



Republic of Trinidad and Tobago
House of Representatives

BUDGET STATEMENT 2003

VISION 2020:
People . . . Our Priority



Presented by
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Prime Minister and Minister of Finance

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Budget Statement 2003

INTRODUCTION

Mr. Speaker, I have the honour to present to this Honourable House the Government's Budget for the fiscal year 2002/2003.

Mr. Speaker, as the People's National Movement embarks on our second consecutive term in office I want to take this opportunity to thank the national community for once again demonstrating to the world that the Republic of Trinidad and Tobago is the "ultimate democracy". This is indeed God's country. But, Mr. Speaker, we must now put our political differences behind us and continue the journey forward as a united country - one people with one goal: the development of our beloved Trinidad and Tobago.

Mr. Speaker, let me also thank all the people who have contributed to the formulation of this Budget including the staff at the Ministry of Finance, my Cabinet colleagues, and the various private sector organisations and individuals who have provided valuable suggestions and advice during the very widespread consultations held by the Ministry of Finance.

Mr. Speaker, this Budget is set within the vision of making Trinidad and Tobago a developed country in the shortest possible time and certainly by the year 2020.

This vision of the People's National Movement is rooted in upholding and advancing the human dignity of every individual, irrespective of race, colour, religion, culture, ethnicity, gender, or social origin. Such dignity, Mr. Speaker, must be based on self-reliance and self-help, and the confidence in the ability of individuals to promote their own development, and that of their communities and the nation at large.

Trinidad and Tobago will be a prosperous and progressive society catering to the needs of our citizens, a preferred place to live, raise children, do business, work and go to school.

Economic growth will be inclusive of and socially responsive to the needs of all segments of the society. It will be based on the full participation of the population and promote wealth creation among all income groups.

Trinidad and Tobago will be a society of creative thinkers, innovators and entrepreneurs engaged in a process of lifelong learning. All citizens will be given equal opportunity for personal growth, self-expression and active participation in their own development. We will be a society that will look after our elderly and our less fortunate. In the society of 2020, poverty and unemployment will have been significantly reduced to minimal levels, if not eliminated altogether.

Indeed, Mr. Speaker, the citizens of Trinidad and Tobago will be enjoying a high quality of life based on the highest standards of modern human development in the areas of education, health, housing, transportation, basic amenities such as water and electricity, telecommunications, personal security, social services and the environment.

The society will be cohesive and caring, with strong spiritual and ethical values and a deep sense of nationalism.

It will celebrate the diversity of its people and function on the principles of democracy, human rights and social justice. Crime and violence will not be tolerated.

New and improved standards of governance will provide the context for all public and private sector undertakings. The Government will be effective and close to the people and function in accordance with the highest standards of public accountability and integrity.

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

For us, Mr. Speaker, making "People our Priority" means eliminating poverty; providing adequate support systems for our youth, senior citizens and less fortunate; re-establishing standards of transparency, accountability and governance to ensure that the country's resources are employed efficiently for the benefit and welfare of all citizens; and nurturing our core values of equality, tolerance and mutual respect.

Making "People our Priority", is a strongly held belief of the People's National Movement that development is about people and improvement in

the quality of their lives, and the potential for children to enjoy a higher standard of living than their parents.

Mr. Speaker, in 1991, the start of my first administration, the economy had experienced more than a decade of almost uninterrupted decline in growth and international reserves, high unemployment levels and an acute external debt crisis.

However, with astute management we turned the corner by 1994, when the economy grew by 3.5 percent, led by a recovery in the energy sector. The unemployment rate declined and inflation slowed.

Mr. Speaker, our economic programme was aimed at reducing inflation and unemployment further, raising official net international reserves, maintaining exchange rate stability, and achieving significant and sustainable economic growth.

The overall fiscal position was to remain strong, and structural reforms, including divestment of public enterprises were to be continued. As a result, the economy continued to strengthen considerably by 1995.

The country's foreign reserves continued to grow and the exchange rate, which we floated in 1993, remained stable. Structural reforms continued at an active pace with the lowering of import tariffs, continuing financial sector reform and divestment of public enterprises.

When we demitted office in the latter part of 1995, we left the economy on a sound footing with all the economic indicators pointing in the right direction.

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

Notwithstanding this global environment, in the 2001-02 budget, the UNC administration pressed on with revenue projections and expenditure plans based on overly optimistic assumptions for oil prices and non-oil tax

collections, despite evidence available since the latter half of 2000, that a domestic economic slowdown was underway.

Mr. Speaker, it is against this background, that we can now address an update of our fiscal situation and set the framework for the Budget for 2003.

On January 3rd of this year, the Cabinet appointed a Committee “to determine the current state of the public finances of Trinidad and Tobago”. The Committee reported that the forecast for current revenue should be set at \$14.128 billion compared with the original estimate of \$15.802 billion. With total expenditure budgeted at \$15.799 billion, there would be an overall deficit of \$1.671 billion or 2.9 percent of our Gross Domestic Product.

Mr. Speaker, I would now like to report to this Honourable House that by the end of September 2002, the Central Government’s fiscal balance recorded a surplus of \$68.9 million.

Mr. Speaker, I repeat: from a projected deficit of \$1.671 billion in January this year we have achieved a surplus of \$68.9 million by the end of September.

How was this achieved Mr. Speaker?

Once more, Mr. Speaker, it fell to a PNM Administration to take the difficult decisions to protect the long-term financial, economic and social stability of our nation.

Mr. Speaker, let me lift the veil on our nation’s finances so that the national community can share a common starting point in understanding the changes that we have to make together in the new fiscal year.

In recent years, the finances of the Central Government have been presented as being strong. In fact, the UNC administration with much fanfare created an Interim Revenue Stabilization Fund.

The objective is laudable: set aside revenues that exceed original forecasts, to be used in the future when lower commodity prices and or shortfalls in production may otherwise force painful cuts in expenditure.

The balance in the Fund at the end of last year was about one billion dollars.

However, the full significance of this rainy day saving must be judged in the context of government finances as a whole. Do we really have rainy day savings? At the same time that these funds were set aside, considerable and questionable expenditures were shifted off-budget.

Statutory bodies were also encouraged to borrow in order to minimize budgetary transfers through the more transparent process of parliamentary approval.

The parliamentary oversight that would have accompanied recourse to budgetary transfers or attempts to raise the borrowing limits for state enterprises, was readily circumvented by the liberal use of "letters of comfort" that domestic lenders keenly accepted in lieu of formal government guarantees.

Mr. Speaker, debt backed by "letters of comfort" stood at \$104 million at the end of 1995 when we demitted office. At the end of fiscal 2000, this debt stood at \$373 million and jumped to \$717 million at the end fiscal 2001. However, over the three months period October to December 2001 this debt escalated to a phenomenal \$1,874 million.

That is, Mr. Speaker, in the three months of an election campaign the UNC administration issued \$1,157 million in "letters of comfort".

This represents more than 10 times the level of such debt left by the PNM administration in 1995. This expenditure covered items such as road paving by TIDCO.

Mr. Speaker, let me hasten to add that the guaranteed debt of statutory bodies and state enterprises that is subject to parliamentary scrutiny also increased considerably.

The outstanding balance more than doubled from \$3.3 billion in 1995 to \$9.5 billion in 2001. However, in the last three months of 2001 alone this debt increased by \$779 million.

In summary Mr. Speaker, during the last three months of 2001, and I repeat, the months of the election campaign, the contingent domestic debt,

backed by government guarantees, and “letters of comfort”, increased by an unbelievable \$1.936 billion! This represents roughly \$21 million of debt a day for 3 months!

In contrast Mr. Speaker, let us see how this administration managed the economy during 2002.

The Trinidad and Tobago Economy

Mr. Speaker, because of the sound macro economic policies that began in 1991, Trinidad and Tobago is expected to experience its ninth consecutive year of economic growth by the end of 2002.

Let us review the management of the economy in 2002:

- the economy grew by 2.7 percent in real terms;
- this growth is taking place in a stable inflationary environment as the rate of inflation fell to 3.9 percent;
- job creation has continued as the unemployment rate fell to 10.1 percent in June 2002.
- foreign direct investment continues to be buoyant, particularly in the energy sector, and remains an important pillar in the financing of the balance of payments;
- gross official reserves reached US\$2,005 million in September 2002 and covered 6 months of imports;
- the exchange rate is realistic, stable and competitive;
- interest rates began to fall as monetary conditions eased. The prime lending rate has declined and so have mortgage interest rates; and
- the external debt remains sustainable at sixteen (16.0) percent of GDP.

Mr. Speaker, let us now discuss the evolution of the Government’s finances over the past year.

As I said before, based on preliminary data we estimate that the Central Government's operations for 2002 will yield a small surplus of \$68.9 million despite the fact that oil revenue turned out to be lower than projected.

Mr. Speaker, even, within our tight expenditure budget constraints, in the context of our overriding pre-occupation of making "people our priority" we began to implement our programmes to stabilise the social situation:

- Accordingly, effective January 1 this year, the maximum Old Age Pension was increased from \$800 to \$1,000 at a cost of \$150 million. This benefited over 62,000 of our elderly citizens, most of whom have no other means of support;
- In the spirit of fair play and respect for contractual obligations, we began to regularise the public sector situation with the immediate payment of one month's salary towards settlement of arrears due to public servants.
- We made a bold intervention to alleviate the hopelessness and marginalisation of large sections of our society, most particularly our youth, by reactivating several of the social programmes that had been terminated or left to languish by the UNC administration;
- We introduced the "Helping You Prepare for Employment Programme" - the HYPE Programme - which first corrects deficiencies in reading and numeracy using computer technology and then provides skills training for young people who have left the secondary school system and who have been unable to find employment. A total of 720 persons were trained this year;
- We re-introduced the Geriatric Adolescent Partnership Programme to equip young persons with the skills and discipline to care for the elderly;
- We re-introduced the On the Job Training programme which placed more than 5,000 young people alongside experienced persons in existing jobs so that they can acquire valuable experience.

- Mr. Speaker, we re-instituted the Civilian Conservation Corps to involve young people in our reforestation and environmental programme while exposing them to the discipline of the armed forces.
- We have created the National Entrepreneurship Development Company Limited and changed the focus of the Small Business Development Company into the Business Development Company. Both companies are expected to produce a new breed of entrepreneur while generating significant employment opportunities.
- We began to take steps to meet the critical housing needs of our population. As such, 3,000 housing starts were approved by September this year under the Government's Accelerated Housing Plan. Additionally, several National Housing Authority apartment buildings are being renovated, painted and repaired at an overall cost of \$67 million.
- Mr. Speaker, we continued to implement certain essential infrastructural works including the extension of the Solomon Hochoy Highway to Ciperio Road; the dualling of the San Fernando Bye Pass; and the widening of the Churchill Roosevelt Highway between El Socorro and Curepe.
- In addition we have expanded the school transportation service by providing additional seats, implemented a \$1,000 book grant for every secondary school student, and provided free school books to every primary school child in Trinidad and Tobago.

In short, after a mere nine months in office, we have demonstrated an extraordinary competence to manage the economy effectively, and showed an awareness and determination to begin to deal with the critical social ills of our country.

Thus, it came as no surprise to us, Mr. Speaker, when Standard and Poor's upgraded our economic outlook from stable to positive and maintained our investment grade rating. This outlook was later confirmed by Moody's Investors Service.

The Medium Term Strategy

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

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

Mr. Speaker, I cannot over-emphasise the fact that the success of our medium-term strategy hinges critically on the development of our human capital. If we are to advance rapidly towards developed country status, we need, with utmost urgency, to proceed with a major reform of our education and health systems.

These are two areas in which the Government will take the lead in bold and innovative ways. Trinidad and Tobago has been sorely lagging in these areas.

Strategic Investments and Reforms: Vision 2020 – The Road Ahead

Mr. Speaker, I turn now to our strategic investments and reforms as we develop our vision for transforming Trinidad and Tobago into a developed country.

Energy

Mr. Speaker, given our resource endowment, the energy sector will continue to be the main engine of growth in our economy. As is well known, the sector is undergoing profound changes as a result of which we are being transformed from an oil-based to a gas-based economy.

Oil production will continue to play an important role. With the recently announced oil find by BHP Billiton, oil production is expected to rise from the current level of 120,000 bpd to 200,000 bpd by mid 2006.

As Honourable Members are no doubt aware, Atlantic LNG's Train II is now operational and Train III is due to begin production in May 2003. LNG production is expected to further increase by approximately fifty percent by the fourth quarter of 2005 following the construction of Train IV, which will be the largest single train to be constructed in Trinidad and Tobago.

There also exists the possibility for the construction of a Train V and a Train VI to take advantage of the growing global market for natural gas.

These developments will fuel further exploration and development of our offshore natural gas field, while strengthening our relations with neighbouring Venezuela as we seek to process Venezuelan gas discoveries in Trinidad and Tobago's domestic facilities.

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

- Atlas Methanol's US\$400 million 5,000 tonnes per day methanol plant comes on stream in the fourth quarter of 2004. This will increase the country's total production of methanol from 2.86 million tonnes per year to 4.6 million tonnes per year.
- Methanol Holdings is in the process of establishing a 5,000 tonnes per day plant with an investment outlay of US\$520 million in the next 3 years.

- Nitrogen 2000, an ammonia plant integrated with the Caribbean Nitrogen Company, will commence operations in the second quarter of 2004, increasing the production of ammonia from its current 4.28 million tonnes per year to 4.9 million tonnes. The investment outlay is estimated at US\$300 million and 1,500 people are expected to be employed in the construction phase.

Mr. Speaker, other prospective energy projects include a US\$850 million Gas to Liquids plant, a US\$1 billion aluminium smelter plant and a US\$1.2 billion ethylene complex.

Mr. Speaker, these investments are being considered in the context of the optimal utilization of our natural gas resources to ensure that the country's sustainable development goals and objectives are met.

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

Mr. Speaker, the Standing Committee on Energy appointed by the Cabinet in January this year is presently addressing three major issues.

Firstly, the Committee is examining the possibility of natural gas being sold directly to selected downstream industries. This will encourage some level of competition among new entrants in the upstream sector of the gas industry.

Secondly, the Committee is reviewing several options and the modalities for supplying gas to CARICOM. Mr. Speaker, at present we are the largest regional exporter to CARICOM. Thus providing some assistance to our CARICOM neighbours is a way of helping ourselves. In this context we are proceeding with plans for laying a natural gas pipeline to service our CARICOM partners.

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

Agriculture

Mr. Speaker, I turn now to the Agriculture sector.

The latest available statistics bear stark testament to the fact that the agriculture sector is in a state of decline.

Since 1996, the sector has contributed a little more than 3 percent of GDP.

In addition, Mr. Speaker, the share of the labor force engaged in agriculture has declined from 10.8 percent in 1985 to 9.1 percent in 1999, while average incomes in the sector are among the lowest in the country. A strong agriculture sector is important to Government's Vision for 2020 and we are laying the ground work that will fully develop the potential of the sector.

We will focus on enhancing the physical infrastructure namely: marketing facilities, water management, flood control, irrigation and agricultural access roads and land settlement.

We will focus also on the operational deficiencies of the Agricultural Development Bank (ADB) with a view to ensuring that the ADB becomes a more efficient and effective supplier of credit and financial products to the Agricultural Sector and that it's developmental role be reinstated.

Fisheries

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

We will also put measures in place to re-establish fishing grounds through enhanced protection and conservation including the control of trawling.

We will upgrade the Port-of-Spain Wholesale Fish Market and the Orange Valley Wholesale Fish Market as well as commence refurbishment works on the San Fernando and Claxton Bay Fishing Centers. We also plan to build a major fishing port at Moruga.

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

The Manufacturing Sector

Mr. Speaker, the macro-economic and regulatory framework that was put in place in the early 1990s has contributed to making our manufacturing sector the strongest in the Caribbean. We need to further strengthen the sector to deal with the challenges posed by globalization, and in particular the Free Trade Area of the Americas (FTAA).

Mr. Speaker, this Government will ensure that Trinidad and Tobago and in particular the private sector are involved in setting the new rules for our trading relationships.

We will make representation in the various international fora be it FTAA, the World Trade Organisation, the African, Caribbean and Pacific Group (ACP) and the CARICOM Single Market and Economy.

Mr. Speaker, over the medium term, Government will pursue a range of initiatives to create a competitive manufacturing sector.

These initiatives will include:

- Investment Promotion;
- Export Development; and
- Development of external transport links.

Mr. Speaker, the objective is to position Trinidad and Tobago as the manufacturing centre of the Caribbean. Accordingly, the manufacturing sector has been earmarked as one of the principal generators of growth in our economy.

Secondly, we will implement a trade assistance programme that will be geared towards enhancing private sector competitiveness.

This programme will be supplemented by appropriate business facilitation measures designed to reduce bureaucratic impediments to trade.

In this regard, the Government has:

- Recapitalised the Exim Bank;
- Restructured the Small Business Development Company (SBDC) as the Business Development Company; and
- Reformed TIDCO.

We are consulting with BWIA to ensure adequate air and sea links to the new markets in Central and South America.

Mr. Speaker, we are integrating Trinidad and Tobago into the Global economy.

Export Allowance

As a consequence of the rules of the WTO we are required to remove the Export Allowance under the Corporation Tax Act, because it is inconsistent with our obligations to the World Trade Organisation. This measure will take effect from January 1, 2003.

Corporation Tax

Mr. Speaker, as a major fiscal initiative to support the private sector as well as encourage new business opportunities, the government proposes to reduce the Corporation Tax rate of 35 percent to 30 percent except in the petrochemical and related sectors. This measure, which will take effect from January 1, 2003, will require amendments to the Corporation Tax Act. The revenue foregone from this measure is approximately \$200 million.

It is our intention to lower the rate further over the next five years as we seek to make Trinidad and Tobago the most attractive location for investment in the Western Hemisphere.

The Light Manufacturing Estate

Mr. Speaker, we plan to convert some 1,100 acres of real estate at Wallerfield into a light manufacturing industrial estate for the industrial and commercial transformation of the economy. The Trinidad and Tobago Light Manufacturing Estate Company as it will be called, will be positioned as the national and regional epicentre for light manufacturing and other commercial activity.

This project will be developed in collaboration with local and foreign investors and other stakeholders including the tertiary education sector. We plan to begin work soon on the anchor facility which will serve as an Incubator and Commercialization Centre that will nurture nascent enterprises and serve as the administrative, management and training centre for the estate. The Estate will also serve as a one-stop-shop for investors.

Subsequent phases of the project will build on the initial development and are expected to result in significant direct and indirect employment opportunities. In excess of 25,000 jobs are expected to be created in the first ten years of the development.

This project is poised to transform the human resource base of the country and serve as the major catalyst in our movement towards developed country status by 2020.

Small and Micro Enterprises

Mr. Speaker, the National Enterprise Development Company Limited (NEDCO) has been given the responsibility for the development of the small and micro-enterprise sector. The company will seek to foster and encourage a spirit of entrepreneurship and enterprise development generally, but particularly among the disadvantaged, youth and women in the nation's communities. NEDCO's specific responsibilities will include the establishment and operation of an Entrepreneurial Training Centre and a Small and Micro Enterprise Mentoring Programme. It will provide credit to support the operation of small and micro enterprise centres throughout the country.

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

The Small Business Development Company recently renamed the Business Development Company, is being refocused to concentrate on turning established small businesses into successful medium and large enterprises.

This Company's new mandate involves enhancing management capacity, promoting technological innovation, product development, improving productivity and quality control and accessing export markets for the enterprises.

Credit Union Development Bank

Mr. Speaker, the Government also plans to establish a Credit Union Development Bank under the auspices of the Ministry of Finance. This new institution will serve as the Bank to invest the resources of the Credit Union movement.

These resources will be available to our Small and Micro Enterprise development effort and other national development priorities as determined by the Government. Appropriate safeguards would be put in place to protect the investment of shareholders.

Tourism

Mr. Speaker, I now turn to the tourism sector.

The tourism sector has floundered and declined as a result of a lack of strategic vision on the part of the former administration, which was manifested in its poor financial support for the tourism industry.

The events of September 11 compounded the industry's dilemma.

Mr. Speaker, this Administration views the tourism sector as one with tremendous potential for promoting economic diversification, harnessing the skills of our people, generating foreign exchange and most importantly, for creating a substantial number of new and sustainable jobs.

This Government recognizes that when compared to our Caribbean neighbours, Trinidad and Tobago, as a tourist destination, has a potentially unique product to offer in terms of our rich cultural diversity, eco-tourism, honeymooning and film-making, and has tremendous potential for the development of such niches as sports, festivals, cruise, and conference tourism.

Mr. Speaker, we intend to move rapidly to take advantage of this competitive edge, and to give the tourism industry a major boost.

In May 2002, the Government established, under the Chairmanship of the Prime Minister, a Standing Committee of all major stakeholders to address matters pertaining to the sustainable development of tourism in the country. We now have a Tourism Development Plan under which a total of \$305 million will be injected into the tourism industry over the next three years.

This will make a major impact on tourism in Tobago and in Trinidad and is expected to produce up to 15,000 new jobs over the three-year period.

Mr. Speaker, critical to the success of our tourism drive is the existence of a supporting legislative and regulatory framework to increase investment and to guide the orderly development of the industry. The Tourism Development Act, 2000 is therefore in the process of being reviewed.

Plans are also underway for the finalization of a new strategic plan for the industry. The recently established Airlift Committee plans to negotiate mutually acceptable arrangements with international airlines with the aim of boosting our visitor arrivals.

In terms of specific measures, Mr. Speaker:

- the terminal building of the Crown Point airport will be expanded; and
- revised policy guidelines are being formulated for Integrated Resort Development, defined to cover projects with a minimum capital investment of \$350 million incorporating a hotel of at least 200 rooms as well as other amenities, including golf courses, marinas etc.

Mr. Speaker we also propose a capital allowance of 100 percent (100%) of the cost of building materials in respect of approved capital expenditure incurred by the owner or operator in the conversion of existing homes to approved guesthouses. This measure will take effect upon coming into operation of the Finance Act, 2003. This measure will stimulate the development of new entrepreneurs in the tourism sector, especially in Tobago.

Mr. Speaker in the development of the tourism sector the Government will ensure that the ecological balance is maintained. We plan to insist on the highest standards for environmental management systems, solid waste management and sewerage treatment and management.

Structural Reforms

The Financial Sector

Over the past few years, the financial system of Trinidad and Tobago has become more modern and sophisticated both in terms of its institutional mix as well as the range of financial instruments available.

The Government is committed to promoting the continued development of the sector in line with our vision for the development of our economy which includes making Trinidad and Tobago a major financial centre not only in the Caribbean but also in the Western Hemisphere.

To achieve this goal, Mr. Speaker, we need to ensure that the regulatory and supervisory framework meets internationally acceptable standards.

To this end during the next fiscal year, the Government plans to introduce legislation that would integrate the supervision of insurance companies and pension funds with that of the banking system under the authority of the Central Bank. This move will help us to deal more effectively with the reality of universal banking.

We urgently need to rationalise the government bond markets as part of our broader programme to develop our capital market structure but also to help reduce the financial cost of government borrowing. The Ministry of Finance, in collaboration with the Central Bank, is well advanced on a project that seeks to:

- (i) organise and structure government borrowing plans across a range of maturities in order to establish a yield curve;
- (ii) expand the list of primary dealers and facilitate the development of a liquid secondary market in government debt; and
- (iii) assure transparency in government bond markets.

Mr. Speaker, the need for consumer protection in the financial sector is well established and many developed and developing countries have put in place mechanisms to ensure that consumer rights are protected.

The Government is finalising legislation for the establishment of a Financial Services Ombudsman. The main function of the Ombudsman would be to provide independent and prompt resolution of disputes against the criteria of law and best practices. When the law is approved, it will cover all products and services offered by all licensed financial institutions. In the meanwhile, pending the new legislation, the Central Bank will introduce an Ombudsman Scheme for the banking sector, to be put in place in early 2003.

The Government also plans to take steps to institutionalize the Interim Revenue Stabilization Fund through the passage of appropriate legislation.

State Enterprises

Mr. Speaker, the state sector has been undergoing considerable reform over the past several years. This process will continue in the context of the

overriding strategy to divest those enterprises where continued ownership by the state cannot be justified on strategic grounds; and improve the operating efficiency of those enterprises that remain in the purview of the state.

Over the next fiscal year, the Government plans to pursue the following initiatives:

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

We are now taking steps to restructure and strengthen the balance sheet of First Citizens Bank Limited.

Mr. Speaker, we have agreed to consider the introduction of private sector involvement into the operations of the Port Authority of Trinidad and Tobago.

Requests for proposals to introduce the private sector into the operations of the strategic business units involved in trans-shipment and cargo handling have already been issued.

Mr. Speaker, we intend to transform the National Broadcasting Network Limited into a viable and competitive entity so as to allow the company to meet the challenges of the newly liberalized telecommunications and broadcasting market.

We also intend to conclude the sale of the assets of Trinidad and Tobago Forest Products Limited to a consortium of the unions which represented the employees before that enterprise was closed in 2001.

We plan to restructure the Trinidad and Tobago Unit Trust Corporation into a public liability company by passing in Parliament the Trinidad and Tobago Unit Trust Corporation (Vesting) Bill 2002. This will allow for an initial public offering by the newly restructured Unit Trust Corporation.

Mr. Speaker, this public offering is essential not only for providing greater opportunities for wealth creation within the national community, but also for developing and strengthening the domestic financial and capital markets thereby leading to faster economic growth.

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

Mr. Speaker, we have established a new company – Estate Management and Business Development Company Limited – with a mission to manage the lands leased to them by the State for the purpose of stimulating and facilitating new business activity in the areas of light and heavy industrial manufacturing, agricultural estates, housing estates and commercial complexes.

Mr. Speaker, Caroni (1975) Limited will remain in the sugar processing business, but cane cultivation and production will be assumed to a greater extent by the cane farmers in the context of the scaling down of the sugar industry. Mechanized cultivation and automated manufacturing will be standardized to make the industry internationally competitive and we will seek niche markets for the type of sugar we produce.

Mr. Speaker, the modernization of Caroni together with the orderly transformation of its lands into growth poles would provide a range of alternative industrial and commercial activities to allow for a re-absorption of the unemployed labour resulting from the rationalization.

Moreover Mr. Speaker, this employment-enhancing operation would be strengthened by the introduction of the private sector into the non-sugar operations of Caroni – the rum distillery, the rice and citrus entities and the dairy and cattle enterprises.

Mr. Speaker, it is important that we create an environment which would allow companies including divested state enterprises, to prosper and to flourish.

As you are aware Mr. Speaker, we are working hard on the structural environment, promoting transparency, accountability of Government and developing risk and venture capital for those sectors, in particular knowledge-based industries, which require state partnerships.

The Social Sector

Mr. Speaker, let me turn now to an issue that is at the forefront of the Government's policy agenda: the efficient and effective delivery of Social Services.

From an economic and developmental perspective, the country has benefited significantly from nine years of positive uninterrupted growth rates; but notwithstanding these successes, many of our citizens have been left vulnerable and unprotected. Accordingly we are of the view that social intervention in the national community is a prerequisite for ensuring that this country's development efforts are all inclusive and all embracing.

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

Mr. Speaker, the other approach is based on the view that social policy must be more transformational and developmental in its intent in order to secure sustainable advances in human and social conditions. High priority has been placed on human development, particularly education and training as well as on economic security through sustainable employment. Mr. Speaker, our social agenda focuses on ensuring that all our citizens – the employed, the unemployed, the infirmed, the aged and our youth – are treated in a fair and equitable manner.

We are strengthening some of the existing programmes as follows:

Social Help and Rehabilitation Efforts

The Social Help and Rehabilitation Effort (SHARE) programme has made a significant contribution towards filling a gap in the system by targeting needy persons between the ages of eighteen (18) and sixty-five (65) who do not receive Public Assistance or Old Age Pension. We will increase the number of food hampers distributed to needy households from 8,000 to 15,000 hampers per month. We will also increase the value of each food hamper from \$150 to \$200. In addition, each eligible household will receive one (1) food hamper per month for six (6) months instead of three (3) months.

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

The programme also comprises a developmental component through which it sources or refers clients to skills based activities or microentrepreneurial opportunities. We have allocated \$23 million to SHARE in the next fiscal year.

Transformation and Development Centres

Mr. Speaker, we are committed to bring all citizens to a level of self-sufficiency but we recognise the importance of a transitional phase during which those most in need should be provided with basic needs to allow them to focus on acquiring the necessary tools for self-development.

In 1995 the PNM Government addressed this need with the creation of three (3) Relief Centres in Cocorite, in Port-of-Spain South and in John-John, Laventille. These centres have been appropriately renamed Transformation and Development Centres in keeping with our vision of making the recipients of these Centres contributors to community and national development. To date more than one million meals have been served to the needy and more than 14,000 people have benefited from training at the centres.

The meals are used purely to attract persons who are in need, so that they could be exposed to the transformational programmes conducted at the centres.

During the fiscal year we will add twenty-one (21) centres throughout Trinidad and Tobago. Seventeen (17) of which will be located in Trinidad in the areas of Mayaro; Sixth Company; Torrib Trace/New Grant; Basseterre; St. Joseph; San Juan; Barataria; Aripo; Arima; Tunapuna; La Brea; St Madeleine; Carolina; Sangre Grande; Maracas Bay; San Fernando; and North Manzanilla, as well as 4 centres in Tobago.

Public Assistance Programme

Mr. Speaker, the public assistance grant is paid monthly to needy individuals and families. An individual under the current system receives \$222 per month while the maximum payment a family can receive is \$720. Mr. Speaker, in the current context of the general standard of living in Trinidad and Tobago, these amounts are clearly insufficient.

Yet we recognise that in the establishment of new levels, the benefits should not be too attractive to reduce the incentive for undertaking self-improvement measures and which can have serious disincentives on employment and work.

Accordingly, we propose to implement the following increases:

<i>Household Size</i>	<i>Current Benefit</i>	<i>Proposed Benefit</i>
1 person	\$222	\$320
2 persons	\$428	\$560
3 persons	\$625	\$770
4 persons	\$720	\$940

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

Mr. Speaker, the additional cost of restructuring the Public Assistance Programme is \$94 million.

Mr. Speaker, the Disability Assistance Grant and the Grant for Children with Disabilities, which are also components of the Public Assistance Programme will remain the same, but will be upgraded in fiscal year 2004.

Hearing Aids Grant

Mr. Speaker, we remain mindful of the special needs of the physically challenged in society. As Honourable Members are no doubt aware, approximately 12 percent of our population is hearing impaired yet make valuable contributions to our society. This Government has not overlooked the special needs of these citizens. At present, members of the public who wish to be tested and fitted with hearing aids may do so.

As at July 2002, a total of 767 persons were tested for hearing deficiencies by DRETCHI and 336 persons were fitted with hearing aids. Mr. Speaker, 122 children and 92 pensioners received hearing aids. This is a facility that must be continued and expanded and we have allocated \$3 million to this programme in this fiscal year.

Mr. Speaker, we are also expanding this programme to allow for the testing of every school child for hearing and sight problems. The Ministries of Education and Health will develop and implement this programme in this fiscal year.

Adolescent Mothers

Mr. Speaker, the expansion of our CHOICES Programmes for adolescent mothers is aimed at providing remedial and development services to pregnant teens and young mothers. We recognize the difficulty that young women face in accessing opportunities for support, counseling, personal development, skills development, training in child care skills, pre-vocational training and reproductive health. This programme will target at-risk teenaged girls and adolescent mothers between the ages of thirteen and nineteen years.

The programme, which is now conducted in collaboration with the Child Welfare League at 3 centres will be expanded to 10 centres. We have allocated \$4.2 million for this programme.

Youth Training and Employment Partnership Programme

Mr. Speaker, training and employment opportunities will also be available to young unemployed adults and displaced workers.

The Youth Training and Employment Partnership Programme (YTEPP), after being re-evaluated, has now been broadened to capture a wider range of participants. The programme's new specialized training encompasses the key area of business development and strengthens the participants' capability through entrepreneurial development and support. A total of \$11 million has been allocated to the programme in the next fiscal year.

Export Centres

The Export Centres programme, while supporting training in the niche industry of specialized handicraft, will also serve as a business incubator programme for graduates of the programme.

It will also provide support in research and development as well as provide a resource base for increasing the marketability of craft in Trinidad and Tobago and the region.

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

Community Education and Support Programme

The Community Education and Support programme will focus on skills training, group leadership development, management skills, community awareness and entrepreneurial development.

Some 9,000 persons have already benefited from the skills training component of this Programme in the last fiscal year, with a total of 44 Leadership Development and Management programmes planned for the Ministry of Community Development's eight (8) administrative districts. An estimated 10,000 persons are expected to benefit from the programme next year.

Mr. Speaker at the center of our transformational and developmental effort will be our nation's youth. This transformational effort will provide our youth

with not only the tools and knowledge necessary for success at life but also equip them with the spirit of sound moral values and the discipline and focus required for success in the world of work.

Mr. Speaker, we have re-instituted a number of programmes which will center on the Nation's youth.

Civilian Conservation Corps

The Civilian Conservation Corps (CCC) will provide temporary employment for unemployed and unemployable young adults between the ages of eighteen (18) to twenty-five (25).

Participants will also benefit from the discipline of the Defence Force as well as the awareness, patriotism and responsibility that come from preserving and protecting the environment and from being engaged in activities that directly benefit their communities.

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

On the Job Training

Mr. Speaker, we have also re-instituted the On the Job Training (OJT) programme which we envision will facilitate a smooth transition between the school and work environments. The On the Job Training Programme will provide pre-employment training to young adults between the ages of sixteen (16) and thirty (30). It will match academic and vocational skills with current trends in skill development in the labour market.

The programme targets graduates of schools and technical institutions at both the secondary and tertiary levels exposing its participants to work-based training while fostering positive work attitudes. Over the next year 10,000 persons will benefit from this programme at a cost of \$18 million.

Geriatric Adolescent Partnership Programme

Mr. Speaker, the Geriatric Adolescent Partnership Programme (GAPP) is aimed at fostering stronger intergenerational relationships between older persons and adolescents between the ages of seventeen (17) and twenty-

five (25). The programme has been restructured and expanded. It will now cover seven (7) centers throughout the country.

This programme has traditionally enjoyed a 90 percent success rate and benefits some 560 trainees annually. A total of \$3 million has been allocated to this programme.

Mr. Speaker, we have also supplemented these well established social programmes with a number of other programmes to target specific social needs.

Youth in Agriculture

Mr. Speaker, as part of our developmental thrust for the agriculture sector, we are focusing on encouraging our youth to become much more engaged in agriculture.

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

The Community Enhancement and Regeneration Programme (CERP)
The Community Enhancement and Regeneration Programme (CERP) is a new programme that integrates a number of existing projects and priorities. These include the Depressed Communities Programme, the Integrated Projects Initiatives (IPI) Programme being run by the Community Development Fund (CDF) and the Adopt a Community Programme. The CERP targets the poorest communities in Trinidad and Tobago.

It will establish the framework for the comprehensive development and regeneration of those communities addressing both infrastructural and social and human developmental needs. The CERP will regenerate those

communities empowering its members with skills, and ensuring that basic services and facilities are developed.

In fiscal 2003, nineteen communities throughout Trinidad and Tobago will benefit from the implementation of the CERP and it is expected that over one hundred thousand persons will benefit from the programme. The programme will be implemented by the Community Development Fund in collaboration with a number of government and voluntary agencies.

Information Made Easy Through Technology (ImaT) Centres

Information Made Easy Through Technology (ImaT) Centres are being introduced in communities throughout the country to facilitate training, distance learning, and Internet access. These Centres will be established within existing youth facilities.

The Programme will be phased in over a two-year period with Phase I focusing on 7 centres in Arima, Chaguanas, San Fernando, El Dorado, Laventille, Malick and Sangre Grande.

Community Development Scholarships Programme

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

Specialised Youth Programme

Mr. Speaker, in addition to ongoing programmes we will introduce 3 more new programmes this year for the benefit of our young people.

The first will target students who did not complete their secondary school programme.

They will be trained in technical skills at the Army 's camp at Cumuto.

The second will target secondary school students who did not graduate with a full certificate. They will be housed in dormitory facilities utilizing existing schools after regular school hours. The third will be a system of VOLUNTARY national service. I stress VOLUNTARY Mr. Speaker.

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

National Social Development Programme

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

Mr. Speaker, we have taken a page out of their book and have formulated a two-phase project to develop and improve the living conditions of communities throughout the country. The National Social Development Programme is targeted at improving the supply of water and electricity, and developing or refurbishing infrastructure and recreational facilities. These projects will be managed by the Ministry of Public Utilities and the Environment along with the National Commission for Self-Help. The first phase, which has already been initiated, has provided roads, water, electricity and recreational facilities to communities across Trinidad and Tobago. Under the Programme we will continue the installation of communal tanks, the laying of pipelines, the drilling and equipping of water wells and the rehabilitation and building of water pumping stations.

In addition Mr. Speaker, the improvement works to the electricity supply to these communities will benefit approximately 2,600 homes and will allow them to receive a supply of electricity for the first time. It also includes the installation of streetlights and the electrification of 35 rural areas.

The self-help component of the Programme will facilitate and support necessary infrastructural development within communities as was done in the Rock City model.

Mr. Speaker, in phase 2 of the Programme, the Government will provide the residents of these communities with skills training, and training in Information Technology. Both phases of the programmes will be

conducted in collaboration with community leaders to ensure the relevance of all projects to the respective communities.

Community Improvement Company

Further, Mr. Speaker, the Government has recently incorporated the Community Improvement Company which will be charged with the responsibility for rebuilding our communities on a systematic basis.

Pension and Measures to increase Savings and Disposable Income

Mr. Speaker, my Government's position on providing for the aged is simple, clear and unambiguous: we must continue to provide a floor of protection to this vulnerable group. We will maintain the present \$12,000 per annum to all 63,000 beneficiaries.

However Mr. Speaker, this annual amount will be kept under review to enable the elderly to always maintain a reasonable standard of living.

Mr. Speaker, our pension arrangements need to be rationalized.

In addition to the basic pension represented by the Old Age Pension, we must have a second level that will provide adequate pensions to the working population. We are in the process of evaluating recommendations on pension reform with a view to providing the national community with a comprehensive pension reform framework for wide consultation.

Also an actuarial evaluation of the NIS pension scheme is at present being undertaken and the results would be available within the current fiscal year. It is anticipated that the new pensions to be paid by the NIB would parallel payments made under the Old Age Pension Scheme.

Mr. Speaker one major component in achieving our vision 2020 is increasing the level of disposable income in the hands of our citizens as well as increasing the level of national savings.

As a result, we propose to grant to individuals a deduction of up to \$10,000 per annum in respect of shares bought in a society registered under the Co-operative Societies Act. This measure will take effect from January 1, 2003.

In addition, the Government proposes to reduce the individual income tax rate bands from 28 percent to 25 percent and 35 percent to 30 percent. This measure will take effect from January 1, 2003. The revenue foregone as result of this measure is approximately \$289 million.

Mr. Speaker, we also intend to increase the minimum wage to \$10 per hour within the next 5 years. We will engage in tripartite discussions with labour and employers' representatives with respect to the timing and method of its implementation.

Education

Mr. Speaker, achieving our economic and social objectives, will depend critically on our success in the optimal development of our Human Resources.

The development of Human Resources in turn is dependent on improving the quality of education offered to all of our citizens. This is even more important if we are to achieve the status of a developed country by 2020.

Our Strategic Plan has been informed by the White Paper on Education 1993-2003 and is driven by the need to provide for all children, access with equity to quality education at all levels of the education system. I wish to share some of the major initiatives of the Strategic Plan:

- We will increase the number of Early Childhood Care and Education Centres (ECCE) in every district;
- We will increase the number of Secondary Schools;
- We will rehabilitate and upgrade Primary Schools to increase student intake;
- We will de-shift the Junior Secondary Schools to ensure that all students are provided with five (5) continuous years of schooling with a standard curriculum;
- We will modernise the Secondary School Curriculum to make it relevant and appropriate to the needs of the individual and the

country in the global environment of the twenty-first century. Mr. Speaker we also propose to intensify our professional Teacher and Administrator Development Programme;

- We will improve the physical facilities;
- We will improve the governance and management of schools.

In addition, we have established a School Intervention Strategies programme to manage and strengthen several on-going programmes aimed at behaviour modification, conflict resolution, building self-esteem and providing mentoring for students.

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

Tertiary Education

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

Mr. Speaker, there are many worthy young people who have met the entry requirements to the University but who cannot gain entrance because of a lack of capacity. We aim to correct this anomaly.

Our first step is to establish a new tertiary education institution, the University of Trinidad and Tobago which will initially concentrate on Science and Technology as we seek to increase our tertiary education graduates from the existing seven (7) percent of our population to twenty (20) percent by the year 2020.

We however, wish to state that we remain committed to the development and advancement of the University of the West Indies as a regional institution.

Health

Mr. Speaker, I now turn to the health sector.

Mr. Speaker, as with education, an efficient health system is a pre-requisite for achieving a sustainable improvement in human welfare. As Honourable Members are aware, Trinidad and Tobago is far from having a quality and efficient health system. In fact our citizens deserve a much better service from our health system than that which is now being provided.

As an urgent priority, we are now instituting a comprehensive reform of our health sector.

We are currently engaged in discussions with the Inter-American Development Bank (IDB) with a view to regaining lost momentum with respect to the Health Sector Reform Programme – an initiative which we had commenced in 1995 and which the UNC had failed to advance.

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

We plan to fast-track the implementation of the Reform Programme to fulfill our objective of improving the health status of our population by promoting wellness and providing affordable, quality health care in an efficient and equitable manner.

We have programmed an increase of 10 percent in the health sector's budget to \$1.263 billion.

We are accelerating the construction and refurbishing of primary and secondary health care facilities, including the construction of the Scarborough Regional Hospital.

Mr. Speaker, we are equipping the health facilities with appropriate health technology, including haemodialysis and mammography machines, in light of the prevalence of such chronic conditions as kidney failure and breast cancer and their ranking among the top causes of mortality in the population.

We plan to train approximately three hundred (300) nurses per year over the next three years and to introduce a Bachelor of Science Nursing degree at the University of the West Indies in St Augustine.

We will increase primary health care and health promotion activities. As we promised in our elections campaign, we will provide free medication for the elderly and the poor and remove customs duty and VAT for medication. This measure will take immediate effect and the revenue foregone is \$19 million. We will also provide free birth certificates in the new fiscal year.

Mr. Speaker, we will introduce a programme of free prostate and cataract treatment as well as subsidized cardiac surgery for the poor.

In addition, we will install approximately 20 dialysis machines in the major government treatment centres and expand the capacity for cancer treatment with the establishment of a National Oncology Centre for cancer patients.

We are revisiting the National Health Insurance system to ensure that the poor and terminally ill are not excluded from access to life saving health care in the face of escalating medical costs.

Mr. Speaker, we recently launched three important instruments which will revolutionise the delivery of health care.

First, we have established the charter of rights and obligations of patients and by extension the responsibilities of health care professionals.

Secondly, we have put in place a National Accreditation Standards manual which will facilitate assessment of the operations of various sectors within the Public Health system. It is envisaged that the public will be part of the accreditation process; and

Thirdly, we have a health quality awards programme that will acknowledge nationally, the attainment of optimum standards within the sector.

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

HIV/AIDS

Mr. Speaker, HIV/AIDS has been acknowledged as having a devastating effect on individuals and families and poses a serious threat to national development.

The Report on the Global HIV/AIDS epidemic prepared by UNAIDS and released recently notes that “the scale of the AIDS crisis now outstrips even the worst-case scenarios of a decade ago.” The prognosis for the Caribbean is that in the absence of effective responses, the impact on life expectancy, the dissolution of households, and ultimately the erosion of the quality of life will all be intensified.

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

Mr. Speaker, underpinning this paradigm shift is the demonstrated strengthened leadership of Government in an expanded national response. We have established a Multi-Sectoral Task Force with a mandate to

coordinate all aspects of the preparation of a programme that would significantly reduce the number of reported HIV/AIDS cases.

Access to comprehensive care and treatment will be significantly expanded. The cost of HIV/AIDS drugs will be reduced through appropriate subsidization.

Anti-retroviral drug treatment will be provided to persons living with HIV/AIDS and the Mother to Child Treatment Programme will be expanded. We have also allocated \$3.2 million to the Medical Research Foundation of Trinidad and Tobago, headed by the world famous pioneer in HIV/AIDS research and son of the soil Professor Courtenay Bartholomew.

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

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

Housing

Mr. Speaker, adequate housing is a basic need of every citizen of this country and an essential feature of human development. This PNM government will ensure that every citizen will have access to adequate housing.

Mr. Speaker, as Honourable Members are no doubt aware, the private housing market has failed continuously to cater to the lower income segments of the population. As a result, heavy demands are being placed on the State. Our recent invitation to citizens to submit applications for low cost housing received an overwhelming response. The Ministry of Housing received an estimated 31,000 applications.

Additionally, on the basis of current growth projections, the estimated demand is 9, 000 housing units per year.

An unsavoury consequence of the housing situation has been a rise in the squatting population which has been estimated at 50,000 with approximately half of this number occupying State lands.

Faced with this situation, the then Government, in the six-year period 1995-2001, planned and started only 376 houses. They sold an average of 448 serviced lots each year to beneficiaries for their own construction; and they regularized only 3,190 squatters.

Mr. Speaker, my Government is well advanced in the implementation of an extensive, multi-dimensional response to the housing crisis that will bring tangible benefits to low and middle income families.

Our Accelerated Housing Programme will provide 2,925 new housing units this year in 30 sites across the country and a targeted 10,000 units per year for the next five years. This Programme aptly termed "The Keys to Your Dreams" will provide two and three bedroom single-family detached homes as well as apartments in high-rise buildings. It will generate a significant number of jobs in fiscal 2003 and over the next ten years.

This housing programme is being carried out in collaboration with the private sector and Government agencies particularly UdeCOTT, which will bring significant financial resources to bear on the programme.

Mr. Speaker, this Government understands that even with the provision of relatively low cost housing, many of our citizens will still face the issue of affordability. We will implement a subsidy/grant system for the acquisition of the new housing units and for home improvement. This will be reinforced by a decline in the lending rates of the Trinidad and Tobago Mortgage Finance Company from 8 percent to 6 percent and a reduction of the required down payment from 10 percent to 5 percent.

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

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

Mr. Speaker, the illegal occupation of lands will not be tolerated. Our squatter regularization programme will focus only on families covered under the State Land (Regularization of Tenure) Act Number 25 of 1998.

We will upgrade physical facilities and regularize tenure of about 5,400 families at 17 squatter settlements. We have already started with 1,600 households in 8 areas -- Harmony Hall, Gasparillo; La Platta KP Lands, Valencia; La Paille, Caroni; Malick; Rice Mill Road, Bon Air Estate, Arouca; Southern Gardens, Warden Road, Point Fortin; Wallerfield, Cumuto; and Sea Trace East, Bagatelle Central, River Estate, Diego Martin. On completion of these sites, we will commence work on the other nine areas.

Mr. Speaker, a loan of US\$32 million has been sourced from the IDB to fund the first of two phases of the Second Settlements Programme over the next three years. The full project, which is a component of the Accelerated Housing Programme, will be executed over a period of six (6) years at a cost of US\$100 million, of which the IDB is prepared to lend US\$80 million to the Government.

National Security

Mr. Speaker, the increase in crime in Trinidad and Tobago and, indeed, around the world is a matter of serious concern not only for the Government but for the society at large. Mr. Speaker, let me emphasise that crime is not a partisan issue; it is a national issue.

In order to dislodge the criminal platform, our war on crime cannot be waged in the traditional fashion. We must take a holistic approach.

It must be fought with intelligence-operations, strong tactical police actions and with co-ordination and co-operation of all segments of society.

However Mr. Speaker, among the root causes of crime are factors such as the breakdown in family life, unemployment, poverty, drug abuse, hopelessness and failure of communities to perform their traditional roles. It is for this reason, Mr. Speaker, that throughout this Budget, we have included policy measures and initiatives that seek to deal with these underlying problems and, in that way tackle crime at its root.

Mr. Speaker, Operation Anaconda brought immediate relief to our citizenry who were literally under siege. We plan to continue the Anaconda Programme but on a strategic and as-needed basis.

The following are some of our measures aimed at strengthening the Protective Services:

- We have committed increased resources to the Protective Services;
- We will expand the police presence in several high crime areas;

- We will construct five (5) new police stations in Manzanilla, Mayaro, Mathura, Cumuto and Brasso;
- We will utilise Mobile Police and Army Patrol Stations in the more remote areas;
- We have started a programme of repair and refurbishment of police stations that have fallen into disrepair;
- We are upgrading the Coast Guard facilities and we are establishing a multi-purpose facility in Tobago; and
- In addition to the thirty (30) vehicles which were recently acquired, we are securing seventy-four (74) special vehicles for the Police Service.

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

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

Mr. Speaker, the Government is very appreciative of the recent private sector initiatives aimed at addressing the crime situation. I am referring specifically to the re-introduction of the Crime Stoppers Programme by the Chamber of Industry and Commerce and the groundswell of assistance that has come from various private sector based organisations.

I wish to assure these groups that the Government will continue to work closely with the private sector to adopt and implement creative solutions to the crime situation.

Mr. Speaker, we will continue to support the projects undertaken by the Centre for Criminology and Criminal Justice on Prison Recidivism and on Reducing Youth Deviance in Schools.

The Recidivism project will attempt to determine the root causes of the high level of repeat offenders in our Nation's prisons and as such will offer additional insight into the scope for rehabilitation and reform.

The Youth Deviance project aims to provide data as well as clarify the facts related to the genesis and solutions to the problem of youth deviance and school violence.

Mr. Speaker, this Government is deeply committed to rekindling the ideals of rehabilitation of offenders since we on this side are firmly of the view that there should be no second-class citizen in Trinidad and Tobago and the rehabilitation of offenders is a serious priority for this Government.

Towards this end, resources will be committed to the correctional services to embark on internal rehabilitation programmes aimed at preparing offenders to re-enter society and avoid the world of crime.

Turning to the crime of kidnapping, we propose to introduce legislation aimed at combating this crime. A Kidnapping Prevention Act with stiff penalties will be placed before Parliament within ninety (90) days.

Mr. Speaker, this legislation will, among other things, criminalize the demand for ransom by any person or entity for the safe return of any person who has been kidnapped, prohibit the granting of bail to persons charged with a kidnapping offence for ransom, and authorise financial institutions to provide confidential financial information to the Police in kidnapping cases.

Mr. Speaker, terrorism and kidnapping for ransom reside in the same criminal household; accordingly, we shall also introduce a Terrorism Prevention Bill to deal with the threat of terrorism.

Mr. Speaker, corruption in public life is another area of serious concern for the people and Government of Trinidad and Tobago.

Towards this end, we will seek to amend the relevant legislation to substantially increase, inter alia, the penalties for offences involving corruption by persons in public life.

We would also provide specialised training and resources to the Police Anti-Corruption Bureau and the Director of Public Prosecution (DPP) to fight this crime and bring offenders to justice.

Arts, Culture and Entertainment

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

Mr. Speaker, notwithstanding all these efforts, the potential of this sector will only be realized if we develop appropriate cultural facilities and expand the opportunities for our artists and entertainers to develop and market their talent. This Government will visibly change the cultural landscape with the establishment of an Academy for the Performing Arts on the Prince's Building Grounds.

Prime Minister's Best Village Trophy Competition

Mr. Speaker, the Prime Minister's Best Village Trophy Competition and the Village Olympics have been important avenues for community expression. Their suspension by the UNC administration was unfortunate. These programmes were created in 1969 as an outlet for the untapped creative and physical expression found in communities across the country. The youth in various communities are able to achieve their full potential and expression through the vehicles of Village Olympics and other components such as the Folk Fair, and La Reine Rive. These programmes will be expanded in the new fiscal year.

Community Concerts Programme

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

The Steel Pan

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

Mr. Speaker, we propose that companies involved in sponsoring local cultural, educational and entertainment productions that are broadcast to local, regional and international audiences, be given a tax deduction of one hundred and fifty (150%) percent of the actual expenditure in respect of those productions, up to a maximum allowance of four hundred and fifty thousand dollars (\$450,000).

We also propose that production companies which produce local cultural, educational or entertainment productions that are broadcast to local, regional and international audiences, be given a tax deduction of one hundred percent (150%) of the actual expenditure incurred in making such productions, up to a maximum allowance of four hundred and fifty thousand dollars (\$450,000).

These measures will take effect from January 1, 2003.

Sport

Mr. Speaker, turning specifically to Sport, our goal is to develop the full potential of our athletes in the various sporting disciplines, to ensure that they are competitive at regional and international levels.

Our National Sport Policy offers a formal, holistic and systematic framework for the development of sport in Trinidad and Tobago. As a critical

component of this new policy we propose to establish a National Sport Institute at the University of the West Indies, which would place emphasis on the Development of High Performance Sports.

Mr. Speaker, the National Sports Institute will be complemented by an Academy of Sport that would be, in effect, a secondary institution to provide academic and specialized athletic training to young athletes. The Institute of Sport would feed into the Academy through the use of its Development Programmes, Research and Training Systems.

Mr. Speaker, the Government recognises that the private sector has a major role in the development of sport. Our view is that the business community stands to gain considerable benefits from the use of sport as an integrating factor in society and as a mechanism for dealing with the problems of the youth.

Mr. Speaker as a fillip to the sporting fraternity we propose that a tax allowance of one hundred and fifty percent (150%) of the actual expenditure incurred, up to a maximum allowance of four hundred and fifty thousand dollars (\$450,000) be granted to companies promoting/sponsoring sporting activities and sportsmen.

This measure will take effect from January 1, 2003.

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

Infrastructure

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

- the Invaders Bay Project;
- the Harris Promenade Project;
- construction of a new Customs and Excise Head Office and a new Board of Inland Revenue building;
- restoration and repair works are continuing on the Red House;
- the Siparia Administrative Complex;
- restoration of Queen's Royal College, the President's Residence and Office and Stollmeyer's Castle;
- renovation and construction works on District Offices located at Sangre Grande, Port of Spain, Princes Town, Chaguanas and San Fernando;
- rehabilitation of the runways at both airports, repairs to the Taxiway at Piarco and rehabilitation of the South Terminal at Piarco and the Electrical Sub-Station.

The Environment

Mr. Speaker, I now turn to the environment.

As we have become so well aware in recent years, economic development must be in harmony with ecological principles. Our approach therefore will be to pursue a strategy of sustainable development, which would improve the quality of human life while living within the carrying capacity of the country's ecosystems.

Mr. Speaker, the Environmental Management Authority is the primary Government Agency responsible for coordinating all environmental

management activities in Trinidad and Tobago. The EMA is however hampered in its ability to effectively carry out its mandate due to the unavailability of appropriate resources.

We are therefore reviewing the operations of the EMA to ascertain its resource requirements and provide the necessary financial and other support to enable it to implement the requirements of the various Environmental Regulations in a timely manner.

Mr. Speaker, there is currently no legally constituted system of national parks or other similar protected areas, and the existing wildlife management system is relatively ineffective.

We have therefore held discussions with the World Bank with a view to accessing Grant Funding in the amount of US\$4.2 million under the Global Environment Facility (GEF). These funds will be used in conjunction with counterpart financing from the Green Fund to finance a National Parks and Wildlife Conservation Project. Legislation will soon be brought before Parliament to enable the creation of a National Parks and Wildlife Conservation Authority, and the creation of national parks at Matura, Maracas and Main Ridge, and other protected areas.

Mr. Speaker, this Government recognises that there is need for greater emphasis on the enforcement of existing environmental laws and a more comprehensive approach to the enactment of additional and more up to date environmental legislation.

Mr. Speaker, in order to empower communities to improve the condition of their local environment, this Government recently initiated a Community Based Environmental Protection and Enhancement Programme.

Through this programme, teams comprising unskilled and unemployed persons from the local communities would ensure that the environment would be aesthetically pleasing.

The programme is being executed by the Solid Waste Management Company, the mandate of which has been expanded to include the preservation and upgrading of the environment. A total of 5, 400 jobs have been created under this programme.

Mr. Speaker, in addition to re-introducing lapsed pieces of environmental legislation such as those covering Water Pollution Rules and Beverage Container Deposits, we will also bring other pieces of legislation concerned with industrial pollution and the recycling of waste before Parliament.

The Green Fund

Mr. Speaker, due to serious deficiencies in the Green Fund as it is currently legislated, the Fund has been the subject of widespread criticism.

The purpose of the Green Fund is to enable grants to be made to community groups and organisations primarily engaged in activities related to the remediation, reforestation and conservation of the environment.

However, disbursements from the Fund have been delayed due to the decisions made by the UNC administration regarding the composition of the Board. We are putting in place mechanisms to correct this as well as to ensure the accountability and transparency of the Fund. One proposal we are reviewing is the harmonization of the Green Fund and the Environmental Trust Fund by changing the governance structure of the Green Fund so that they are both managed by the Trustees of the Environmental Trust Fund appointed by His Excellency, the President. This measure will not only assure co-ordination of projects within the framework of national plans and policy but will minimize administrative costs.

In this context also, suitable projects will be recommended by an Advisory Council with broad membership from the business community, trade unions, environmental NGOs, a geographically representative set of CBOs, the Tobago House of Assembly and the Government.

Importation of Used Vehicles

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

Mr. Speaker, the original intent of negative-listing foreign used vehicles is no longer valid since the automobile assembly industry that it was meant to safeguard no longer exists in Trinidad and Tobago.

Accordingly, we propose to allow the importation of fully assembled right hand drive motor vehicles without licences, except in the case of individuals and other persons who are unregistered foreign used car dealers. Individuals will continue to be allowed to import their own vehicles with a licence. However, foreign used car dealers will be required to be registered with the Ministry of Trade and Industry after satisfying certain requirements.

We therefore propose to remove from the negative list the importation of fully assembled right hand drive foreign-used vehicles by registered foreign used car dealers. This measure will take effect with the coming into operation of the Finance Act, 2003.

Mr. Speaker, consistent with our policy of liberalizing the foreign used vehicles market we propose to amend the fiscal regime that applies to the importation of foreign used vehicles as follows:

The motor vehicle tax bands applicable to the importation of fully assembled used motor vehicles will be reduced from the existing six bands to one band.

All vehicles, regardless of age will be subject to 75 percent of the motor vehicle tax payable on the registration of a new vehicle. This measure will take effect from January 1, 2003.

We also propose to discontinue the registration by the Licensing Authority of vehicles that are reassembled from imported new and used components. In order to give dealers in such vehicles sufficient time in which to sell their existing stock of locally reassembled vehicles, we will give a grace period until December 31, 2002 before this measure is implemented. This measure will accordingly take effect from January 1, 2003.

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

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

Public Sector Administration

Mr. Speaker, the competitiveness of our country is directly related to the performance of our Public Service. We recognize the value of an efficient public service and the need to treat public servants fairly.

Following on the down payment of one month's salary in February, this Budget includes \$600 million to finally settle the 15 years old debt to public servants. Payment will be made at the end of November.

Mr. Speaker, an essential element of Trinidad and Tobago's public sector reform programme has been and continues to be the modernization of the human resource management function. This Government fully embraces the philosophy of creating a harmonious working environment and will put in place a strong policy framework to ensure that the human resources of the public service are effectively managed.

'New' skills, competencies and attitude are required. The public service therefore must have the capacity to attract and retain a wide range of professional skills.

This necessitates first of all a proactive approach at the national level to determine manpower needs not just for the public service, but the entire nation and the offer of training programmes and awards to address demand. The re-introduction of an annual Trinidad and Tobago Development Scholarship Programme is a positive step in this direction and central to this Government's efforts to ensure that Trinidad and Tobago has the necessary human capital to achieve developed nation status by the year 2020.

Mr. Speaker, within the public service itself, emphasis will be placed on job classification and compensation systems that support the business needs of the public service and reflect labour market realities.

It is recognized that competitive compensation is a vital tool for attracting and retaining the right people. Modern recruitment and career management practices are also critical elements of such a human resource strategy.

The information system to support the human resource management function is the first across the board system to be radically transformed in the public service. Project IhRIS is currently in train.

This project will allow for data to be captured on job positions and employees. This data will greatly enhance organizational and human resource planning thereby improving decision-making. This government also intends to review and re-engineer the public service's financial management, procurement, record keeping and information management processes.

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

TOBAGO

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

This is the first budget presented by a PNM-controlled Central Government, with a PNM-controlled House of Assembly installed in Tobago.

Accordingly, let me take this opportunity to congratulate the Chief Secretary and the rest of the PNM-team in Tobago for taking the lead in demonstrating to the nation – the need for change.

My Administration also profoundly appreciates the efforts of the THA and the people of Tobago to help strengthen the union of our two islands through effective cooperation, collaboration, dialogue, discussion and consensus-building. This process is essential for enhancing the link between our two islands and to expand and enrich the opportunities for genuine social and economic advancement for all the citizens of our Republic.

Mr. Speaker, as we are all too painfully aware, Tobago, despite its natural charm, does not have the quality of physical and social infrastructure needed for sustained economic growth and diversification. Tobago clearly needs to “catch up”; and the key to achieving this is through investment in human and physical capital – to raise productivity levels; to increase per capita incomes; and to bring Tobago into the mainstream of the national

economy, allowing it, over time, to contribute more fully, as it rightfully should, to national economic and social development.

Mr. Speaker, this Budget recognizes that Tobago's developmental needs are urgent and critical. It also recognizes that significant capital investments are required if Tobago is to bridge the economic and social gap between itself and Trinidad, and move into the development mainstream of the nation as a whole.

This explains the overall allocation of \$742.9 million to the Tobago House of Assembly for the fiscal year -- \$638.8 million for recurrent expenditures and \$104.1 million for the development programme and the Tobago – specific Public Sector Investment Programme.

We are currently reviewing the capital programme proposed by the THA and will be looking at the possibility of appropriate financing arrangements for the funding of certain critical development projects.

Mr. Speaker, some of the major projects earmarked for Tobago include:

- a new Scarborough library;
- new Health Centres;
- the construction of the Scarborough Hospital;
- housing programmes at Roxborough, Blenheim, and Castara namely the Roxborough Town Expansion project, the Castara Housing Development, and the Blenheim Housing Estate Phase II;
- a new Mason Hall Government Primary School;
- a new Scarborough Methodist School;
- commencement of Phase II of the Tobago Technology Centre at Goldsborough;
- Youth-Empowerment Centres in Castara and Charlotteville; and
- the restoration of the Mt. St. George Youth Camp.

Mr. Speaker, in recent years it has become obvious that the Crown Point Airport does not possess the capacity to accommodate the level of air traffic and passengers visiting the island. Accordingly, the Government is currently reviewing plans for the construction of a new airport in Tobago. We will also ease the burden of air travel between the islands by reducing the cost of an airline ticket from \$300 to \$200 during the fiscal year.

In addition, we will purchase a passenger ferry to service the inter-island sea route between Scarborough and Port of Spain.

Mr. Speaker, the THA has also proposed the construction of a Transport Hub in downtown Scarborough. This project entails the refurbishing of the PTSC Bus facility into a modern, multi-level transport terminal area for Maxi Taxis and PTSC Buses.

Mr. Speaker, in the area of Agriculture, the THA is working on the implementation of a "*New State-Land Distribution Policy*" for Tobago. This will ensure that state-lands allocated to persons for agriculture are used for that purpose only. A "New Technical Support and Monitoring Unit" is also being considered to provide technical support and monitor farmers activities on the island.

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

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

Fiscal Operations

Mr. Speaker, let me now summarize the Government's fiscal operations for the next fiscal year.

Total Estimated Expenditure for fiscal 2003, amounts to \$20,000,507,153. \$236 million of this expenditure will come from the Unemployment Fund, the Dollar for Dollar Fund and the Road Improvement Fund.

\$6,368,090,978 is a direct charge on the Consolidated Fund. Therefore, the remaining \$13,396,416,175 will have to be appropriated by Parliament from the Consolidated Fund by way of the Appropriation Act.

TOTAL RECURRENT EXPENDITURE	\$18,882 mn
Of which:	
Personnel Expenditure	\$4,764 mn
Goods and Services	\$1,990 mn
Minor Equipment Purchases	\$114 mn
Current Transfers and Subsidies	\$3,900 mn
Transfers to Tobago House of Assembly	\$639 mn
Transfers to Statutory Boards and Similar Bodies	\$1,291 mn
Debt Servicing	\$6,184 mn
Of which:	
Interest and Expenses	\$2,532 mn
Principal Repayment/Sinking Fund	\$3,652 mn
 TOTAL DEVELOPMENT EXPENDITURE	 \$882 mn
 TOTAL DRAFT ESTIMATES OF EXPENDITURE	 \$19,764 mn
TOTAL ROAD IMPROVEMENT FUND EXPENDITURE	\$50 mn
(Of which \$25 million has been allocated to the Development Programme)	
TOTAL UNEMPLOYMENT FUND EXPENDITURE	\$136 mn
TOTAL DOLLAR FOR DOLLAR FUND EXPENDITURE	\$50 MN
 GRAND TOTAL	 \$20,000 mn

The total expenditure of \$20,000, 507, 153 adjusted for principal repayment/sinking fund of \$3,652 million and taking into account total revenue of \$15,725 million, translates into a deficit of \$623 million or a little less than 1 percent of GDP.

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

The current expenditure estimates include a one-time payment of \$600 million to cover salary arrears. In fact, it is this one-time payment that leads to the overall deficit of \$623 million. Excluding this payment, the budget would show a deficit of a mere \$23 million.

In line with our priorities, the expenditure estimates imply the following classification:

- an increase of ten (10) percent in government spending on health, and
- an increase of 12.3 percent in expenditure on education.

Total amortization payments both foreign and domestic debt will amount to \$3,377 million. Planned borrowing on the domestic market will amount to \$2,989 million of which \$1,989 million is the refinancing of Government's high cost debt; contractual external borrowings from the multilateral lending institutions will amount to \$248 million; and \$930 million has been programmed to be borrowed from the international commercial market.

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

CONCLUSION

Mr. Speaker, this government understands the challenges the country faces as a result of the present scenarios of the global market together with the present socio-economic circumstances that exist within our Republic.

Trinidad and Tobago is on the cusp of a new dawn. But that new awakening will only be realized through deliberate effort on our part. It will come through the structural transformation of our society. This is a major goal of my administration and it is the goal of the Budget that I have presented today.

Every citizen at every level must have the opportunity to find individual fulfillment and to contribute to the progress of the nation. All must be brought into the mainstream of national development. There are so many who, having been blessed with opportunity, developed their talents and are today leading productive lives at both the individual and national levels. This must continue and this Budget will ensure that it does.

At the same time however, there are many languishing in idleness or uncreative endeavor, their talents stunted by unfortunate circumstances of one kind or the other. In this relatively rich country, poverty has been stultifying the lives of hundreds of thousands of people. We cannot allow

this to continue. We must completely remove poverty from our society. We are sure that this is possible, given our size and abundant resources. All our citizens must benefit from the wealth of the nation. All must be empowered to overcome obstacles and to deliver themselves from whatever debilitating circumstances they encounter. All must be housed, clothed and fed. All must be educated, trained and prepared to take advantage of the opportunities that abound in this country. We must move resolutely to achieve full employment in Trinidad and Tobago. No child or young person, because of economic circumstances, must be denied access to the best education that the nation has to offer.

This is the way to develop our human resources to the fullest. It is the way to secure the nation's future. It is the way to ensure social stability and to restore the feeling of security among our citizenry. This is the way to prepare Trinidad and Tobago for the next major step towards the new dawn which is ours to create.

We must not lose the opportunity. This Government will ensure that we do not lose that opportunity. Along with the rest of the national community we shall attain that new dawn which now beckons. This budget is a step in that direction.

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

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

We promised to reduce the top marginal rate of income and corporation tax.

Delivered.

We promised to reinstate the credit union tax deduction at \$10,000 per year.

Delivered.

We promised to remove duty and VAT on medication.

Delivered.

We promised to provide free medication for the elderly and the poor.

Delivered.

We promised free birth certificates.

Delivered.

We promised to commit \$500 million the fight against HIV/AIDS.

Delivered.

We promised to reduce the cost of HIV/AIDS drugs.

Delivered.

We promised to provide bursaries and scholarships for tertiary education.

Delivered.

We promised to introduce a tax deduction of \$10,000 per year for five years for first time home owners.

Delivered.

We promised to commit more resources to provide a first class, professional, highly trained protective service.

Delivered.

We promised to provide more training and job opportunities for the youth.

Delivered.

We promised to commit more resources to the social sector, including health, education and housing.

Delivered.

We promised that the PNM would win the elections.

Delivered.

Mr. Speaker, I beg to move.

