



The Senate of  
the Republic of Trinidad and Tobago

Introduction of the  
Appropriation Bill  
2001 - 2002

**“One People, One Nation:  
Leaving No One Behind”**

Presented by:  
Senator The Honourable Gerald Yetming  
Minister of Finance  
September 24, 2001

**INTRODUCTION  
OF THE APPROPRIATION BILL 2001-2002  
IN THE SENATE ON MONDAY 24<sup>TH</sup> SEPTEMBER 2001  
BY  
SENATOR THE HONOURABLE GERALD YETMING  
MINISTER OF FINANCE**

Mr. President, I beg to move,

“That a Bill entitled, an Act to provide for the service of Trinidad and Tobago for the financial year October 1<sup>st</sup> 2001 to September 30<sup>th</sup> 2002, be now read a second time”.

Mr. President, this is a money bill and was approved in the other place on September 22<sup>nd</sup> 2001. The Bill provides for expenditure of \$15.798 billion, including Capital Repayments and Sinking Funds Payments, under the various Heads as indicated in the Schedule of the Bill.

Mr. President, as was indicated in my Budget presentation, the recent terrorist attacks on the United States will have significant economic, political and security repercussions for countries across the globe. While at that time it was much too early to make any assessment of the potential impact of these events on the world economy or on our own domestic economy, developments over the last week clearly indicate that there is going to be immense fallout, the magnitude of which can only be determined with time. Indeed, the uncertainty surrounding the nature of the US response, and the nature of the retaliation or counter-attacks by the perpetrators, make any attempt at estimating the potential impact of these events an exceedingly difficult one.

Mr. President, following on the attacks, immediate effects were felt by international airlines, stung by tighter security measures and nervous travelers canceling flight plans.

Over the last week, we have also seen significant plunges in world financial markets, notwithstanding interest rate cuts by the US Federal Reserve and major Central Banks across the world.

In the face of risks and consumer uncertainty about the future outlook, there can be little doubt that the impact of these disruptions would be felt throughout the US economy and beyond, by way of sizeable job losses and lower economic activity across several industries. There is even concern that the economic slowdown evident in the US economy over the last year may well be transformed into a recession.

This notwithstanding, Mr. President, there is a strong view that the US economy is resilient enough to survive the short-term impact of this, the worst terrorist attack in its history. Balancing the gloomy scenario is the prospect of various relief and stimulus measures aimed at assisting the country in its efforts to rebuild it's economy.

Mr. President, in the interim we recognize that events in the global economy have a clear potential for dampening the short-term outlook for economic growth in Trinidad and Tobago. Given our strong trade links with the United States, a slowdown in the rate of economic expansion in the months ahead seem inevitable.

Trinidad and Tobago, as an export driven economy dependent on international sales of its hydrocarbon resources, is sensitive to world economic conditions. The economy has been growing strongly and is projected to expand at around 5 percent in 2001 and 2002. This outlook needs to be reassessed in light of recent developments in the world economy.

Mr. President, the outlook for the domestic energy sector is not seriously affected by recent events. Most of the output of the energy sector is sold under contractual arrangements. In addition, as a relatively low-cost producer Trinidad and Tobago is better placed than its competitors to withstand downward fluctuations in prices of energy-based export products. In the case of oil the likelihood and direction of any price change are unclear.

On the one hand a declining world economy could act to depress prices, but world oil supplies are now relatively tight and this should help to offset downward pressure. On the other hand, an outbreak of hostilities could lead to a spike in oil prices, but OPEC has committed itself to oil price stability under such a scenario.

On balance therefore it appears unlikely that there will be significant changes in oil prices from their current levels. This means that there is little danger to the price of the budgeted oil price of US\$22.

Methanol markets have so far not reacted significantly to recent events. While demand for methanol and its derivatives may be low at present, supplies are also low, with ongoing market rationalisation reducing supplies in line with the falloff in demand. Thus, the medium term outlook for both output and prices, like that of the oil sector, is relatively unchanged.

Under a war scenario the price of natural gas, like that of oil and petrochemicals is likely to increase temporarily on account of speculation but output is unlikely to be disrupted.

Thus, natural gas prices are expected to increase only marginally over the next two to three years. In the case of natural gas liquids (NGLs), since these are substitutes for crude oil refinery products, they are expected to follow the market for crude oil closely.

Prices of these products are thus expected to increase very marginally over the same period.

With respect to the tourism sector, the current difficulties faced by the airline industry in the US can pose further problems, especially in light of the recent pull-out of several major airlines from the Tobago route. However, tourism is a relatively small contributor to domestic output.

In the case of non-oil exports, global recession could impact significantly on Trinidad and Tobago by way of a reduction in exports to CARICOM. Regional economies, particularly those based on tourism, are especially vulnerable to global economic trends. About 25 percent of Trinidad and Tobago's exports are sold to the CARICOM region. Of this amount, approximately 60 percent represent the non-oil sector. There is therefore some level of risk for Trinidad and Tobago from this source.

Overall, the adjusted outlook for the Trinidad and Tobago economy seem slightly threatening in the wake of the events of September 11, 2001 and given the potential global slowdown. Consequently, the 2001-02 budget fundamentals now appear to be in slight jeopardy.

Mr. President, I will continue to be watchful of events as they unfold, and will do all that is necessary to minimize the fallout to our economy from the shock of September 11. This would include the maintenance of prudent budgetary management so as to keep expenditure in line with revenue. By virtue of the Exchequer and Audit Act, the Minister of Finance is empowered to limit or suspend any expenditure if in his opinion the exigencies of the financial situation require such action. I will endeavor to do so if this becomes necessary.

Mr. President, we can take comfort in the fact though that our economy is on a relatively sound economic footing. Over the last five years we have made tremendous strides in diversifying our economy away from its traditional dependence on specific commodities.

While there is a real possibility of a short-term decrease in foreign investment to various sectors, such investment to our petroleum and natural gas sectors is unlikely to be greatly affected. On balance, the medium to long term prospects for growth remain cautiously promising.

Government recognizes that the aftermath of the September 11 events in the United States has wide reaching implications and that it will not be business as usual. Mr. President, I wish to assure this Honourable House that, the preparation of this Budget for fiscal 2002 took due consideration of the developments within the international economy, particularly, the slowdown of the US economy and by extension the world economy. However, the only recent development that was not fully factored into the Budget exercise was the crisis of September 11, mainly because of its timing.

Mr. President, this Budget is the outcome of an unprecedented level of consultation with most of the major stakeholders in society and the theme is: “One People, One Nation: Leaving No One Behind”.

In a broader perspective, this Budget is set within a shared ten-year vision for Trinidad and Tobago.

This 2010 vision was the outcome of consultations held earlier this year, between Government and our social partners- Labour, Business, various Non-Governmental Organisations including the Inter-Religious Organisation.

This shared vision is for this country to become a knowledge-based society with a globally competitive, technologically driven and diversified economy that will sustain full employment, equal opportunity, growing prosperity, a secure life and a higher standard of living for all our citizens.

Each successive budget during this five-year period will move us closer to achieving this vision. This Budget will focus on driving the growth and expansion of the non-energy sectors, the development of our human resources and addressing the needs of the most vulnerable groups in the society – the elderly and the socially displaced.

## **POLICY DIRECTION**

Mr. President, I now turn to the policy agenda that will set the tone for achieving our vision for Trinidad and Tobago and create an environment in which “no one is left behind”.

### **Fiscal Policy**

Mr. President, the Budget for the next fiscal year has been prepared using an oil price of US\$22 per barrel. Consequently, total revenue for fiscal 2002 is estimated to be \$15.8 billion, some \$2.17 billion higher than budgeted in fiscal 2001.

Total Expenditure is estimated at \$15.798 billion or 17.5 percent higher than that estimated for the last fiscal year. Nevertheless, based on our estimates of Total Revenue and Total Expenditure for the next fiscal year we expect to achieve a small fiscal surplus of \$2.9 million, which effectively translates to a balanced Budget.

### **Tax Reform**

Mr. President, as a part of our overall reform of the public service, and to make the tax system more efficient, we have embarked on a total reform of the operations of the Inland Revenue Division. In this regard, several initiatives will be undertaken:

- A dedicated project team has been appointed to target individuals and entities that do not pay their taxes.
- A Tax Fraud Investigation Unit will be established to deal with fraudulent declarations.
- An Inspection Unit will set up within the Inland Revenue Division with a view to the preserving the integrity of the staff; and
- The establishment of a Tax Court will be pursued.

In addition, we propose shifting the payment dates with respect to Value Added Tax and other taxes, except P.A.Y.E. and Health surcharge, as well as, increasing the rate of interest payable by the Board of Inland Revenue on refunds of overpayments of income tax and corporation tax from 4 percent to 10 percent per annum.

Mr. President, with respect to VAT refunds, an interest payment of 1 percent per month is applicable.

I also propose to amend the VAT Act so that only services that are currently physically performed outside Trinidad and Tobago will be zero-rated. Services provided to any foreign or local recipient in connection with real or personal property situated in Trinidad and Tobago will now be standard rated. In addition, a late filing penalty of \$100 per month for every month that a VAT return remains outstanding will be imposed.

Also, the law will be amended to give the Board of Inland Revenue the power to raise an assessment within six years after the end of the tax period to which the assessment relates or within three years of the filing of the return whichever is the later.

### **Customs Reform**

Mr. President, in this fiscal year, we will continue the reform of the Customs and Excise Division. The projects to be undertaken will:

- expedite processing of import declarations and random cargo examination;
- allow for speedier clearance of goods;
- provide an improved payment system through the Debit Card System.

To improve transparency in the Customs and Excise Division, a Regulatory Audit Unit has been designed to complement the post-clearance initiative employed since January 2000. A cargo vessel tracking system is currently being developed and a new cargo clearance system and Cargo Examination Teams will be introduced.

### **Revenue Stabilization Fund**

Mr. President, by the end of this fiscal year, the Revenue Stabilization Fund would contain a cumulative figure in excess of one billion TT dollars.

In the coming fiscal year, 60 percent of the excess revenues from petroleum taxation will be allocated to the Revenue Stabilization Fund, 20 percent will be directed to the consolidated fund and 20 percent will be used to finance a part of Government's Dollar for Dollar Plan.

It is however, not the intention that excess oil revenues permanently fund the Dollar for Dollar Plan, as progressively this programme will be financed as part of recurrent expenditure.

The Dollar for Dollar Education Programme Fund was created under Section 43(1) of the Exchequer and Audit Act. Monies will be expended only for the purpose of the Programme from the Fund. The Ministry of Finance will issue Warrants for withdrawals from the Fund based on requests from the Ministry of Human Development, Youth and Culture, the administrators of the programme, to settle claims from accredited Institutions only.

In addition, the Dollar for Dollar Fund is a Public Account subject to examination by the Auditor General.

Mr. President, with respect to the Revenue Stabilisation Fund, the intention is that the excess revenues in the Fund will serve as a buffer in case the country is affected by a fall in petroleum prices.

### **Penalty for breach of legitimate contracts**

Mr. President, I now want to deal with the issue of legitimate contracts.

Strict measures will be taken by the Ministry of Finance to have all State agencies include in their contracts, clauses regarding penalty interest and the timing of payments for services provided by local contractors and suppliers.

Accordingly, Government Ministries and Government controlled agencies will be charged a penalty of 1 percent interest per month on outstanding balances after a 30 days grace period on all new, legitimate contracts.

## **MONETARY AND FINANCIAL POLICY**

Mr. President, Trinidad and Tobago's monetary policy will continue to be supportive of low inflation, a stable and competitive exchange rate, and further strengthening of the foreign reserves position.

Mr. President, while our banking sector remains sound, well capitalized and competently managed, we have to ensure the integrity of our entire financial system.

Within the next fifteen months, we will bring all insurance companies and pension funds under the direct supervision of the Central Bank.

Following this, a study will be carried out to determine the feasibility and mechanisms for bringing other non-bank financial institutions, including Credit Unions, under the supervision of this single regulatory authority.

### **Credit Unions**

Mr. President, as I mentioned in the other place, this Government is very committed to protecting the savings of all credit union members. In this regard, the Ministry of Finance is currently drafting legislation for regulating and supervising the financial activities of Credit Unions, including provisions for the guarantee of member's savings similar to what exist under the Deposit Insurance Corporation.

Mr. President, it will be irresponsible of me to allow Credit Unions as a whole to expand the range of their services until I am satisfied with their financial condition and that the appropriate regulatory and supervisory regime is in place.

### **Insurance Industry**

Mr. President, some aspects of the fiscal regime governing insurance business, is to some extent, outdated.

In the new fiscal year, I propose to remove some of the nuisance taxes and processes. To this end,

- Beginning January 2002, a new approval process will be introduced to eliminate the need for annuities to be individually approved by the Board of Inland Revenue.



- Stamp duty on life insurance policies and annuities will be removed.
- The discretion to refund insurance premium taxes, which is currently vested in the President will be conferred on the insurer; and
- An amendment will be made to the Insurance Act to give the Board of Inland Revenue the power to waive or reduce penalties and interest with respect to Insurance Premium Tax and to audit insurance companies to ensure that the current insurance premium taxes are remitted.

### **Capital Markets**

Mr. President, market discipline is essential for the smooth functioning of our capital market. Accordingly, Government will:

- Commission a Central Securities Depository and implement a system of electronic trading on the Stock Exchange.
- Implement international standards for reporting and information disclosure, inclusive of listing standards and will facilitate the adoption of a code of good corporate governance practices; and
- Amend the Stamp Duty Act to provide for the payment of a 5 percent stamp duty on the underlying market value of share transfers executed off the floor of the Trinidad and Tobago Stock Exchange.

### **SAVINGS AND INVESTMENT**

Mr. President, Government is very committed to improving the rate of national savings. To this end:

- a re-constituted pension reform team has been appointed by Cabinet to deal with the country's fragmented pension system, the issue of pension fund surpluses in occupational pension plans and quantifying Government's pension liabilities for public sector employees.
- some of Government's indirect shareholdings in the Atlantic LNG and Phoenix Park will form part of the next tranche of National Enterprises Limited's shares issued on the Stock Exchange and;
- the 5 percent tax on interest income will be removed

### **Energy and Energy Based Industries**

Mr. President, the energy sector continues to be the backbone of the economy. In fiscal 2002, the following are expected:

- The development of a Master Plan for Natural Gas;

- Start-up of LNG Train 2 in the fourth quarter of 2002 and Train 3 by the second quarter of 2003;
- Construction of the Atlas Methanol plant before the end of 2001;
- Start-up of the Caribbean Nitrogen Company (CNC) Limited ammonia plant by June 2002; and
- An investment decision for the establishment of additional ammonia facilities.

Mr. President, a total of US\$2.8 billion in direct foreign investment in this sector is expected in the coming year.

Work is in progress on several other energy and energy-based projects including:

- an Ethane Based Petrochemicals Complex;
- an aluminum smelter plant;
- a commercial scale Gas to Liquids plant;
- development of a cross border field jointly with Petroleos de Venezuela on the south-eastern coast of Trinidad;
- initiation of a new Competitive Bid Round involving seven blocks on the south and east coasts of Trinidad; and
- a 2D Seismic Survey in the deep waters off the east coast of Trinidad.

In addition, Mr. President, a Cabinet-appointed Committee has been established to make recommendations for changes in the fiscal policy regime for the Energy Sector.

Mr. President, notwithstanding the positive developments in the energy sector, Government's aim is to progressively reduce the dependence of the national economy on oil, in order to, minimize our exposure to international oil price volatility.

Accordingly, in order to deepen the process of diversification, a multi-prong approach consisting of five key drivers has been identified in this Budget.

The first driver is the Construction of a [National Science and Technology Park at Wallerfield](#). This involves an initial investment of \$55 million this year.

Key activities to be undertaken in this Park include the establishment of call centers and back office operations, facilities for undertaking pharmaceutical and biotechnology research and providing software and computer-related services.

The second driver involves the development of a [one-stop-shop for the agricultural sector](#) together with additional investment in infrastructure and a package of incentives to stimulate growth in this area.

Mr. President, Government, will incorporate a new organization, the Agricultural Development Corporation to provide technical services to operators in the sector, issue guarantees in respect of agricultural loans to commercial banks, manage the regime of fiscal incentives and secure opportunities and facilitate business development.

The package of incentives has been enhanced to include:

- tax exemption in respect of interest on approved loans and
- an initial capital allowance of 60 percent or tax deduction of 25 percent of approved new capital expenditure for approved agricultural projects;

In addition to the above, the following will be undertaken:

- a \$21 million programme for repair and rehabilitation of agricultural access roads;
- acceleration of the land tenure regularization programme to facilitate greater access to credit to small farmers;
- establishment of a Research Fund to target projects geared for commodities and production management systems;
- provision of water management and flood control infrastructure; and
- operationalization of the Disaster Relief Fund to provide relief to farmers affected by adverse weather conditions.

The third initiative entails the development and promotion of Trinidad and Tobago as a major hub for [Conference Tourism](#) in the region. This initiative involves the construction of an International Conference Centre, consisting of a 400 room Marriot Hotel, an improved Breakfast Shed, a National Centre for the Performing Arts; a Shopping Complex; the Association of Caribbean States' office tower; office buildings; and a 1,400 space car park.

Since the tragic events of September 11, the Marriot has reaffirmed its commitment to the project.

The fourth driver involves the construction of housing, commercial and service facilities including a Cineplex and a world-class cardiac center at [Invader's Bay](#). The cardiac center will provide the necessary impetus for promoting Trinidad and Tobago as a health tourist destination. Steps are being taken to establish the necessary framework and incentives for attracting private sector investment.

The fifth driver is the provision of [further incentives to the manufacturing sector](#) to facilitate re-tooling, expansion and new investment within the sector. These incentives are:

- [Expansion of the First Schedule of the Income Tax \(In Aid of Industries\) Act to include all manufacturing activities;](#)

- Increase in the initial allowance relating to machinery and plant under the Income Tax Act from 50 percent to 60 percent;
- Reclassification of Bakers Plant from Class A listing to Class B Increasing the applicable wear and tear allowance from 10 percent to 25 percent; and
- A reduction of the existing Corporation Tax rate of 35 percent to 34 percent.

In addition, Mr. President, Government in consultation with the business community will, as a matter of urgency, review and streamline the provision of the Income Tax (In aid of the Industry) Act to promote research and development activity and the development of the range of support measures for the manufacturing sector.

### **Micro, Small and Medium Enterprise (MSME)**

Mr. President, as part of our overall diversification thrust, we will also institute measures to assist other non-energy sectors of the economy. As regards the micro, small and medium sized businesses, access to finance is the most pressing concern. In an effort to redress this issue, [in the coming fiscal year, subventions of \\$ 4.2 million and \\$4 million has been allocated to FUNDAid and SBDC respectively.](#)

This is to complement the activities of other organisations such the Development Finance Company.

Further, Government will review the Venture Capital Act during the first quarter of the fiscal year with a view to more effectively addressing the needs of small businesses.

### **Tourism**

With respect to the tourism sector, Government will inject \$30 million per year over a three-year period to promote Trinidad and Tobago as a preferred tourist destination. A strategic Plan for the sector will be developed and legislation will be amended to encourage local investment in the sector.

In the coming months, consultations will take place between the Tobago Chapter of the Trinidad and Tobago Hotel and Tourism Association and TIDCO to facilitate the development of strategic alliances between the airline industry and Overseas Tour Operators. This takes on added significance as a result of the September 11 crisis.

In an effort to encourage the promotion of international sporting events, we will implement the tax allowance of 150 percent of actual expenditure incurred up to a maximum of \$300,000 to those companies willing to provide financial assistance to sportsmen and sporting activities.

### **E-commerce**

Mr. President, in effort to bridge the technological divide, Government will fast-track certain elements of e-commerce development over the next year. Five Community Internet Access Centres as well as home-based Internet kiosks will be established to provide internet and e-business access to persons in rural communities.

Two other initiatives, “Enterprise NeTT” and TTedu-online would also be launched to provide small business persons with necessary e-commerce facilities.

### **Infrastructure**

Mr. President, our agenda for infrastructure development will involve the expansion of the nation’s road network, the modernization of all our urban areas and seaports, and the expansion of the telecommunications sector. These initiatives will be complemented by:

- The further expansion of the Port of Point Lisas;
- Reconstruction of the jetty at the San Fernando Waterfront;
- Purchase of a new inter-island vessel;
- Operationalization of the Desalination Plant; and
- Rehabilitation of existing buildings and the construction of new public buildings.

Mr. President, I want to clarify a statement made in the other place. A total of \$45 million is earmarked for refurbishment of a number of public buildings including the roof of the Red House.

### **TOBAGO**

Mr. President, I have attempted to meet the needs of the Tobago House of Assembly. For the new fiscal year, we have allocated \$598 million from recurrent expenditure and \$110 million from the Capital Programme to Tobago.

Mr. President, we have also agreed to allow the THA to access grant resources from Multi-lateral Financial Institutions, as well as, to raise loans but under specified conditions still to be determined between the Government and the THA.

Under the Capital Programme, Government has allocated \$14 million for the construction of three new primary schools – the Scarborough Methodist; Buccoo Government and Castara Government, and \$12 million for the completion of the Mason Hall Government Secondary school.

In addition, an allocation of \$300,000 has been made for the refurbishment of six Community Centres in Bon Accord, Bethel, Lambeau, Pembroke, Mount St. George and Patience Hill.

## **Education**

Mr. President, to order to provide a higher quality of education, in fiscal 2002, among other things, we will:

- Maintain our program of construction and upgrade of our educational institutions, as well as, the supply of equipment to schools.
- Provide schoolbooks, transportation services, and security at high-risk schools as well as computers in primary schools.
- Expand the existing school meals programme to include a pilot breakfast project.
- Operationalize, on a phased basis, the Local School Boards, as well as, tighten supervision at all levels in the nation's schools.

With regard to the Students' Revolving Loan Fund, Government will grant a moratorium and waive all interest due on principal to date, on condition that the principal amounts are repaid within the timeframe from September 14<sup>th</sup> 2001 to June 30<sup>th</sup> 2002. Thereafter, the services of a debt collection agency, with international affiliation, will be engaged to recover the debt owed to government.

Mr. President, a Committee has been set up to review the operations of the Student Revolving Loan Fund and the University Students Guarantee Loan Fund Scheme with a view to rationalizing these facilities in the context of the Dollar for Dollar Plan.

## **Health**

Mr. President, making quality health care available and accessible to all is a priority of this Administration. This year we will spend \$130 million under the continuing Health Sector Reform Programme.

We will also continue our hospital upgrade programme, with improvements at the Point Fortin Hospital, the Scarborough Hospital, and the Mayaro and Couva District Hospitals.

In addition, seventeen new facilities will be constructed to service communities such as Toco, Cedros and Success Village, Laventille.

Mr. President, apart from the Health Sector Reform Programme, Government has allocated a further \$10 million under the Capital Programme for addressing the backlog of maintenance needs at the major hospitals throughout Trinidad and Tobago.

Under a special programme for chronic diseases, \$2.5 million dollars will be provided to increase the number of dialysis machines and a similar amount will be made available for the treatment of Adult Cardiac Disease

### **HIV/AIDS**

Mr. President, given the scale of the programme required to reverse the current HIV/AIDS trend, the Ministry of Finance in collaboration with the Ministry of Health will be putting measures in place to access funding under the World Bank's Caribbean Multi-country HIV/AIDS Prevention and Control Programme.

For fiscal 2002, Government will provide \$10 million to effectively begin an all out assault on HIV/AIDS.

### **Alcohol and Tobacco**

Mr. President, with respect to alcohol and tobacco, the following measures will apply:

- A 15 percent increase in 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, respectively.

Of the revenue generated \$2 million will be allocated to the Cancer Society and \$8 million to the Ministry of Health for cancer treatment.

- A 15 percent increase in the excise duty on locally manufactured rum, beer and other alcoholic products and a similar increase in the import duty on rum, beer and other alcoholic products of Common Market origin; and
- A 30 percent increase in the import duty on rum, beer and other alcoholic products from extra-regional sources

In addition, Mr. President, the legislation would be amended to restrict the sale of alcohol to persons under the age of eighteen (18) years. Persons who are found in breach of the law will be liable to a fine of \$2,000 and have their liquor licence revoked for a period of one year.

Mr. President, with respect to liquor licences, I wish to advise that the Liquor Licences Act will be amended to clarify that an applicant for a new licence or the transfer or renewal of an existing licence, can appear before the Licensing Committee in person or by an attorney-at-law. This amendment, however, does not remove the Court's inherent jurisdiction to require a person to attend before it where it deems it necessary.

Mr. President, with respect to tobacco, the age limit at which cigarettes may be sold will be raised from sixteen to eighteen years. Persons who are found in breach of this law will be liable to a fine of \$2,000.

Mr. President, all establishments that sell alcohol and/or cigarettes, will be required to post visible signs on their premises stating that alcohol and/or cigarettes will not be sold to persons under the age of eighteen. Persons who are found in breach of this law will be liable to a fine of \$400.

### **Members' Club**

Mr. President, while some Members' Clubs operate quite legitimately, others have become full blown casinos. These clubs enjoy substantial profits but pay no Corporation Tax. They are taxed only on the gambling tables and other devices. As result I propose to increase the taxes payable on gambling tables and other devices by 100 percent.

### **Housing**

Mr. President, later this year, Government will begin to provide some 30,000 housing solutions for low and middle-income families under Project H.O.M.E. over the next five years.

As part of the project, 25 lots of land will be granted to Habitat for Humanity and a similar quantity to two NGOs for the construction of low income housing for poor families.

Mr. President, we cannot allow the indiscriminate occupation of lands to continue. Accordingly, our anti-squatting measures will now take effect, and persons who have illegally occupied State lands after January 1, 1998, or those who are still literally "grabbing" lands that are not theirs, will have to bear the full brunt of the law.

### **CRIME**

Mr. President, in fiscal 2002, Government will increase the physical tools for crime fighting. In this regard, we will:



- purchase 100 new vehicles for the Police Service;
- Construct new police stations at Gasparillo, Brasso, Arima, Belmont, Mathura, Besson Street, Matelot, Manzanilla, Piarco, Oropouche and Roxborough and Old Grange in Tobago.;
- Undertake major refurbishment works on the police stations at Couva, Chaguanas, Penal and the Old Police Headquarters on St. Vincent Street, in Port-of-Spain; and
- Expand the E-999 Communication System

Apart from the increasing the number of vehicles and upgrading physical and communications infrastructure, Government will commission studies aimed at developing a fuller perspective on the state of crime in Trinidad and Tobago. A research project will be undertaken by the Government, in collaboration with the Centre for Criminology and Criminal Justice, will seek to identify exactly how many of our prisoners are in fact repeat offenders, and will attempt to categorize them in terms of family background, offences, age, sex, and educational level. Attempts will also be made to identify the scope for rehabilitation and the training skills required for building civility.

With respect to youth deviance and delinquency in schools, a special project will also be undertaken by the Centre.

Prison overcrowding will be further alleviated in fiscal 2002, with the commissioning of a Women's Prison at Golden Grove, improvement of facilities at the Youth Training Centre, and the expansion of the Golden Grove inmates dormitory.

### **The Environment**

Mr. President, I now turn to matters affecting the environment. Government is currently examining a proposal to establish a National Solid Waste Management System, which would include recycling and composting elements. In addition, we are exploring the feasibility of establishing a Hazardous Waste and Wastewater Treatment Facility.

During the coming fiscal year, we will also implement a programme for the establishment of a system of national parks and for the conservation of Trinidad and Tobago's wildlife resources. This programme will include the establishment of a National Parks and Wildlife Conservation Authority and the declaration of three national parks at Mathura, Maracas and Main Ridge, Tobago.

### **Transition to unleaded gas**

Mr. President, in the coming year, legislation will be drafted and the accompanying measures put in place to manage pollutants, such as vehicle emissions and other hazardous wastes.

Mr. President, as a first step, during the next fiscal year, a new grade of unleaded gasoline will be introduced which will eventually replace the “super” and “regular” gasoline available at present.

### **Tidy T&T**

Mr. President, this year I am pleased to announce one project that I feel will go a long way towards preserving and protecting the aesthetic appeal of our country. Government will work with a designated NGO and will provide \$3 million in support of a “Tidy T & T “ project to be launched later this year.

### **Green Fund Levy**

Mr. President, with respect to the Green Fund Levy, for fiscal 2001/2002, the following measures will be instituted:

- The environmental levy paid by a company in a year of income will be reduced from 0.1 percent to 0.075 percent;
- Additionally, an amount not exceeding 20 percent of the annual receipts under the Green Fund Levy, will be allocated to the Environmental Management Agency to finance expenditure in carrying out the purposes of the Environmental Management Agency, other than its operational expenses;
- The Green Fund Board will be expanded to include three (3) environmental related NGOs and or Community Based Organizations; and
- Finally, Mr. President, the management of the Fund will be removed from the Green Fund Agency to the Treasury. This shift would ensure greater control and management with respect to the disbursement of funds.

### **Road Safety**

Mr. President, the carnage on our nation roads is a cause for much concern. In an effort to minimize the loss of lives on our nation’s roadways, Government will:

- Introduce a mandatory curriculum for all private driving schools; and
- Cease the registration of imported Completely Knocked Down and Semi-Knocked Down vehicles

However, the industry will be given a six-month grace period in which to sell-off existing stock of reassembled motor vehicles. In addition, all vehicles, including taxis, will be allowed to be imported as completely built up vehicles or roll-on, roll-off vehicles.

## CULTURE

Mr. President, our country can benefit immensely from the widespread cultural expressions and diversity that exist within our society. In the new fiscal year, we will:

- Finalize plans for the construction of a Millennium Cultural Complex.
- Establish a Centre for the Performing Arts, in addition to that situated at the International Conference Centre, and complete the renovation of Queen's Hall.
- Enforce legislation to protect our authors and copyright holders from illegal commercialization of their works.
- Grant a tax deduction of 100 percent of actual expenditure up to a maximum amount of three hundred thousand dollars to companies involved in sponsoring local, educational and entertainment productions; and
- A tax deduction of 100 percent of actual expenditure incurred in making such productions up to a maximum amount of three hundred thousand dollars to companies that produce local educational and entertainment productions.

## RELIEF TO INDIVIDUALS

Mr. President, to increase the disposable income of taxpayers, the following fiscal measures will be instituted:

- Reduction of the individual income tax rate bands from 28 percent to 27 percent and 35 percent to 34 percent. Mr. President, it is our intention to further reduce individual income tax rates in the future if economic circumstances allow.
- Removal of VAT on salted fish, deodorant, toothpaste, feminine napkins, tampons, bath soap, laundry soap in bars, including blue soap, as well as baby and adult disposable diapers. We are convinced that poor people will be assisted by this measure.

Mr. President, cognizant of the fact that VAT is a regressive tax, that is, it has a greater impact on poorer people, [next year I intend to undertake a careful review of the VAT exemptions and zero-rated items with a view to rationalising the list and possibly reduce the rate of the VAT to make life easier for the poor.](#)

## POVERTY

Mr. President, poverty remains at socially unacceptable levels. As a result, Government will increase and expand programmes aimed at alleviating this situation.

In this fiscal year, a [Micro Project Fund](#) and a [Micro Credit Fund](#), will be established utilizing grant resources from the European Development Fund. Approximately TT\$34 million will be available over a six-year period for the financing of community-based social services and micro-enterprise initiatives.

## **VULNERABLE GROUPS**

Mr. President, this year, Government will implement a number of projects aimed to deal with the vulnerable members of our society:

- With respect to the homeless, a new permanent shelter will be constructed in Eastern Main Road, Laventille. This facility will replace the Riverside Car Park shelter. In the coming year work will also begin on a similar facility in Chaguanas, while plans for an Arima Centre will be further developed.
- With respect to Street Children and Orphans, Government will support the S.O.S Children's Village Project by contributing land, as well as, a monthly subvention for the payment of salaries for the housemothers and purchase of various supplies. The first SOS Children's Village will consist of 10 houses in close proximity.
- Government will also support the establishment by CREDO, of a home for young women at risk including destitute girls. In addition, funding will be provided under the Public Sector Investment Programme for the refurbishment of the St. Michael's Home for Boys.
- The disability grant will be increased from \$520.00 per month to \$600.00 per month for the Physically Challenged.
- Hearing aids will be supplied free of charge to all hearing impaired persons who are so assessed by DRETCHI.
- 10 apartments will be provided to the Shelter for Battered Women.
- The Male Support Programme of the Ministry of Community Empowerment, Sport and Consumer Affairs will be expanded.
- The tax on maintenance allowance, separation allowance and alimony payments in the hands of the recipients will be removed and the entire process by which such allowances are paid through the Magistrates Court will be reviewed.

With respect to senior citizens:

- The 6 percent insurance premium tax for individuals 60 years and over will be removed;
- The personal tax allowance will be increased from \$30,000 to \$36,000 for taxpayers 60 years and over;
- Bus service will be provided to all individuals over 60 years on all PTSC buses on all routes at any time, any day; and

- Finally, old age pension will be increased by eighty dollars for all pensioners. Pensioners who currently receive \$720 per month will receive \$800 per month and pensioners who receive \$620 per month will now receive \$700 per month.

## **PUBLIC SERVANTS**

Mr. President, with respect to the arrears owed to public servants, the quantification of the total debt owed to public servants is being finalized. In this regard, I am hoping that the arrears of increment to the affected Public Servants will be settled during the next year based on negotiations between the Government and the various trade unions, and I have made adequate provisioning for this.

## **CONCLUSION**

Mr. President, today I have set in motion a range of activities, based on a vision for Trinidad and Tobago, to achieve the goal of making our country a better place for all.

Mr. President, I beg to move.