Africa.

This company is a global manufacturer of chemicals for food additives. The capital cost of the project is US\$64 million and construction is scheduled to commence in the fourth quarter of 2008.

Growth and the Diversification Challenge

Both the Ethylene Complex and the Maelic Anhydride Processing Facility will produce over 5,600 jobs during construction and a total of 540 permanent positions. Most importantly, close to 6000 sustainable jobs will be generated through the stimulation of new businesses in a wide range of new downstream manufacturing activity.

Aluminium Smelter Projects

Mr. Speaker, it is proposed that two Aluminium smelter plants; will be constructed one by Alcoa, at Cap-de-ville and the other, the Alutrint Project, at the Union Industrial Estate, La Brea. Mr. Speaker, the Government understands the concerns raised by citizens regarding the construction of these smelters.

However, I use this opportunity to reassure the national community that both plants will meet the most stringent environmental standards consistent with international practice as determined by the Environmental Management Authority. These plants will be utilising the most modern technology to meet the highest international and safety standards.

Additionally, Mr. Speaker, the establishment of aluminium smelters in this country will result in the further diversification of the economy. The world market for aluminium is characterized by increasing demand due to increasing usage. This will impact positively on exports and employment opportunities in high end job opportunities.

These plants will be highly energy efficient due to the use of the utilization of the combined cycle process for electricity generation which will reduce our natural gas resource utilisation.

The price structure of aluminium on the world market when compared with that of oil and natural gas will provide a more predictable source of Government revenue.

I wish to point out that Aluminium smelters are already established in both developing and developed countries including Australia, New Zealand, Canada, Brazil, Argentina, Venezuela and Mexico.

These projects are estimated to create up to 5,000 thousand jobs during construction and approximately 1,500 permanent jobs on completion. In addition, it is anticipated that over 850 persons will be employed in the downstream industries.

Diversification

Mr. Speaker, while we are having considerable success in extending the frontiers of the energy sector, diversification of the non-energy sector remains an ongoing exercise.

The growth in construction activity and in distribution services is making a very important contribution to employment generation.

And while this growth is sustainable over the medium term, we need to set the basis for a more aggressive expansion of our already robust manufacturing sector, for new internationally competitive niche activities, and for a greater push into tourism and financial services.

Mr. Speaker, the Government has identified and targeted seven key industries for intensified developmental focus. These industries are **Yachting, Fish and Fish Processing; Merchant Marine; Music and Entertainment; Film; Food and Beverage; and Printing and Packaging.** The Government is now involved in intensive promotional activities to attract investments in these areas.

The policy package for this group of industries includes tax and custom tariff incentives, marketing and promotional assistance, skills training, research and development assistance and productivity enhancement support. In the case of the merchant marine, the Government will update key pieces of relevant legislation and establish a maritime authority to administer the sector.

Mr. Speaker, the Government will boost the competitiveness of the industrial sector by establishing a National Research and Development Fund to stimulate innovation and investments when the Tamana Technology Park at Wallerfield is completed.

Growth and the Diversification Challenge

This will spearhead technological upgrading in the economy and the modernization of existing industrial parks and the development of new ones.

Mr. Speaker, the establishment of an **international financial sector will be another mechanism for broadening our productive base, increasing our foreign exchange earnings and furthering economic diversification.** Trinidad and Tobago has already been established as the financial centre of the region.

We are the main capital market for regional governments and corporate firms. We have the dominant regional stock exchange, which already boasts a number of regional listings; and we are also the home of the Regional Credit Rating Agency, CariCris.

Experts have confirmed that our strong financial base, our robust balance of payments and our ideal location are significant attractions for international banks and investment firms interested in doing business in the wider Caribbean, Latin America and even further afield. To seize this opportunity, the Government intends to create the Trinidad and Tobago International Financial Centre.

We will create a financial park to house local and international financial institutions focusing on investment management, international loans syndication and back office activities.

In addition to the provision of the physical infrastructure, to facilitate the establishment of the international financial centre, the Government is intensifying efforts to strengthen the regulatory and supervisory framework, encourage the expansion of education and training in finance, and taking steps to modernize the technological infrastructure.

The expansion in hotel capacity and the new convention centre being built on the Waterfront will also add to our attraction as an international financial centre.

The establishment of an International Financial Centre represents a bold new initiative which promises to give

Trinidad and Tobago the quantum leap to make this country world class in the provision of financial services.

Medium, Small and Micro Enterprises Sector

Mr. Speaker, Government has recognized the significant contribution that Small and Micro Enterprises (SMEs) make to employment creation and poverty reduction.

As such, the promotion of SMEs has been a main objective of the Government, manifested through initiatives such as the establishment of the Business Development Company (BDC), the National Entrepreneurship Development Company (NEDCO) and the Enterprise Development Division (EDD) of the Ministry of Labour and Small and Micro-Enterprise Development.

The BDC will work with stakeholders in developing their new Business Development Facility. This facility will support clients with their businesses from conception through growth to maturity and expansion. At all phases, the BDC will provide relevant services to ensure business escalation by increasing the levels of loan guarantees.

Mr. Speaker, this may be considered one of the Government's success stories as to date, NEDCO has provided training in various aspects of small business management to over 5,000 persons and granted over 6,800 loans for the establishment of small and micro enterprises.

NEDCO's newest initiative, the **Entrepreneurial Training Institute Incubation Centres (ETIIC)**, will further solidify the viability of businesses in this Sector.

Mr. Speaker, these Centres, in a relatively short space of time, have become a valuable resource to many small business operators, providing mentoring and advisory services, Information Technology support, and training in entrepreneurial development and business enterprise. In addition, the Centres facilitate an online marketplace where clients are exposed to buyers from around the world.

Several Centres already exist in Port of Spain, Barataria and San Fernando and in fiscal 2007, an additional centre will be located in Tobago.

Budget Priorities For 2007

Mr. Speaker, having outlined our medium term economic framework and identified the sectors that will take us to economic sustainability, I will now like to turn to our main budget priorities for the new fiscal year:

These priorities are:

1. Continuing our focus on enhancing educational and training opportunities, improving our health services, and reducing the housing deficit;
2. Intensifying our all-out war on crime, lawlessness and deviant behaviour;
3. Modernising our physical infrastructure;
4. A new and focused emphasis on agricultural development as one mechanism for reducing food prices;
5. Providing further assistance to our senior citizens and increasing the range of support programmes for the vulnerable in our society;
6. Maintaining our efforts at poverty alleviation; and Mr. Speaker of utmost importance
7. Strengthening family life.

Mr. Speaker, I would like to emphasize that all our programmes – in education, health, housing, infrastructure, poverty alleviation; all our major initiatives have as their ultimate goal, the strengthening of the family, for you cannot improve the welfare of the country until you first strengthen the family.

Mr. Speaker, permit me to expand on the main initiatives to be implemented in these areas in fiscal 2007.

MAJOR INITIATIVES

Education

Mr. Speaker, improving the availability and quality of our education system are keys to the development of an innovative and efficient labour force and enhancing the material well-being of our citizens. Evidence world-wide also suggests that education and training also contribute to building confidence and self-esteem in youth and as such, can help address the current upsurge in youth crime and violence.

Mr. Speaker, the Government's objective is to create a system of seamless education from early childhood through the tertiary level. Government policy is also aimed at creating a culture where our citizens see education as a lifelong pursuit; an opportunity to improve their employment status or simply to expand their horizons.

Currently 72 percent of children in the 3-4 age cohort are enrolled in 998 **Early Childhood Care and Education** centres, of which 170 are Government and Servol managed. Our goal is to achieve Universal Early Childhood Care and Education by the year 2010.

This means ensuring that 600 new centres are fully operational to cater to the target population of approximately 30,000 children.

This year, there were unfortunate delays in getting the programme started and work commenced on only 16 Early Childhood Care and Education centres. In fiscal 2007, the programme should develop full steam and it is expected that 80 additional centers will be constructed, each accommodating 50 children.

Our focus at the **primary and secondary levels** is to achieve improvement in the relevance and the quality of our educational programmes so that they better serve our economic and social needs.

During 2006, the Government in collaboration with stakeholders continued work on the modernization of the curriculum of our primary schools and of forms 1 to 5 in our

secondary schools. Given that curriculum is a key element in quality education we plan to accelerate this process to quickly devise curricula that are relevant and suited to the dynamics of our rapidly evolving society. The Government is in the process of setting up a Quality Assurance Unit to ensure that all schools meet the highest standards of accountability, efficiency and performance.

Mr. Speaker, today, **at the secondary level**, there is a 40 percent completion rate among students taking the Caribbean Secondary Education Certificate (CSEC) examinations, that is, students who are certified through the acquisition of 5 or more CXC subjects.

However, currently only an estimated 7.5 percent of the enrollment in public secondary schools represents the Sixth Form or the Caribbean Advanced Proficiency Examination group. This equates to approximately 8,025 students out of an overall enrollment of 107,000 students.

Mr. Speaker we need to make sixth form education available to more of our children to make them more suited to a knowledge based economy and to better prepare them for university education.

The Government's aim is to increase the number of persons accessing sixth form education to 60 percent of the relevant age cohort. Achieving this target will involve the construction and upgrading of several secondary schools, as well as the purchase of additional sixth form places from private secondary schools.

In this context Mr. Speaker, sites have already been identified for the construction of 2 Advanced Level colleges.

The Government will also purchase an additional 800 advanced level places from private secondary schools to add to the 500 places already purchased on an annual basis.

Mr. Speaker, under the Secondary Education Modernization Programme there is a **magnet school programme**, now piloted at 16 secondary schools. This programme allows

students to pursue special concentration in areas such as Business; Visual and Performing Arts; Science; Information Technology; Physical Education; and Languages.

Such training will meet their particular talents and better equip them for the world of work and afford them technological empowerment which is critical in the fast paced, changing global economy.

Given the benefits to be derived through the magnet school programme, it is envisaged that more schools will introduce this programme. The additional specialized teaching resources and specialized equipment which would be required will be made available by the Government.

In keeping with the technological requirements of a knowledge based work force, the Government has embarked on an extensive programme to integrate **Information and Communications Technology** into the primary and secondary schools curricula. In this regard, computer labs will be established, on a phased basis in clusters of 60 schools.

Mr. Speaker, the establishment of **Homework Centres** is another mechanism to help at risk students optimize their educational opportunities. Homework Centres are designed to assist students who do not have ideal conditions for study at home or who have difficulty coping with the work in the classroom. They are also geared to students at double shift schools who may otherwise use the spare time in non-productive ways.

Mr. Speaker, six Home Work Centres are managed jointly by the Government and the Non Governmental Organisation - the Human Development Foundation- and are co-funded by the J.B. Fernandes Memorial Trust Fund.

Two other centres are run jointly by the Government and the National Parent Teacher Association. During 2005/2006, the Centres provided educational support to 140 students.

Mr. Speaker, I am also happy to report that the Government has been receiving numerous requests from communities throughout the country for the establishment of Centres.

I therefore encourage the private sector to partner with the Government in the establishment of Homework Centres and also to adopt the Homework Centres model at their business places.

Mr. Speaker, the Government is using an integrated multi-disciplinary team approach for the delivery of **guidance counseling and social and special education services** in schools. This programme is aimed at the early diagnosis of physical difficulties, mental challenges and sensory impairment in children which may result in learning challenges. Students with such challenges are referred to appropriate centres where they will receive the requisite treatment.

Additionally, auditory and visual screenings are available for all primary school students. Mr. Speaker, these Student Support Services are operational in 58 primary schools, and 40 secondary schools.

Mr. Speaker, I should note that the Government's very successful **programmes to provide meals, books and transportation** to the school population will continue and, in fact will be expanded.

For example, currently, close to 95,000 daily lunches and 40,000 daily breakfast meals are provided. In the next fiscal year the programme will be expanded and will also include daily lunches to Early Childhood Care and Education students.

Mr. Speaker, the government will continue to provide **safe school transport** for students through a contractual arrangement with **the Public Transport Service Corporation (PTSC)** and via maxi taxis. During the academic year 2005/2006 the Government purchased over 4 million seats.

This service will be expanded in the next fiscal year to cater to students who are differently-abled so that equity can be sustained among the student population.

Major Initiatives

Mr. Speaker, through the **School Book Loan Programme** the Government provides books to students at all levels, including main texts for each subject area. Students of Form 4 enjoy the benefit of receiving 8 textbooks; one for each subject being pursued at examination level.

Resources are also provided to assist primary school students to improve literacy and numeracy skills and competencies where necessary.

Mr. Speaker, as part of our goal to improve quality and standards in the education system, we are reforming teacher education by transferring the two Teachers' Colleges from the Ministry of Education to the Ministry of Science, Technology and Tertiary Education. These Colleges have been placed under the University of Trinidad and Tobago (UTT).

UTT will offer a 4-year Degree Programme as pre-service preparation (and as a prerequisite) for joining the teaching profession.

For teachers already in the system, the Government will develop professional development programmes which ensure that teachers continue to upgrade their skills to provide excellence in education.

Tertiary Education

Mr. Speaker, regarding **tertiary education**, the establishment of the University of Trinidad and Tobago in 2004, has greatly expanded the opportunities for university education for our citizens and has filled a void in the provision of science and technology training at the tertiary level. During 2006, UTT expanded its capacity by incorporating into its academic programmes:

- The John Donaldson Technical Institute;
- The San Fernando Technical Institute;
- The Valsayn Teachers' College;
- The Corinth Teachers' College;
- The National Institute of Higher Education, Research, Science and Technology (NIHERST); and
- The Eastern Caribbean Institute of Agriculture and Forestry (ECIAF).

A proposal is currently being examined to integrate the Centeno Experiment Station (CES) into the UTT. The proposal recognizes that the Centeno Experiment Station (CES) has a strong research capacity and its institutional emphasis is congruent with the UTT's mandate.

Following this, the integration of the Institute of Marine Affairs, the Caribbean Industrial Research Institute, and specific functions of the Metal Industries Company Limited will be considered.

With the UTT re-configured, the College of Science, Technology and Applied Arts (COSTAATT) will now focus on areas of core competencies in the fields of health sciences, modern studies, arts and culture and languages. In the future, one of COSTAATT's objectives will be to facilitate the transfer of its graduates to the University of Trinidad and Tobago and the University of the West Indies to complete bachelor degree programmes in areas not being offered at COSTAATT.

COSTAATT will become a comprehensive national community college - it is to be renamed the Community College of Trinidad and Tobago - and will have a four-fold mission:

- Preparing students for employment at the paraprofessional, technologist and mid-managerial level in a variety of disciplines;
- Providing remedial education courses for academically under-prepared students to create a bridge to post secondary programmes;
- Preparing students for future enrollment in undergraduate programmes of study; and
- Offering short-term programmes that meet the needs of the communities it serves.

Financing Higher Education

Mr. Speaker, this year the Government introduced free tertiary education not only at UTT and all UWI campuses but also at all accredited private institutions in Trinidad and Tobago. In addition, a number of scholarships have been awarded to students attending St Georges University, Grenada. Moreover to facilitate those with special financing needs, the Higher

Education Loan Programme (HELP) was launched in June of this year. HELP replaces the Students' Revolving Loan Fund and the University Students' Guarantee Loan Fund. Loans under HELP are for a maximum of \$25,000 per year for 3 years for students studying in Trinidad and Tobago and \$75,000 per year for 3 years for students pursuing studies within the CARICOM region.

It is anticipated that the number of applications for this year would be approximately 2,500 and this figure is expected to increase significantly in the new fiscal year.

Health and the Promotion of Healthy Lifestyles

Mr. Speaker, over the past few years we have made significant strides toward improving our health services, both in respect of our health infrastructure and the actual delivery of healthcare. Through a comprehensive Health Sector Reform Programme we have been systematically building a client-centred environment with a focus on primary health care.

We have also launched a nationwide campaign to encourage people to take responsibility for their own health.

In this coming fiscal year, Mr. Speaker, we will continue to expand primary health care facilities, mainly Health Centres, while decentralising service delivery and management. Primary health care facilities in San Juan, Barataria, Diego Martin, Carenage, Petit Valley, Morvant, Upper Laventille, Debe, La Romain, and St. Madeline are scheduled for completion in 2008, and the construction of the Sangre Grande Enhanced Health Centre and the Toco Maternity Unit are scheduled to commence in 2007.

The Government will also continue to expand and upgrade the country's hospitals.

The construction of the Point Fortin and Scarborough hospitals, as well as a new wing of the San Fernando General Hospital are projected to be completed in 2007. The construction of the National Health Laboratory will also commence in 2007.

Mr. Speaker, an important element of our health care strategy is the **Chronic Disease Assistance Programme**, through which citizens are provided medical drugs free of charge to treat some common ailments.

In the operation of CDAP, the Government seeks to reduce the burden on hospital dispensaries and patient waiting time at public health institutions by providing additional dispensing facilities across the country.

In other words, the programme is actively bringing health care services closer to the population. Another aim of the programme is to reduce the cost of health care for all our citizens.

To date 230,000 citizens benefit from this programme and this number is expected to increase in the coming fiscal year. Mr. Speaker, a total of 240 pharmacies throughout the country participate in the Programme.

During the new fiscal year, all the participating private pharmacies will be computerized in order to ensure efficient management of claims, distribution and inventory control.

The Information System for the Programme, which will be completed shortly, will facilitate real-time management of inventory flows to pharmacies, monitoring of consumption, quick processing of claims and an overall improvement of this service to the public.

Mr. Speaker, CDAP started off treating 3 common ailments and now has been expanded to 11 common ailments.

Mr. Speaker, with a view to enhancing our health care delivery system, the Government will, this year, launch a **Community Care Programme**. Community Care refers to health and social support in non-institutional settings in the community. It is in fact a multi-partite initiative involving the Government, NGOs, CBOs and the private sector.

The aim of Community Care is to provide care and assistance to persons who require it in their own homes as far as possible or at least, within their communities.

Major Initiatives

Various models of care will be offered, including home care, day care, respite care, and community-based rehabilitation services. Centres will be constructed within communities to house and provide care for persons in need.

The Community Care programme will increase self-reliance, dignity and independence of vulnerable groups with the aid of the family and the community.

The first phase of the programme will be a pilot project that would provide community-based care options for the elderly and physically and/or mentally disabled children.

It is now widely accepted that it is easier and less costly to seek to prevent certain diseases than to treat them. For this reason, the Government has been putting heavy emphasis on **the promotion of healthy lifestyles, through education, good nutrition, sports, moderation in alcohol use and refraining from smoking.**

This year's budget has allocated significant resources to promote community and family participation in sports and recreation throughout the country. Also advice on good nutrition and health education will be provided through national and community channels.

The Government is committed to informing the population of the risks posed by tobacco and its impact on the health and well-being of the population.

Trinidad and Tobago ratified the Framework Convention for Tobacco Control in 2004 and the Government is currently drafting the relevant legislation to give effect to this treaty.

Steps to protect non-smokers in public offices have already been implemented through the "no smoking in State-owned buildings policy".

Mr. Speaker, the Government proposes to enforce very stringently this ban and to develop a coordinated programme for national tobacco control.

Prevention and Control of Communicable Diseases

Mr Speaker, the Government is also cognizant of the fact that environmental factors play an important role in determining national health outcomes. Taking steps to prevent and control the spread of communicable diseases is therefore high on our agenda.

With regard to the current strategies to address the disease, particularly expanding access to anti-retroviral and anti-fungal drugs for persons living with HIV/AIDS, are proving successful. Laboratory testing, as well as a programme for voluntary counselling and testing for HIV will be further expanded.

The national HIV Awareness Campaign is being intensified. The objectives of the campaign include voluntary testing, counselling, the promotion of safe and healthy sexual behaviour among the general population; and steps to reduce the rate of mother to child transmission of HIV.

Family Planning Association

Mr. Speaker, this year, the Government proposes that every community, particularly those in areas where the need is greatest will be provided with a wide range of quality health services, particularly in relation to sexual and reproductive health with special focus on adolescents.

Accordingly, the Government proposes to partner with the reputable Family Planning Association (FPA) of Trinidad and Tobago, specialist in the field of sexual and reproductive health for fifty years, to bring us closer to our goal of universal access to quality health services. The FPA has demonstrated the ability to meet the health needs of people within their various communities.

Mr. Speaker, we have allocated \$6 million this year to the Family Planning Association to facilitate increased access to sexual health and reproductive health services.

Trinidad and Tobago Health Science Initiatives

Mr. Speaker, Trinidad and Tobago is quickly assuming a leadership position within the region in the provision of medical services. In **February 2006** we took steps to strengthen that capability to world class standards when the University of Trinidad and Tobago and Johns Hopkins Medicine International executed a six year collaboration and services agreement for the provision of advisory services in respect of health sciences for both the University of Trinidad and Tobago and the Government.

Mr. Speaker, the initiatives relating to the Government would involve infrastructure development. As a priority, the Government will initiate the Port of Spain General Hospital Replacement Facility and this will become a medical campus which will include the provision of medical education and training and clinical research. There would also be a new Central Trinidad Hospital Facility with inpatient and outpatient capacity to cater to specific medical needs of our citizens in Central Trinidad. In addition, a management review of the San Fernando General Hospital and the Mount Hope Medical Complex is currently undertaken.

Crime and Security

Mr. Speaker, we have had important successes in addressing the recent increase in crime and violence that has plagued our society in the last several years. Nevertheless, Mr Speaker we fully recognise that the current level of crime, and particularly murders is still unacceptably high.

We are committed to reducing crime and lawlessness so that citizens could go about their daily lives in peace and security.

Mr Speaker, the evidence is clear that the high level of murders in the society is related, in large measure to the proliferation of gang activity and the drug trade.

Too many of our young people are not participating in the numerous opportunities for education and training, sport and culture, provided by this Administration and are choosing

instead to be involved in self-destructive criminal activity, which holds their community and the entire society to ransom.

The drug trade, Mr Speaker, is another menace, which is ripping away at our social fabric.

Available statistics suggest that a substantial share of illegal drugs destined to the U.S. and Europe is transhipped through Trinidad and Tobago and the wider Caribbean.

Mr Speaker, some commentators are preoccupied with the question: who is to blame for the current crime menace. Well, we all must shoulder some of the blame. What is more important, however, is that if we are to effectively address the current challenge and bring crime under control, we all need to play our part. Fighting crime cannot be the responsibility only of the police, even though they certainly have a critical role to play; fighting crime is for all of us.

The Government's role is to set the strategy, provide the resources and the appropriate legal framework and lead by example. We need to re-establish our traditional family values, and the churches, community groups, NGOs and the business community, all need to play a role, if we are to eradicate this menace from our society.

Mr Speaker, over the past 18 months or so, a central part of the Government's strategy to deal with crime has been the **efforts to transform the Police Service.**

This multi-pronged initiative has included, for instance;

- the re-establishment and expansion of the Homicide Bureau;
- Increased training for police officers in modern policing techniques;
- the establishment of an Incident Coordinating Centre, comprised of units from the Police Service, Defence Force and the Intelligence Units of the Ministry of National Security, to deal with kidnappings;
- and the restructuring of the Police Complaint Unit to ensure accountability and to root out corruption in the Trinidad and Tobago Police Service.

Major Initiatives

The implementation of the transformation programme is being facilitated by hands-on technical assistance from seasoned officers from the United Kingdom.

On the legislative front, Mr Speaker, with the collaboration of the Opposition, we have been able to secure the passage of some vital pieces of legislation such as the No-bail for Kidnapping Act.

Mr. Speaker, legislation to provide for the establishment of the Special Anti-Crime Unit of Trinidad and Tobago has been drafted and is currently under review. The Government is also reviewing the Proceeds of Crime Act to determine its effectiveness. A Financial Intelligence Unit Bill and Financial Obligations Regulations are being finalised to ensure that banks and other financial institutions are guided on compliance, disclosure and monitoring.

Community Programmes

Mr Speaker, the active involvement of communities all over Trinidad and Tobago is critical to the fight against crime.

Dial 555 Initiative

The 555 Anti-Crime Initiative, launched in May this year, is one component of a comprehensive, multifaceted, anti-crime Public Education Programme, aimed at mobilising the entire nation in the fight against crime through collaboration with law enforcement agencies.

This initiative offers the facility of a toll free number, accessible from any telephone within Trinidad and Tobago, whereby individuals may anonymously furnish information related to crimes of any nature. The public interaction in this programme is very important in that it seeks to mobilise the entire national community to see crime prevention and the solving of crimes as their civic responsibility.

Mr. Speaker, we are seeking to get the entire nation to be involved in this Dial 555 Initiative. We would like to see the business sector, the schools, the communities, all social groups involved in mutual understanding and support for law enforcement.

There are several other programmes which are all geared to helping youth at-risk in order to promote stable and crime-free communities. The Government and the Police have supported communities in East Port of Spain and surrounding areas that are working to eradicate gang violence and encourage youth to live in harmony.

The Government is lending support to a very interesting project – **the Pride in Gonzales project** – which involves the collaboration of a number of government agencies, some NGOs and the private sector, all working to improve the social and physical conditions of the community of Gonzalez and thereby producing a safer environment.

Mr Speaker, we urge other communities to adopt this or a similar model of community development and crime prevention. The Government will support all such programmes geared towards the restoration of peace and stability in our society.

Off-Shore Patrol Vessels (OPVS)

Mr. Speaker, our intelligence tells us that large quantities of illegal drugs are being imported into Trinidad and Tobago for trans-shipment as well as for the domestic market. It is also clear that the vast sums of money involved in the illegal drug trade are helping to finance the importation of guns which is contributing to the current crime wave.

In these circumstances the Government's crime fighting strategy includes the acquisition of a sophisticated radar system and three off-shore patrol vessels to conduct drug interdiction and anti-smuggling operations. Shipbuilding works on the OPVs will commence following the award of the contract which is due to be finalised before the end of this year.

A preferred bidder has already been identified and discussions are proceeding with a view to meeting this December 2006 deadline.

The delivery of the first OPV will be within twenty-two months thereafter. The other OPVs will be delivered within twelve months of the delivery of the first OPV.

In the interim, the SS Cascadura has been refurbished at a cost of \$29 million as opposed to \$120 million to purchase a similar new vessel.

Mr. Speaker, the Offshore Patrol Vessels would be supported by six fast patrol boats, and 4 interceptors for both inshore and offshore operations as well as by four armed helicopters. The Offshore Patrol Vessels would accommodate both interceptors and helicopters.

Mr. Speaker, the purchase of these vessels will be supported by a fully functional and operational training programme for every crew member as well as a maritime and support and maintenance programme that guarantee the availability of each boat operating a minimum of 300 days every year.

Adequate and Affordable Housing

Mr. Speaker, since 2002, Government has embarked on a major Action Plan for the Housing Sector in an attempt to increase the supply of quality housing as well as improve housing conditions for all citizens.

While the primary objective is to construct 10,000 housing units annually, that is, 8,000 in the public sector and 2,000 in the private sector, until housing demand is met, the principal challenge continues to be ensuring that housing is affordable by attempting to keep prices low and expanding the accessibility of housing finance.

A mix of single and multi family units is being constructed on greenfield sites and on vacant sites in existing housing developments. It is anticipated that:

- 8,200 new housing units would have been constructed in the Public Sector during fiscal 2006; and
- 8,000 new public sector housing units will be constructed during fiscal 2007.

Mr. Speaker, the Government's announced intention has always been to provide affordable housing and that is exactly what we are committed to doing.

Accordingly, the Cabinet has taken a decision to increase the mortgage subsidy to ensure that the units constructed as from September 2002 remain within the reach of low and middle income wage-earners.

The details of the **new subsidy scheme** will be explained by the Minister of Housing in his contribution to the budget debate. What I would like to say at this stage is that persons earning between \$1,440 per month and \$8,000 per month will continue to be eligible for the houses for which they originally qualified without an increase in monthly payments. These persons will continue to receive a 100 percent mortgage for 25 years at 2 percent with a cap at \$450,000.

Mr. Speaker, an individual or individuals with an income or joint income of \$4,000 would be eligible, under prevailing mortgage interest rates, for a loan of \$200,000. However, under the new regime, that individual or individuals would now be eligible for a loan as high as \$315,000.

Mr. Speaker, the increase in the cost will be met by a higher government subsidy. It is estimated that the increase in the subsidy will amount to \$450 million. The Trinidad and Tobago Mortgage Finance Limited (TTMF) will administer this portfolio and would be provided with capital to do so.

Mr. Speaker, the proposed commencement date for use of the facility is retroactively set to September 2002.

Another policy initiative to make home ownership more affordable is the increase in the ceiling for the exemption of stamp duty for residential properties from \$350,000 to \$450,000. The rate of stamp duty of five (5) percent will be applicable for the first \$100,000 in excess of \$450,000, 7.5 percent for the next \$100,000 and 10 percent for every dollar thereafter.

Mr. Speaker, this measure will even benefit homeowners who purchase properties in excess of \$450,000.

There are **two other innovations of our housing programme** that I would like to note.

Major Initiatives

Firstly, persons in the \$1,440-\$8,000 income bracket will be given the option to increase the amount of their mortgage to assist in the purchase of household appliances up to a maximum of \$15,000.

This amount will be added to the overall principal and incorporated in the monthly mortgage payment. A second feature is that in the event of the death of the mortgagor, the mortgage liability would transfer to his or her estate. This means that at any time during one's working life, unlike in standard mortgage facilities, one is eligible for a 25 year mortgage.

Mr Speaker, in addition to the programme involving single family homes, the Government is also implementing a **rent to own programme** targeted at individuals who are financially unable to service a mortgage.

Under this programme individuals will be allowed to enter an agreement to rent for a period of five years with the option to purchase.

At the end of the five years, two thirds of the rental payment will be applied as a deposit towards the purchase of the property and the rental tenancy will be converted into a mortgage. If the tenant is still unable to qualify for a mortgage after five years the option will be extended for a further three years.

Mr. Speaker, the Government's **Home Improvement Programme**, which is partly financed by the Inter-American Development Bank, provides a matching grant up to a maximum of \$20,000 for the repair of an existing home. Last year more than 1,000 low-income homeowners benefited from this programme and it is projected that 720 home improvement subsidies will be made in fiscal 2007.

Urban Re-development

Mr. Speaker, the Government will intensify its Urban Renewal Programme in 2007. The Programme has already been implemented on a limited scale through the reconstruction of Government-owned apartment complexes in East Port of Spain and San Fernando.

This programme is intended to address the housing, social, recreational and community needs of the residents of these inner city areas. Preliminary work on the East Port of Spain Development Plan will commence shortly.

Caroni (1975) Limited

Mr. Speaker, Government will also make available a total of 20,254 serviced plots of former Caroni (1975) Limited for residential development. Of this amount former Caroni workers will be given priority access to 6,755 plots as part of their VSEP package, while the rest will be made available for purchase by the national community. The first 1,900 plots will be delivered at the end of this year while 4,000 plots are expected to be delivered in 2007.

Construction Cost

Mr. Speaker, the Government is very concerned with the sharp rise in construction costs which have been estimated to have increased by up to 40 percent over the last two years. Much of this increase has been ascribed to the increase in labour cost and the price of building components. In terms of the increased building component prices, this has been blamed on high international and local demand and the escalation in energy cost related to production and transport.

Even in the wake of these price increases, supplies of essential raw materials such as aggregate and cement have become uncertain in recent times. This means that while the Government may ease the burden in respect of affordability and accessibility, these sporadic shortages continue to slow the pace of construction.

In respect of aggregate, the Government has now expanded the quarrying capacity of the industry by the issuance of new licenses to quarry operators. In addition, the government is also looking at the possibility of sourcing cheaper and more reliable supplies from within the region.

National Quarries Limited, a wholly-owned state enterprise would be utilized more effectively to impact on the domestic demand and supply situation in the construction sector.

Infrastructure

Mr. Speaker, without high quality infrastructure and a well preserved environment, our economic and social progress will be limited and our goal of improving the quality of life of all our citizens will not be achievable.

As a result, the Government is committed to providing an efficient and modern infrastructure and public transport network. It is the Government's responsibility to provide the modern, high quality infrastructure that is demanded by our rapidly industrializing and increasingly sophisticated economy.

The Government's objective is simple - the development of "Infrastructure that Works".

Mr. Speaker, the Government recognizes that transportation bottlenecks are causing enormous frustration on the part of the travelling public, leading to a significant loss in production and productivity. The plan therefore is to adopt some immediate measures to reduce vehicular congestion in the short term while we formulate a long term strategy to modernize our transportation infrastructure.

The priority agenda for upgrading the country's road infrastructure include:

- Improvements to the East-West and North-South Corridors to improve capacity and safety;
- Expansion of the highway network with the construction of new highways from San Fernando to Point Fortin; San Fernando to Princes Town; Princes Town to Mayaro, and the extension of the Churchill Roosevelt Highway to Manzanilla;
- The Port of Spain East/West Corridor Transportation Project which involves the construction of an Interchange at the intersection of Churchill Roosevelt and Uriah Butler Highway;
- Construction of interchanges or overpasses at key intersections along the East-West Corridor, such as Aranguez, El Socorro, Curepe, Macoya and Trincity;
- A Road Construction and Rehabilitation Programme that addresses road improvements, road resurfacing, rehabilitation and development of main roads

at a national level as well as local roads in residential areas, landslip repairs, bridge reconstruction and traffic management measures;

- Dualling of the Diego Martin Highway from Victoria Gardens to Acton Court;
- Improvement to Maraval Access – Saddle Road from Rapsey Street to Valleton Avenue;
- Road Rehabilitation and Bridge Reconstruction being undertaken through the National Highways Programme; and
- To improve the coordination and effectiveness of the various proposals we will establish a Roads Authority to manage and maintain all roads.

In addition Mr. Speaker, to provide further ease to the travelling public, the Public Transport Service Corporation (PTSC) will be provided with the resources to facilitate safe, reliable and effective transportation services to the various communities across Trinidad and Tobago.

In fiscal 2007, PTSC will acquire 100 new buses for the provision of improved services along the east/west and north/south corridors, in Port of Spain and San Fernando, and in several rural areas. These buses will include the longer articulated type, the standard 49-seater units, and a number of specially built units for use in the provision of Tours and Charters services. Additionally, special consideration will be given to transportation for specially-abled persons.

These new buses will substantially reduce the time spent by commuters in waiting for service at the various destinations.

Twenty five of the buses are expected to be in full operation before the end of this year with the remaining seventy five to be placed into operation during the first quarter of 2007.

Mr. Speaker, in this overall context of curbing the wastage of valuable productive time in traffic gridlock, the Government is currently examining the feasibility of introducing water taxis; having heavy duty vehicles operate outside peak traffic hours; and introducing flexitime working hours within certain areas of the public service. In addition, Mr. Speaker,

Major Initiatives

the Government will be instituting measures to curtail the importation of foreign used vehicles.

The water taxi service is expected to commence operations in early 2007, plying a North-South route along the West Coast of Trinidad. When it is fully operational, we envisage a service that will allow commuters to travel by sea from Point Fortin to Carenage, with stops at La Brea, San Fernando, Couva, Chaguanas and Port of Spain, as well as an express service from San Fernando to Port of Spain.

Mr. Speaker, even while we take these measures, we are undertaking a **Comprehensive National Transportation Study** to inform our transportation strategy over the medium to long term. The Study is expected to be completed by the end of this month.

The main objective of the study is to provide a national transportation sectoral policy that is consistent with other public policies of the Government. The Study is also expected to present coordinated national transportation plans for the land, sea and air sectors that will provide the Government with a national, systematic decision-making tool for investment in transportation infrastructure over the next twenty years.

Rapid Rail Project

Mr. Speaker, one element of the Government's plan is the Rapid Rail project which is expected to provide fast and frequent service along the East-West and the North-South corridors.

Together the two corridors will traverse over 120 kilometers. The rapid rail system will serve over two-thirds of Trinidad's population and will link our two major cities: Port of Spain and San Fernando, as well as several towns including: Arima, Diego Martin, and Sangre Grande. The rapid rail system will give our citizens and visitors unparalleled mobility and access to work, school, shopping and more, and will truly be the backbone of Trinidad's transportation system.

It is anticipated that a Design, Build, Operate and Maintain (DBOM) contract for the Trinidad Rapid Rail Project will be awarded by December 2006 and the system which will be operationalised in phases, will be in full service by the year 2011.

Air Transport

Mr. Speaker, the Agencies responsible for the air sector have embarked on a comprehensive programme of works aimed at improving the long term physical infrastructure at the Piarco and Crown Point International Airports. The focus continues to be on establishing modern systems and practices for safety and security of passengers and cargo. This will redound to the users of the services and facilities provided at the airports, and will have a positive impact on the social and economic development of Trinidad and Tobago.

Sea Transport

Mr. Speaker, the Port Authority of Trinidad and Tobago will continue its restructuring during fiscal 2007 to improve overall productivity and efficiency. The Port Authority will acquire 2 modern fast ferries; complete the construction of the Government Shipping Services (GSS) facility; acquire heavy equipment to facilitate more efficient handling of cargo; and implement the International Ship and Port Security Code to improve safety and security at the Ports.

Drainage Infrastructure

Mr. Speaker, Government will continue its programmes aimed at regenerating and developing systems to meet ecological requirements, settlement patterns, promote the productive use of storm water and mitigate flooding hazards.

The National Infrastructure Development Company (NIDCO) has been given responsibility for the implementation of the following projects:-

- A Comprehensive Drainage Development Programme;
- A Major River Clearing Programme;
- An Infrastructure Rehabilitation and Flood Mitigation Programme;
- A Flood Mitigation and Erosion Control Programme;
- A National Programme for the upgrade of drainage channels; and

- A comprehensive national drainage study and action plan, similar in scope to the comprehensive national transportation plan.

Public Utilities

Power Generation

Trinidad & Tobago Electricity Commission

Mr. Speaker, Government has recently embarked on a drive to conserve our valuable natural gas resources.

A strategy has been developed for the phased change of all power generation facilities to combine cycle plants effectively utilizing waste heat from primary generating gas turbines.

A review of the existing power stations at Port of Spain, Point Lisas and Penal revealed that many of the plants are old and need replacement. This provides an opportunity to rationalize the generating capacity especially as the Port of Spain power station and a large part of the Point Lisas station are in need of replacement.

An opportunity therefore presents itself to construct new power generation facilities taking advantage of economies of scale and also by utilizing modern technology to arrive at a low cost per unit of electricity generated. We envisage that this will be done at Point Lisas. Meanwhile, a Task Force has been established under the Standing Committee on Energy to develop a strategy in this regard.

The Task Force will report to the Standing Committee on Energy in one month.

Mr. Speaker, the Street Lighting Programme initially proposed eighty two thousand (82,000) new street lights and thirty-six thousand (36,000) upgrades over on a three (3) year period at a cost of \$626 million.

We are proud to report that this Programme has moved much faster than anticipated and during this month, we would commission the seventy fifth thousandth (75,000th) street light. We must applaud the Trinidad and Tobago Electricity Commission for this mammoth achievement.

Water and Sewerage Authority

Mr. Speaker, two years ago, an initial assessment for the complete replacement of the water pipelines network in the country was estimated at \$27 billion. However, a project of this magnitude will require a major development programme and a review of the existing management structure at the Water and Sewerage Authority. The restructuring of the Authority is now under review by the Standing Committee on Energy and decisions in their regard will be made shortly.

Mr. Speaker, the Bi-Water treatment plant at Laventille was commissioned in August 2004 and presently processes 20 million gallons of treated waste water effluent which is part of the planned water reuse project producing industrial water. It is projected that over the next few years this plant will produce over 20 million gallons per day of water to industrial users, thereby making an equivalent amount available for domestic users.

Telecommunications

Telecommunications Liberalization Initiatives

Mr. Speaker, Trinidad and Tobago has made significant progress in the liberalization of the Telecommunications sector. This is critical to our industrial development since telecommunications infrastructure is key to increasing profitability and competitiveness in the global environment.

The Telecommunications Authority of Trinidad and Tobago (TATT) has made significant advancement in its operations. The Authority has issued two concessions for Mobile Services; and seven concessions for International Telecommunication Services, Fixed Wireless Access Networks and Cable Television.

Major Initiatives

Mr. Speaker, accessibility to the technology for all citizens is a principal objective of our National Telecommunications Plan. This is being achieved in a very significant way through our now liberalized telecommunications sector. Improved service and lower rates in high speed, business and residential Internet service are already producing increased usage. Homes with Internet access have risen from 8 percent to 17 percent in the past two years and we expect this figure to increase significantly in the near future.

Broadband Programme

Mr. Speaker, broadband is a crucial infrastructure for achieving economic, social and scientific goals for the development of a knowledge-based society.

The Government has an ambitious action plan to provide broadband coverage throughout the country and our aim is to achieve 'on demand' availability to at least 80 percent of our population at the lowest unit cost in the Caribbean region by March 2008.

Mr. Speaker, the Broadband Services being provided at present in Trinidad and Tobago are very expensive and out of the financial reach of most of our citizens.

Further, the broadband services are not available in all areas across the country. The plan is to provide cheap and easy access to wireless internet nationwide.

The Environment

Mr. Speaker, the National Environmental Policy was revised in 2006 to take into consideration the rapid industrialization of Trinidad and Tobago with the introduction of new types of industries in our economy; major developments in the housing sector; and the significant expansion and upgrading of our infrastructure.

The Policy recognizes that the environment is an essential mainstay of our economic and social development. It focuses on sustainable management of the country's environmental assets and seeks to find a balance between economic development and the environment.

The Policy is further guided by respect for the community of life; keeping within the country's carrying capacity; empowering communities to care for their own environment; the polluter pays principle; and the precautionary principle.

Mr. Speaker, a permitting system will be applied to require industries to upgrade pollution control, in the first instance, to the Best Practicable Technology (BPT), significantly upgrade plants to the Best Available Techniques Not Entailing Excessive Costs (BATNEEC); and new plants to Best Available Techniques (BAT). Pollution control will be enforced through a system of permits or licences, which will set pollution limits or performance standards for air, noise, water, waste and hazardous substances.

The system of permits will also include environmental monitoring and reporting requirements.

Agriculture

Mr. Speaker, there is no doubt that Agriculture is a very small but an economically and socially important sector. In 2004 primary agriculture provided a little over 1 percent of the country's GDP and employed 5 percent of the labour force. However, agro-industries accounted for 3.1 percent of the GDP and 45 percent of the manufacturing GDP.

The agricultural sector, if it is to remain competitive, must respond to the external challenges and address structural rigidities limiting performance, increased productivity, profitability and competitiveness.

Creation of Large Agricultural Estates

Mr. Speaker, the Agriculture Sector requires special attention at this time. With the restructuring of Caroni (1975) Limited additional lands became available for agriculture. We have decided to do a complete review of traditional arrangements and in this regard will utilize expertise drawn from the energy sector.

Mr. Speaker, to date field identification exercises has been completed in respect of **6,516** plots of the **7,247** plots

allocated to the former employees of Caroni. Of this amount an estimated **3,824** or **58.6 percent** has assumed responsibility for their respective plots of which an estimated **382** have begun cultivation. To date approximately **2,500** former employees have registered as farmers with the Government and the process is ongoing. The total infrastructure development cost for these agricultural estates is \$590 million.

Mr. Speaker, the Food and Agricultural Organisation (FAO) has recommended the creation of eight large scale farms and Government would be issuing requests for proposals from the private sector for the operationalization of these farms.

Government also proposes to operate two additional farms in collaboration with the Government of Cuba. Mr. Speaker, Cuba has been successful in the area of agriculture and Trinidad and Tobago stands to benefit from this arrangement.

In addition Mr. Speaker, the Government recognizes that there is need to identify agricultural land and to ensure such lands are maintained in agriculture over the long term. Any resolution to the issue of agricultural land also must address the issue of farm sizes.

Within this context it is evident that the thrust now should be on the creation of medium and large sized farms, and on providing the conditions to encourage amalgamation of small plots into larger economic farm units.

Mr. Speaker, as part of the National Agribusiness Development Programme, the Government will be establishing in the first instance eight large agricultural estates each comprising at least one hundred acres. These estates will facilitate mass agricultural production in Trinidad and Tobago and will be either Government owned or joint public-private sector ventures.

The locations for the farms have already been identified. A mission from the Food and Agriculture Organisation has provided recommendations on the basic features as well as the infrastructural needs of the farms.

Mr. Speaker, these farms will be the catalyst in the Government's drive to increase the production of food in Trinidad and Tobago. They will become the new food baskets of the country.

Mr. Speaker, we have prioritized several strategic commodities in which this country has, or can develop, international competitiveness. These commodities include, but are not limited to sweet potato, cassava, yam, dasheen, tomato, ochro, cucumber, melongene, pumpkin, eddoes, cabbage, lettuce, green pigeon peas, carrots and string beans.

Mr. Speaker, in addition, and I daresay more importantly, the majority of these food crops have been identified as the "main suspects" in accelerating the food prices in the markets and supermarkets. We expect this trend to be reduced significantly in the shortest possible time since all the farms are ear-marked to begin active cultivation of these "short term" crops within the next three months.

The production of several of these commodities will also facilitate a significant processing component.

The Government will provide the funding necessary to implement projects associated with each commodity. This will include the cost of the restoration of soil fertility where necessary, as well as ensuring water availability and access to the land.

This commodity approach is a significant development as it will address in a holistic way the challenges faced with providing adequate food production as well as augment normal production levels in price sensitive commodities.

Production contracts will be awarded to farmers, and given the possibility that the prices of some of the selected commodities can fall to levels that cause harm to non-contracted farmers, the system of contracts will be complimented with guaranteed minimum prices that cover the same selected commodities.

Major Initiatives

Mr. Speaker, this programme will be structured and operated in a manner that will provide the platform for stimulating the longer term improved productivity of the agriculture sector.

The Government will also put measures in place to increase the rate of participation in agriculture by expanding the Youth Apprenticeship Programme in Agriculture (YAPA) and the Eastern Caribbean Institute of Agriculture and Forestry (ECIAF). The Government is also introducing the policy of allocating agricultural lands to the graduates of these programmes.

Mr. Speaker, praedial larceny is the number one complaint of farmers and must be aggressively addressed by all parties. Praedial larceny has a disincentive effect on production causing farmers to either cease production or produce commodities less likely to be affected. As a result, the Government will provide funding, manpower, equipment and adequate logistical support for the establishment of a Praedial Larceny Police Unit.

The need to provide good infrastructure to support agricultural production is well recognized. A comprehensive programme will be put in place to improve agricultural access roads, irrigation facilities and systems, and flood control infrastructure and marketing facilities. Mr. Speaker we intend to support our farmers by focusing on this particular challenge.

In addition Mr. Speaker, the Ministry of Agriculture, Land and Marine Resources has embarked on an aggressive support programme aimed at increasing the number of extension officers. This will improve the support offered to farmers at present and will ensure all agricultural land is put to productive use.

Mr. Speaker, to further enhance the resurgence of the agriculture sector the Government proposes to inject \$30 million into the Agricultural Development Bank to facilitate additional credit lines to firms and individuals involved in the sector.

Mr. Speaker, while our efforts to promote the resurgence of domestic agriculture will be the centrepiece of our strategy to reduce food prices, it is by no means the only action that we plan to take. The Government recognizes the pervasive impact of the increases in food prices on the cost of living and on the welfare of families who need to struggle to make ends meet.

Accordingly, Government plans to reduce import duties on selected basic food items where they still exist. We also plan to work with the National Flour Mills to moderate the prices of certain basic foods. We will also engage in discussions with several stakeholders including the Supermarkets' Association in an attempt to reduce margins on certain food items.

Mr. Speaker, as tempting as it may seem, the imposition of price controls is not a painless solution and in fact it could present problems such as shortages and the creation of blackmarkets. The Government will therefore only consider price controls if all else fail.

Tourism

Mr. Speaker, let us turn now to the tourism sector.

Mr. Speaker, tourism is a significant employment generator, foreign exchange earner, and an important contributor to GDP. The Tourism sector also has the potential to provide incentives for a range of inter-industry linkages, involving agriculture, manufacturing and services.

Mr. Speaker, in 2005 Trinidad and Tobago received 460,195 stopover visitors and 67,196 cruise visitors. In the case of stopover visitors, which generate more than 95 percent of all tourist spending, this number was 4 percent higher than in 2004. In the case of cruise visitors, the total figure was some 24 percent higher than in 2004.

However, Mr. Speaker, the situation in Tobago is not reflective of the national picture. Tobago experienced a substantial drop in tourist traffic from Europe in early 2006. This was due to a combination of circumstances and will need aggressive and well planned marketing efforts as well as new

airlifts arrangements to correct these negative trends. The Government will work with the Tobago House of Assembly in this regard.

Mr. Speaker, the lack of high quality rooms in Port of Spain is currently constraining the ability of the industry to expand visitor arrival numbers. This should be addressed somewhat once the Hilton Hotel and Conference Centre completes its refurbishment programme; the 428 room Hyatt Regency Hotel opens in September 2007; and the 80 rooms Holiday Inn Express at Trincity is completed.

Mr. Speaker, in order to facilitate increased hotel investment interest in our country, the Government earlier this year amended the Tourism Development Act to make it more attractive for investors to develop the new tourism product. Based on the new incentives in the Act, we expect that over time more international hotel brands will view Trinidad and Tobago as an ideal location for investment.

Mr. Speaker, the publicity engendered by our Soca Warriors' successful participation in the World Cup, and the efforts made by the Government to enhance that publicity, have both played an enormous role in increasing awareness of Trinidad and Tobago worldwide. Next year's Cricket World Cup also offers an excellent opportunity to further increase this awareness.

Mr. Speaker, how can we take advantage of these opportunities?

Firstly, we are taking immediate steps to upgrade our beach facilities at Maracas, Las Cuevas, Vessigny, and Manzanilla. This will involve a substantial improvement in the quality of the facilities at the beach to world class standards. To this end, the Tourism Development Company will receive funding from the Infrastructure Development Fund to be utilized specifically for the development of the infrastructure and aesthetics of these and other major sites and attractions in Trinidad and Tobago.

Secondly, Mr. Speaker, the recent trade and investment mission to Europe which uniquely combined investment promotion and culture has opened many exciting opportunities for investment in Trinidad and Tobago.

Mr. Speaker, domestic tourism offers great potential for hotels and guest houses in both Trinidad and Tobago to generate incremental business, particularly at weekends, and to keep valuable foreign exchange within the country.

However, the success of the domestic tourism campaigns will depend heavily upon increased ease of transportation between Trinidad and Tobago and it is the Government's intention to improve the quality of service between the islands particularly by purchasing two fast ferries, introducing online booking capability for the fast ferry service and by enhancing air service.

Recognising our Senior Citizens and Caring for Those in Need

Mr. Speaker, the Government is committed to nurturing a caring society, that is, a society in which all our citizens, particularly the most vulnerable are cared for and treated with dignity and respect.

Mr. Speaker, at the core of the Government's social development programme is the empowerment of the disadvantaged groups in our society. However, we have taken a policy decision to rationalize our all our social programmes to maximize their effectiveness.

The objective is to provide an enabling environment to facilitate the continuous improvement in the economic and social well-being of traditionally disadvantaged groups.

The Elderly

Mr. Speaker, the Government is fully cognizant of the plight of some of our senior citizens and since we came into office we have introduced a number of measures and programmes designed to improve their living conditions. Mr. Speaker, today our senior citizens have access to free medical care and drugs; free bus passes; and an old age pension of \$1,150 up from \$720 dollars in 2001.

Major Initiatives

We have established two senior citizens centers, one in St James and the other in Maloney. Two additional centers will be open shortly in Chaguanas and Rio Claro.

Mr. Speaker, later in this presentation I will outline on behalf of the Government even further measures to alleviate the hardships of our senior citizens.

Abuse of Minors

Mr. Speaker, the Government is determined to address the scourge of child abuse in our society and to protect those vulnerable children who are most at risk of facing a myriad of negative outcomes including neglect, exploitation, malnutrition, and even death.

Mr. Speaker, we will move decisively to establish the **Children's Authority** following the requisite amendments to the legislation. The Children's Authority will, in effect, function as the guardian of all the children of Trinidad and Tobago.

The Family Support System

Mr. Speaker, the family as the core institution in society has been singled out for special attention by the Government.

Mr. Speaker, the **National Family Policy** will be a blueprint for creating and promoting a family-friendly society and for mainstreaming family issues into wider sectoral policies.

In order to ensure the broadest possible consensus on this most fundamental of issues, the draft policy document will be presented to the public at a series of upcoming public consultations.

The Conditional Cash Transfer Programme

Mr. Speaker, in July 2005 Government appointed a Ministerial Sub-Committee to develop recommendations for addressing the issue of rising food prices specifically in relation to the more disadvantaged groups among us.

As a short-term initiative, the Committee recommended a targeted conditional cash transfer programme with the

first phase involving a debit card to low income households throughout Trinidad and Tobago.

The debit card was launched in July this year and targets vulnerable persons and family in need. The programme is designed to give recipients the ability to purchase basic food items which are included in pre-approved lists of forty basic food items.

Mr. Speaker the second phase of the conditional cash transfer programme will involve the distribution of a smart card and this is expected to be implemented early in the new fiscal year. The Smart Card programme marks the dawn of a new era in Social Development assistance, providing for more efficient and flexible administration, and better targeting and tracking of benefits. In the coming fiscal year, the Programme will be fully implemented.

More importantly, Mr. Speaker, this Programme is a temporary measure and will be operated in tandem with skills training for the recipients to move off the programme.

Mr. Speaker 17,000 households presently benefit from this programme.

The Physically Challenged

Mr. Speaker, those who have disabilities in our society are more likely to be poor, particularly when they are excluded from full access to education and employment opportunities. The Government's programme for the physically challenged will be one of social inclusion.

We will embark upon a broad-based Public Awareness Campaign on the National Policy on Persons with Disabilities and will conduct sensitization workshops for Government Agencies and other key stakeholders. We will also continue to train personal assistants for persons with disabilities and complete the standardization of sign language.

Institutional Reform

Mr. Speaker, the Government has a wide ranging reform agenda geared to the establishment of a legal and institutional

framework for efficient policy implementation. In the coming years the focus of this agenda will center on:

- Legislative approval of the Heritage and Stabilization Fund; along with the establishment of a Revenue Authority; and a new procurement regime;
- Capital Market development;
- Upgrading the level of national financial literacy; ; and
- Special Purpose State Enterprises.

Heritage and Stabilization Fund

Mr. Speaker, a Bill to establish a Heritage and Stabilisation Fund was presented to this Honourable House at the beginning of September this year and we have engaged a number of organizations in discussions as we seek to secure parliamentary passage of the Bill early in the new fiscal year.

Mr. Speaker, the establishment of the Heritage and Stabilisation Fund, which will replace the Interim Stabilisation Fund, will provide the Government with an effective vehicle to reduce the vulnerability of fiscal operations to changes in international energy prices; and to save some of the revenue from the exploitation of the country's depletable resources for future generations.

Mr. Speaker, the mechanism for transfers from the Heritage and Stabilisation Fund will help maintain fiscal discipline by linking the level of Government expenditure to long run, sustainable energy prices.

On this basis, a significant share of the revenue to be derived from the high prices expected to prevail over the next few years will be saved and invested abroad in high yielding financial assets.

The management of the Fund will be entrusted to an independent Board of Governors with the investment operations placed in the hands of reputable external fund managers. The proposed legislation Mr. Speaker, places particular emphasis on transparency and accountability and requires that the Minister of Finance report on the operations of the Fund on an annual basis to Parliament.

Revenue Authority

Mr. Speaker, following upon the comprehensive tax reforms introduced in the last fiscal year, we are now in the process of transforming the human resource and administrative regimes of our principal revenue collection agencies – the Board of Inland Revenue and the Customs and Excise Division of the Ministry of Finance.

The assumption of the responsibilities of the Customs and Excise and Inland Revenue Administrations under the aegis of a Central Agency – the Revenue Authority - is an important step in this reform effort.

Mr. Speaker, the Revenue Authority, which is expected to become operational by September 2007, would facilitate improved service and a more client centred approach to the tax-paying citizens of Trinidad and Tobago; the cross checking of information; more efficient use of Information Technology and other resources; and improve tax administration.

The establishment of the Revenue Authority will be guided and driven by an Advisory Committee which would have broad representation from the public and private sectors, including the Trinidad and Tobago Chamber of Industry and Commerce; the Trinidad and Tobago Manufacturer's Association; the Institute of Chartered Accountants of Trinidad and Tobago; and the Public Services Association of Trinidad and Tobago. The Government would insist upon the best practices in the establishment of the Authority.

Capital Market Development

Mr. Speaker, over the years the Government and the Central Bank have always taken the lead in the development of our capital market infrastructure which currently is the envy of the Caribbean. However, if we are to be a major financial centre, our capital market must continue to evolve in line with international standards.

Since 2005 activity in the stock market has declined and this understandably is a cause of serious concerns for our investor community, as well as for companies listed on the Stock Exchange.

Major Initiatives

There is no doubt, Mr. Speaker, that an important contributing factor to the current downturn in the stock market has been a declining demand by pension funds, which are restricted by present legislation that limits their holdings of equities to 50 percent of total assets in the statutory fund.

This requirement has been in effect for years and was imposed for prudential purposes since the Regulator has a responsibility to ensure the financial health and solvency of pension funds to meet the pension entitlements of the workers.

The Central Bank is working expeditiously to reform existing legislation governing private pension funds. The reform will reduce dependence on absolute limits on particular asset classes in favour of a more general risk-management approach.

Mr. Speaker, the Government is also considering taking more state corporations to the stock market.

We are discussing with some of the energy companies the feasibility of repackaging and listing their local operations on the domestic stock market, but our local private sector also has to do its part.

Mr. Speaker, this issue brings me to the broader question of the critical need for greater education to help the general public operate in our rapidly evolving environment.

Financial Literacy Programme

Mr. Speaker, rapidly changing lifestyles have forced the bulk of the population to open bank accounts, to use ATMs, to own credit and debit cards and generally to participate actively in the formal financial system.

The average consumer is now required to make complex financial decisions such as contracting mortgage and installment loans, choosing from a range of checking accounts and selecting savings instruments.

In too many cases, these decisions are made on the basis of insufficient knowledge and appreciation for the financial implications.

This has been accompanied by a sharp increase in private consumption and rising consumer debt. Personal savings have in fact declined and with life expectancy increasing significantly many workers are ill-prepared for emergencies or retirement.

Mr. Speaker, this is not only so in Trinidad and Tobago but is in fact a worldwide problem. Accordingly, Governments in both developed and developing countries are recognizing the need to promote **financial literacy programmes** to educate individuals to make better financial decisions.

Mr. Speaker, the Government is of the view that it is now critical that we launch a comprehensive National Financial Literacy programme to help our citizens deal with the basics of everyday financial management.

The Government has asked the Central Bank to spearhead this national programme.

In turn it is expected that the Central Bank will involve the Ministries of Education, Community Development, Culture and Gender Affairs, Legal Affairs, the Financial Sector, NGOs and a host of people's organizations such as the trade union and credit union movement.

Mr. Speaker, the Financial Literacy Programme will be formally launched before the end of the year.

Procurement

Mr. Speaker, you will recall that in September 2005, the White Paper on the Reform of the Public Sector Procurement Regime was laid in Parliament.

The recommendations emanating from this Paper, some of which are currently being implemented, aim at ensuring greater flexibility, open competition and ethical and fair dealings in respect of public sector procurement.

The new Public Sector Procurement Regime will be applicable to all Government Ministries, Statutory Boards, Regional Health Authorities, Regional Corporations, and State Enterprises.

Mr. Speaker, we expect the new Procurement Regime to come into effect early in the new fiscal year.

Special Purpose State Enterprises

As Honorable Members are aware, the importance of infrastructure for rapid economic development as well as for ensuring that our citizens are able to conduct their everyday business in facilities of satisfactory standards cannot be overstated.

In our pursuit therefore to modernize the economy of Trinidad and Tobago, the timely implementation of capital projects became an urgent necessity in particular in the areas of education, community development, national infrastructure, road development, sporting infrastructure, tourism and urban development.

For that reason Mr. Speaker, we identified a number of existing state enterprises which had the capacity and created others to develop such capacity to improve implementation effectiveness in the execution of Government's capital expenditure. These enterprises – the Special Purpose State Enterprises – have become in a short space of time and with accountable and transparent procedures, efficient and effective mechanisms for advancing the Government's development agenda and ensuring in the process that the new path we are now charting would bring the greatest good and benefits to the citizens of this country and importantly to those in our rural communities.

Culture

Mr. Speaker, Trinidad and Tobago has the potential to become a leader in innovation that is facilitated by the diversity of our culture. There will be a sustained effort toward the promotion of cultural awareness and the preservation of our cultural heritage.

The focus in the new fiscal year will be on the improvement of the infrastructure for our performing artistes, the preservation, protection and increased awareness of our heritage, and positioning our culture to be a catalyst for national growth and development.

The Government will pursue an active programme to provide high quality, state of the art facilities for our artistes. Construction work will commence shortly on the flagship projects: the National Carnival and Entertainment Centre and the Academies for the Performing Arts in Port of Spain and San Fernando.

Mr. Speaker, our heritage buildings and sites and the traditional practices of members of our diverse population will also receive attention. Heritage sites across the country will be upgraded and given due recognition.

Sport

Mr. Speaker, the power of Sport to unite the country and build and transmit positive values and national pride are well established and undeniable. The achievements of our national football team - the **Soca Warriors**- over the last year attest to this.

Mr. Speaker, the Government's policy in sport is consistent with engendering a basic philosophy which involves the participation of the entire population in some area of sporting activity. Traditionally excluded groups including, women, children, the elderly, and the differently-abled will now become active participants in all our sporting programmes.

Mr. Speaker, the Sport Company of Trinidad and Tobago, one of our newly established special purpose state enterprises, is spearheading this transformation. The company has mobilized its resources to develop, upgrade, and rehabilitate a number of sporting facilities throughout the country. New facilities are being constructed in Diego Martin, Sangre Grande, Toco, Point Fortin, San Fernando, Arima and Santa Cruz. We will also construct a National Cycling Track, an Aquatic Centre and the National Tennis Centre.

Major Initiatives

In the next fiscal year we expect that these facilities will be completed substantially and we will continue the upgrade and refurbishment of other community recreational facilities.

Mr. Speaker, the Government is of the view that these facilities should be effectively utilised if they are to contribute to the achievement of our efforts at nation building. We will therefore continue to provide grants to qualifying Sporting Organizations and Associations for the development of elite programmes in their respective disciplines. This initiative will address the needs of high performance athletes to train and prepare for international competitions and to maintain high performances at international level. The programme in fiscal 2007 will address a wider number of sporting disciplines.

Mr. Speaker, these programmes have proven to be extremely successful as demonstrated by the qualification of the National Netball Team for the World Championships in 2007 and the exceptional achievements of our Volleyball, Cricket, Hockey, Track and Field and Swimming teams to date.

Tobago

Mr. Speaker, permit me now to turn to Tobago.

The people of Tobago will have direct access to budgetary resources in the order of \$2.025 billion for the next fiscal year which represents approximately 5 percent of the Total Expenditure.

This sum can be disaggregated as follows: an allocation of \$1,324.4 million to facilitate the recurrent expenditure of the Assembly; \$315.7 million for the regular development programme; and a further \$384.7 million to be provided for under Heads of Expenditure to recurrent and capital expenditure in Tobago.

Mr. Speaker, the Government continues to be impressed by the continuing efforts of the Tobago House of Assembly to transform Tobago and improve the quality of life of Tobagonians. Indeed, over the last five years, the Assembly has made significant strides in ensuring that Tobago moves forward steadfastly.

As evidence of this, virtually all available social and economic indicators point to the fact that there has been a surge in economic activity in Tobago, particularly in the areas of construction and tourism. Mr. Speaker, the unemployment rate in Tobago is presently less than 5 percent.

They also point to the fact that the unemployment rate has fallen and the standard of living of the people of Tobago has been improving rapidly.

In addition, crime on the island, a natural fall out of the rapid pace of development, is now very much under control, owing to some innovative steps taken by all levels of Government; and, particularly, the Tobago House of Assembly.

Looking ahead, we are once again encouraged by the forward-looking budget proposals emanating from the Tobago House of Assembly for the next fiscal year, and many of these proposals have their genesis in the **Comprehensive Economic Development Plan for Tobago, approved by the assembly.**

Mr. Speaker, this year's Budget for Tobago includes provisions for:

- The Special Windward Development Programme;
- The construction of the Shaw Park Regional Recreation Ground and Cultural Complex;
- The construction of the Bacolet Aquatic Complex;
- Development of Cove Industrial Estate;
- Support for the Domestic Airbridge and Seabridge;
- Assistance to Small Properties in the Tourism Industry;
- The HIV/AIDS and Substance Abuse Programme;
- Housing projects at Roxborough, Blenheim, Castara, Adventure Estate and Courland;
- The Roxborough Town Expansion; and
- Construction of UTT Tobago Campus;

The Government remains committed to ensuring adequate funding for the Tobago House of Assembly.

We are also very much committed to working with the Assembly to address the burning issues of the Cost of Living differential between Tobago and Trinidad, as well as the

escalating real estate prices on the island. I am especially pleased to announce the Government's intention to respond favourable to the Chief Secretary's expressed concerns about foreign ownership of land in Tobago.

In addition, we endorse fully the new thrust of the Assembly to strive for quality in all aspects of life and improve the level of productivity on the island.



FISCAL MEASURES

Mr. Speaker, I now turn to the fiscal measures.

Senior Citizens Grant

Mr. Speaker, Honourable Members will recall that effective October 1st 2004, the maximum Old Age Pension was increased from \$1,000 per month to \$1,150 per month. The Government has reviewed the distribution of the Old Age Pension, to be renamed Senior Citizens Grant, and we now propose the following amendments:

- With effect from October 1, 2006 there will be only one qualifying income ceiling, that is, income not exceeding \$2,150 per month;
- Under the current system, a person whose income exceeds \$100 per month but does not exceed \$1,000 per month receives a "basic pension" of \$1,050. It is proposed that, with effect from October 1st 2006, this person will now receive a Senior Citizens' Grant of \$1,150 per month, an increase of \$100 per month;
- A person whose income is less than \$100 per month is currently paid a "monthly pension" of \$1,150. This person will continue to receive \$1,150 per month as a Senior Citizens' Grant. In addition this person will be also provided with an additional allowance of \$100;
- The maximum amount paid as Senior Citizens' Grant will be \$1,150 per month;
- A pro-rated payment mechanism will be introduced whereby for every dollar of income over \$1,000 per month, the Senior Citizens' Grant payment will be reduced by an equivalent amount.

Mr. Speaker previously, a senior citizen who had other income including an NIS benefit of say \$1,400 would not benefit from the old age pension payment. With the introduction of this measure this senior citizen will now be eligible for a senior citizens grant of \$700.00. In addition Mr. Speaker, the senior citizen who previously had income of less than \$100 was eligible to receive an old age pension benefit of \$1150.

With this new measure, this senior citizen will not only receive a grant of \$1150, but would also receive an additional allowance of \$100, thereby bringing his total benefit to \$1250.

Mr. Speaker based on the new system all beneficiaries would be better off and in fact an additional 10,000 senior citizens will benefit from this measure. This measure is estimated to cost \$136 million annually.

Retired Public Servants

Mr. Speaker, the Government has acknowledged that rising inflation rates have eroded real disposable income in recent years.

To alleviate the hardships incurred as a result, I proposed to implement a minimum pension payable in respect of service under the Government or other public service at \$1,150 per month.

The Physically Challenged

Mr. Speaker, the Government continues to recognize the invaluable contribution that physically challenged individuals make to our society and the special needs and concerns of these individuals. To help alleviate the circumstances of these individuals we propose to increase the Disability Grant from \$800 to \$900. This measure will benefit approximately 14,000 individuals and take effect from October 1, 2006.

Small and Micro Enterprises

Mr. Speaker, due to an increase in entrepreneurs in non-traditional business enterprises such as light manufacturing and service based industries and an increase in technology based enterprises, we propose to increase the entry level funding of NEDCO from \$50,000 to \$100,000. In addition, individuals who have completed the payments on their first loan will be eligible for a second loan of up to \$250,000.

Tertiary Education

Mr. Speaker, with respect to our students studying abroad the Government proposes to increase the tax allowance from \$18,000 to \$60,000 per household.

This measure requires amendments to the Income Tax Act and would take effect from January 1, 2007.

Technology

Mr. Speaker, to reduce the cost of broadband service and to make access to the wireless internet cheaper and more widely available nationwide we propose that telecommunications equipments required for roll out of internet and broadband services be exempted from import duties and VAT for an initial period of two years commencing January 1, 2007. This measure will require amendments to the VAT and Customs Acts.

In addition, we propose to exempt from VAT and Customs Duty all computer peripherals including cables, speakers, mouse pads and anti-glare screens. This measure will come into effect from January 1st 2007 and will require amendments to the VAT Act and Customs Act.

Promoting Healthy Lifestyles

Mr. Speaker, to emphasize further the Government's commitment to promoting healthy lifestyles, an increase is proposed to the excise duty on tobacco products, the import duty on tobacco products of Common Market origin, and the tobacco tax on extra-regional tobacco products, by 15 percent respectively. This measure will take place with immediate effect.

Mr. Speaker, we also propose to increase the excise duty on locally manufactured rum, beer and other alcoholic products by 15 percent, while the import duty on rum, beer and other alcoholic products of Common Market origin will be increased by 15 percent. Import duties on rum, beer and other alcoholic products from extra regional sources will be increased by 30 percent. This measure will have immediate effect.

Gambling

Mr. Speaker, the emerging trends in casino-type gaming activities are of great concern to the Government, particularly its rapid spread in urban, rural, and semi-rural communities. The Government is totally against the operation of casinos and all casino type establishments.

Global research findings have shown that the gaming industry can destroy the financial security of families, negatively impact marriages, encourage deviant behaviour among children, undermine work ethic, cause increases in crime, including that of money laundering, and give rise to problem gamblers. The Government is strongly against the proliferation of these casino-type establishments in Trinidad and Tobago.

Mr. Speaker, Section 11(1) of the Gambling and Betting Act Chapter 11:19 provides specifically that gambling may be conducted in a private house or a private members' club provided that no money or money's worth put down as stakes, paid by way of losses or exchanged for tokens used in playing a game, is disposed of otherwise than by payment to a player as winnings.

As a result, the Government proposes to enforce the law so that Private Members' Clubs must operate within the confines and original intent of the law. In other words, Mr. Speaker Private Members' Clubs cannot engage in gambling activities that involve payments being made to the house. This law will be reviewed and strengthened to give effect to Government's policy in this regard.

We also propose to ban the importation and use of all slot machines. These measures will take place with immediate effect.

Mr. Speaker, as far as the online gaming system is concerned, there will be no further expansion in the games offered and the Government is moving to eliminate the entire system.

FISCAL OPERATIONS

Mr. Speaker, permit me to give a brief analysis of this year's budget.

Revenue

Mr. Speaker, the budget for FY2007 provides for total revenue of \$35,125.9 million, which is \$3,561.8 million lower than estimated revenue collections in FY 2006.

The main reasons for the shortfall are the lower oil and gas prices used in the revenue calculations for the new fiscal year.

Energy revenue

Energy revenue collections in 2006/2007 are budgeted at \$15,239 million or \$2,518 million lower than actual collections last year. This year's budget estimates are based on an average oil price of US\$ 45 per barrel while the actual average oil price in 2006/2007 was \$ 63.30 per barrel.

Non-energy revenue

Non-energy revenues in FY2007 are budgeted at \$19,887.4 million, which is \$1,044 million lower than actual collections last year. The decrease reflects the completion of further loan repayments from certain State Enterprises and lower property income.

Expenditure

Total expenditure in FY2007 is budgeted at \$ 38,054 million, which is \$2,206 million less than last year's expenditure. Excluding transfers to the Heritage and Stabilisation Fund (\$3,160 million), total expenditure in FY 2006 is \$37,100 million. This means that the budget for FY2007 is a mere 2.5 percent over last year's level.

Mr. Speaker, I would like at this time to outline to this Honourable House some important points which are noteworthy;

- In terms of the functional classification, 12.5 percent of the budget will be spent education, a similar percent on social development and poverty alleviation, 8 percent on national security 6.5 percent on health, 6 percent on infrastructure.

- With the strong private sector demand for labour, the budget provides for a reduction in allocations to URP and CEPEP.
- The allocation for agriculture has been increased by almost 25 percent to \$750 million
- There are some significant investment programmes in housing, water and electricity that are financed partly through the budget and partly through direct loan financing. Similarly, the Waterfront Complex is being financed by government-guaranteed loans to UDeCOTT.
- Transfers to the Heritage and Stabilisation Fund only become applicable whenever the oil price exceeds the notional budget assumption.
- Assuming an average price of US\$60 per barrel (roughly the current level in FY 2006) the minimum transfer to the HSF, as required by the proposed legislation, will be TT\$1652 million

Mr. Speaker, the budget documents to be provided to Honourable Members at the end of this session will include a number of analytical tables that should help in clarifying the main points of the Budget for this fiscal year.

Budget Balance

Mr. Speaker, even on the basis of the very conservative notional oil price of US\$ 45 per barrel, the budget provides for a small overall surplus of \$29 million.

Conclusion

Mr. Speaker, since Independence, this country has been striving strenuously for development. We have made good progress; but some say the nation could have done much better. That could be true. In human affairs, there is always the possibility for improvement. But it cannot be denied that, as a country, as a people, we have always been on the move, on the hunt, in search of the path that would free us completely from the state of under-development that was our legacy when we attained nationhood.

Now is our chance for that complete transformation. Now we can remove all obstacles in our way. It is now or never;

Mr. Speaker: For the first time in our history, all the elements have come together.

We have the vision and we have the ideas; we have the resources and we have the will; and most importantly, we have the Government that can do it.

Now Trinidad and Tobago can make its giant step into the future. This is our chance for unprecedented development. Let us all see the magnificent possibilities that lie before us; and let us together grasp this golden opportunity for the sustainable development of our country and the enduring prosperity of all our people.

This Budget is another important step towards that goal. It will continue the momentum now visible in every area of national life. It will improve Education, Health, National Security and the Physical and Social Infrastructure.

It will make Housing accessible to all, provide Training for the Young and Care for the Elderly. It will increase opportunity for creativity, investment and entrepreneurship. It will strengthen this country as a regional powerhouse in the global marketplace. It will make our future more secure and better the lives of all the people. It will move this country onwards.

I therefore call on all citizens to join the movement forward. Be inspired by what this nation will become. Know the part that you must play. Make use of the many opportunities to improve your lives.

Disregard the cynics and doubters. Believe in your nation and in yourselves. This country is clearly on the move. The evidence is all around us. Tremendous transformation is at work. We are heading to stand even taller among the nations of the world. We are on the way to becoming a developed nation.

Mr. Speaker, I beg to move.

OTHER FISCAL MEASURES

The following measures which would improve the efficiency of the administration and collection of these taxes will come into effect January 1st 2007 and will require amendments to the Income Tax Act Chap 75:01.

Stamp Duty

In accordance with Government's policy initiatives to make housing more affordable, it is proposed that further concessions should be given to homeowners whose properties are valued at \$450,000 or less.

Under the existing law, the stamp duty payable on properties in general, is as follows:

Where the value of the property-

- (a) exceeds \$1,500 but does not exceed \$350,000, the stamp duty payable is 2% of such value;
- (b) exceeds \$350,000 but does not exceed \$450,000, the stamp duty payable is 5% of such value;
- (c) exceeds \$450,000 but does not exceed \$550,000, the stamp duty payable is 7 1/2 % of such value; and
- (d) exceeds \$550,000, the stamp duty payable is 10%.

However, where the property is or includes a dwelling house to be used for residential purposes, no stamp duty is payable on the first \$350,000 and the owner/purchaser is required to apply to the Board of Inland Revenue for an exemption from such stamp duty.

It is proposed that residential properties valued at \$450,000 or less be exempt from stamp duty WITH EFFECT FROM JANUARY 1ST 2007. Further, the rates of duty applicable to residential properties whose value exceed \$450,000 should be as follows:

- For every dollar of the first \$100,000 in excess of \$450,000, the stamp duty will be 5%;
- For every dollar of the next \$100,000, the stamp duty will be 7 1/2%;
- For every dollar thereafter, the stamp duty will be 10%

This measure will require amendments to the First Schedule of the Stamp Duty Act, Chap. 76:01 under the heading "Conveyance or transfer on sale of any Property".

Lump Sum Death Benefit

Section 8(x) of the Income Tax Act exempts from tax lump sum death benefits paid under a pension plan. However, the exemption, as presently worded, does not specify that the pension plan has to be approved by the Board.

It is therefore proposed that section 8(x) of the Act be amended to specify that the pension plan has to be approved by the Board of Inland Revenue.

Numbering of Section 8A

The Finance Act, 2006 introduced a new section 8A of the Income Tax Act. However, there already exists a section 8A of the Act, which was introduced in the Finance Act, 2004.

It is proposed the purported section 8A introduced by the Finance Act, 2006 be renumbered as section 8B.

Human Resource Development Allowance

Section 10B of the Income Tax Act makes provision for a human resource development allowance. A person is allowed to deduct 150% of all expenses incurred in the training and retraining of employees. A similar provision was contained in section 10E of the Corporation Tax Act. However, section 10E of the Corporation Tax Act was deleted in the Finance Act, 2006. By oversight, section 10B of the Income Tax Act was not deleted.

It is proposed recommended that section 10B of the Income Tax Act be deleted.

Wear and Tear Allowances

Section 11(7) of the Income Tax Act provides that wear and tear allowances shall not be granted unless taxes have been paid under the Lands and Buildings Taxes Act and Municipal Corporations Act. Further, the taxes have to be paid in the year of income in which the claim for wear and tear is made. This condition is quite harsh.

A similar requirement had existed in relation to claims for mortgage interest but had been amended so that the claim would be allowed once the taxes had been paid (not necessarily in the particular income year). No similar amendment was ever made to section 11(7).

It is proposed that section 11(7) be amended to delete the requirement that the taxes be paid in the particular year of income and instead require that they be paid for the year of income to which the claim relates.

Wear and Tear Allowances on Buildings

Section 11B(6) of the Income Tax Act prohibits claims for wear and tear on buildings where a person is entitled to benefits under the Fiscal Incentives Act, the Tourism Development Act and the Trinidad and Tobago Free Zones Act. The purpose of this provision is to prevent the double claiming of allowances for the same expenditure. However, section 11B (6) does not include capital expenditure under section 13B of the Act, which provides for the conversion of a house into a guesthouse.

It is proposed that section 11B (6) be amended to include approved capital expenditure under section 13B.

Prohibition of Deduction for Expenditure Incurred in the Production of Tax-Exempt Income

There exists, at present, some uncertainty in the law as to whether expenses incurred in the production of tax-exempt income are deductible. This issue has major revenue implications especially in relation to banks and financial institutions.

It is proposed that the law be clarified by inserting a new section 12(1) to prohibit the deduction of expenses incurred in the production of tax-exempt income except where these expenses are expressly allowed under the Act.

Set-Off of Losses

Section 16(3) of the Income Tax Act prohibits the set-off of

losses from any trade, business or farming against income from employment or profession. However, losses from other sources of income such as rental income may be set-off against income from employment or profession. The Board has noted that taxpayers have increasingly been utilizing losses from sources other than trade, business or farming to reduce their income from employment or profession.

It is proposed that section 16(3) of the Income Tax Act be amended to prohibit the set-off against employment or professional income of losses from any other source of income specified in section 5 of the Act.

Motor Vehicle Benefits

The Finance Act, 2006 introduced section 134(10) of the Act. This section quantified the taxable benefit in the hands of employees where motor vehicles and other equipment are made available to them by their employer. Section 134(10) specifies the benefit as fifty percent of the wear and tear or rental value of the motor vehicle or equipment. There appears to be some uncertainty as to whether a benefit would accrue to the employee if the employer chooses not to claim wear and tear on the particular motor vehicle or equipment. Further, the provision should refer to "wear and tear allowance" instead of "wear and tear".

It is proposed that section 134(10) be clarified to ensure that a taxable benefit would accrue to an employee notwithstanding the employer chooses not to claim wear and tear on the motor vehicle or equipment. Also "wear and tear" should be amended to read "wear and tear allowance".

Capital Allowances

To improve clarity it is proposed that the following assets be included in the appropriate pool in the Seventh Schedule of the Act:

- (a) Buildings, structures and improvements thereon completed on or after 1st January 1995.
- (b) Industrial buildings and structures under the Income Tax (In Aid of Industry) Act acquired prior to 1st January 2006.

Other Fiscal Measures

Infrastructure Development Fund

The Government reactivated the Infrastructure Development Fund (IDF) in fiscal 2006 as a mechanism to facilitate the acceleration and provide flexibility in the implementation of its capital development programme.

The IDF was established to finance wholly or partially, certain capital projects under the Public Sector Investment Programme (PSIP). It is a mechanism used, in the main, to finance projects being implemented by existing and newly established special-purpose state entities, to execute projects assigned to them by Ministries, the Tobago House of Assembly and other state agencies.

In the 2006 Budget the sum of **\$2,300,000,000** was appropriated for transfer into the IDF to undertake a programme of capital projects of an equal sum. The Finance (Supplementation and Variation of Appropriation) Act No. 11 of 2006 authorized the deposit of an additional sum of **\$750,000,000** which brought the total sum deposited into the Fund, in fiscal 2006 to \$3,050,000,000.

The Fund was augmented by yet a further sum of **\$2,700,000,000** which was authorized by the Finance (Supplementary Appropriation) Act No. 20 dated September 14, 2006, which brought the total sum deposited into the Fund in the 2006 fiscal year to **\$5,750,000,000**.

The projected expenditure from the Fund for the entire fiscal year is estimated at \$3,178,795,498.

It is therefore quite clear that the strategy of utilizing the Special Purpose State enterprises to speed up infrastructure has started to yield success. This is evident in the fact that the projected expenditure under the Fund for fiscal 2006 is 38 percent greater than the sum originally budgeted.

Structurally, IDF expenditure in fiscal 2006 covered a wide range of broad categories. Of the total sum expended 22.4 percent was used to develop economic infrastructure, 55.6 percent on social infrastructure and 22.0 percent on

infrastructure which will provide multi-sector and other services. Among other things, these resources were used to:

- Upgrade and expand the network of agricultural access roads;
- develop residential and agricultural plots for ex-Caroni (1975) Ltd. Workers;
- Significantly expand the housing stock for low and middle income citizens;
- Accelerate the construction of infrastructure for the university of Trinidad and Tobago;
- Upgrade and expand sports and cultural facilities throughout Trinidad and Tobago as well as construct community centres;
- Improve our road network, address drainage problems and develop public buildings;
- Provide infrastructure in local government regions;
- Significantly improve street lighting and address needs for sanitary services and water;
- Upgrade and construct primary schools, expand and upgrade secondary schools to facilitate deshifting and construct early childhood centres;
- Improve infrastructure in communities; and
- Improve infrastructure in a broad spectrum of areas in Tobago.

Full details on the areas in which IDF resources were spent in Fiscal 2006 at the project level are included in the Draft Estimates of the Development Programme for 2007.

Fiscal 2007 Infrastructure Development Fund Programme

In fiscal 2007 the IDF will be used in an even more focused way to finance infrastructure projects being undertaken by special purpose state enterprises. In this regard, the projects that were being executed by ministries, departments and statutory bodies have been returned to the traditional PSIP. This explains the growth in the PSIP from its projected expenditure level of \$2,072.7 million in 2006 to its budgeted level of \$3,400.0 million in 2007.

Other Fiscal Measures

IDF expenditure for fiscal 2007 has been budgeted at \$2,992.9 million and will be structured as follows:

- 38.0 percent or \$1,138.00 million on economic infrastructure;
- 39.4 percent or \$1,178.00 million on social infrastructure;
- 22.9 percent or \$670.9 million infrastructure to provide multi-sector and other services; and
- 0.2 percent or \$6.0 million on pre- investment activity.

The IDF resources in fiscal 2007 will be used, among other things, to:

- Develop industrial sites and new port facilities for the energy sector;
- Continue the construction of houses for low and middle income families;
- Expand and improve the road network, address drainage problems; and restore public buildings;
- Development of Wallerfield Industrial and Technology Park, and other industrial estates;
- Construction of performing arts centres in Port of Spain and San Fernando, provision of a national carnival entertainment centre,

provision of community centres, and the construction of infrastructure in communities via self help;

- Develop the Brian Lara Multi-purpose Sporting Complex, upgrade of 153 Corporation grounds and develop regional and sub-regional grounds;
- Continue develop residential and agricultural plots for ex-Caroni (1975) Ltd. Workers;
- Develop infrastructure in urban and rural communities;
- Construction and upgrade of primary and secondary schools, as well as the development of early childhood centres;
- Construction of health facilities;
- Construct police stations, construct facilities for the Coast Guard and Prison Service; and
- Restore the Red House, expand the communication backbone in the public service and refurbish the NBN Building.

Full details on the areas in which IDF resources will be expended Fiscal 2007, at the project level, are included in the Draft Estimates of the Development Programme for 2007.

Fiscal Summary - Analytical Presentation

	2005	2006	2007	
Oil Prices QI	40.08	63.87		
QII	41.52	64.10	45.00	60.00
QIII	45.49	70.37		
QIV	63.87	55.00		
Total Revenue		38,687.70	35,125.90	37,880.30
Oil		17,756.30	15,238.50	17,992.90
Non-Oil		20,931.40	19,887.40	19,887.40
Total Expenditure (*)		32,189.60	35,097.30	35,097.30
Recurrent		29,178.70	31,661.30	31,661.30
Capital (Net)		3,010.90	3,436.00	3,436.00
PSIP		2,072.70	3,400.00	3,400.00
IDF		3,148.00	2,992.00	2,992.00
Amortization (-)		-2,209.80	-2,956.00	-2,956.00
Surplus/Deficit		6,498.10	28.60	2,783.00
Memo Items				
Transfers to HSF		3,160.00	0	1,652.60
Transfers to IDF		2,700.00	0	1,101.80
(*) Net of amortization and transfers to the HSF and IDF.				
Fiscal Ratios				
Non energy Balance	-8059	-11258	-15210	-19783
GDP	97898	119729	139420	139420
Non energy balance as a percent of GDP	-8.2%	-9.4%	-10.9%	-14.2%

Total Expenditure - Budget Presentation

	2006	2007
Total Expenditure	<u>40,259.40</u>	<u>38,053.60</u>
Less Sinking Fund	2,209.80	2,956.30
Expenditure	38,049.60	35,097.30
Recurrent	32,798.10	28,704.40
Personnel	5,184.30	6,028.50
Goods/Services	3,620.70	4,103.00
Current Transfers	20,929.80	15,882.70
of which to:		
Households	4,293.90	4,829.60
HSF	3,159.90	
IDF	2,770.00	
State Enterprises	1,877.90	778.90
Statutory Boards	3,891.10	4,479.40
Educational Institutions	1,085.30	1,168.70
CARICOM	375.00	421.70
RHAs	1,141.30	1,210.60
CEPEP	423.00	350.00
Petroleum Subsidy		
& Others	1,912.40	2,643.80
Interest Payments	2,434.70	2,681.70
Other	628.60	85.00
Capital	7,461.30	9,349.20
of which		
PSIP	2,072.70	3,400.00
IDF	3,178.80	2,992.90
Capital Repayments		
and Sinking fund	2,209.80	2,956.30

