



Republic of Trinidad & Tobago

Budget Statement 2008

**Presented by The Honourable
Patrick Manning, Prime Minister
and Minister of Finance**

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INTRODUCTION

Mr. Speaker, this sixth Budget of this People's National Movement administration is being delivered against the backdrop of a vibrant and growing economy.

I am pleased to have the opportunity to present to this Honourable House and indeed to the national community, a comprehensive account of our stewardship over the past five years, outlining our many successes and the challenges that we have faced.

Mr. Speaker, as we intend to be in Government for the next five years, I also propose to couch the Budget for fiscal year 2008 in the context of a longer term plan, which in essence represents yet another phase in our journey towards Vision 2020.

It is against this background that the theme of this year's Budget Presentation is **“Vision 2020: Determined to Reach our Goal”**.

Honourable Members, the completion of the documents laid in this Honourable House today could not have been possible without the commitment, enthusiasm and the hard work and sacrifice of the many public officers, especially those in the Ministry of Finance, who have worked long and tirelessly on preparing these documents.

I want to let them know that their efforts are greatly appreciated. I would also like to thank my Cabinet colleagues, and all the individuals and organizations who have contributed to the process which resulted in the preparation of these documents.

Mr. Speaker, in order to put our record of performance into its proper perspective we must remind our citizens of the Government's vision for Trinidad and Tobago and the strategy that will get us there.

OUR VISION

Mr. Speaker, when this PNM administration assumed office in 2001, we began work on the transformation of this country into a developed nation in the shortest possible time but certainly by the year 2020.

The driving force behind this transformation is our enduring passion and desire to bring sustained prosperity and the requisite higher quality of life to every individual, family and community across the country.

The vision that emerged – VISION 2020 -- was founded on five developmental pillars: Developing Innovative People; Nurturing a Caring Society; Enabling Competitive Business; Investing in Sound Infrastructure and the Environment; and Promoting Effective Government.

Vision 2020 acknowledges that Trinidad and Tobago is in a situation of unprecedented opportunity and challenge. It recognizes, however, that economic prosperity does not depend solely on physical endowments or proximity to markets.

Rather, it is based on the full awareness that in today's global environment, the most successful countries are those that have succeeded in harnessing and nurturing the creativity, ingenuity and inventiveness of their people, something to which we aspire.

In that sense Mr. Speaker, ours is more than an economic vision. In particular, it incorporates the nurturing of a caring society; it envisages that the foundation of our society is based on the creation of strong families with high moral and ethical values; that all our citizens have access to adequate and affordable housing and first class health care that enable them to live healthy lifestyles; and that we put in place new systems to support the most vulnerable in our society.

Over the last six years we have worked hard in pursuit of this vision and we have had many notable successes. I would now like to share with you some of our major accomplishments.

PERFORMANCE OVER THE PERIOD 2002-2007

Mr. Speaker, over the period 2002-2006, our economy grew at a high rate and real GDP of 9.7 percent per year, a growth performance which ranks among the highest in the world. This rapid rate of growth led to a doubling of the economy over the past six years from \$55 billion in 2001 to \$114.5 billion in 2006 and an increase in per capita income from US\$7,100 in 2002 to US\$14,790 in 2006.

And while the energy sector was the main driver of the economic expansion, the non-energy sector surpassed expectations, increasing at an average annual rate of 6 percent over the period.

As a result of the boom in economic activity, an average of approximately 14,400 new jobs were created annually, resulting in a reduction in the unemployment rate from 11.7 percent in 2001 to 5 percent at the end of 2006, the lowest in our nation's history. Mr. Speaker, this has resulted in labor shortages in several sectors and private sector industries now satisfy some of their requirements by importing labor supported by Government's new immigration policy.

Mr. Speaker, anyone who needs a job today can find one, a situation totally different to six short years ago. It is therefore no wonder then that the official data shows a halving of the poverty rate from 35 percent in 1990 to 16.7 percent by 2006.

Several other macro-economic indicators, point to solid macro-economic management.

Mr. Speaker, Trinidad and Tobago has been the recipient of significant amounts of Foreign Direct Investment, amounting to close to US\$6 billion over the past five years. We have maintained overall fiscal surpluses and in so doing we have reduced both our public and external debt.

Public debt has been lowered from over 60 percent of GDP to 28 percent of GDP currently, while external debt which was 17 percent of GDP in 2001 is now at 5 percent of GDP.

Our financial system remains robust and resilient and has emerged as the leader in the region; with oil and gas prices remaining buoyant for most of the period we have been able to maintain stability in the exchange rate and increase our foreign exchange reserves to approximately US\$6.5 billion, excluding the Heritage and Stabilisation Fund.

Mr. Speaker, we recognise that we must plan for future uncertainties and therefore we have formalized the Heritage and Stabilization Fund in law.

We have, and in the five year period have put aside substantial savings for our children's future such that at end of August this year the Fund will be \$10.9 billion, compared with \$1.015 billion when we took office in 2001.

However, Honourable Members our achievements are demonstrated not only in the macro-economic indicators but in the improvement in the quality of our citizens' lives. Let me provide some examples:

Tax Relief

When we assumed office, Corporation Tax was 35 percent while Individual Tax ranged from 28 percent to 35 percent.

Today we have unified Corporation and Individual Taxes at a flat rate of 25 percent and raised the level of personal allowances from \$25,000 to \$60,000. Mr. Speaker, this latter measure removed an additional 300,000 individuals from the tax net.

Education

Mr. Speaker over the past five years, one of our most successful interventions has been in the area of education.

Performance over the Period 2007–2007

We are in an advanced stage of developing and implementing a world class system of seamless education, stretching from Early Childhood Care and Education (ECCE) through to tertiary level; and it is all free of charge.

Our early childhood education programme is now on full steam; so far seven early childhood centres have been completed and it is expected that by the end of December 2007 twenty three of these high quality centres will be operational.

At the tertiary level, the crowning achievement of this Government, Mr. Speaker, was the establishment of the University of Trinidad and Tobago (UTT) in 2004. Since then, UTT has been expanded to incorporate several affiliated tertiary and post-secondary institutions.

Currently UTT's mandate is inter alia to help address the country's need for scientists, technicians and researchers while the affiliated institutions are to provide tertiary training in areas such as nursing, health sciences, foreign languages and the performing and creative arts.

Mr. Speaker, we introduced free tertiary education at the undergraduate level in 2005. This is applicable not only to UWI and UTT and its affiliates, but to all accredited private institutions in Trinidad and Tobago. Post graduate students are eligible for up to 50 percent of tuition costs as well as for concessionary loans under the Higher Education Loan Programme (HELP).

As a result of the increased availability and greater government financial support, enrollment in post-secondary and tertiary institutions increased from 15,000 in 2001 to over 45,000 at present.

Mr. Speaker, our program for the computerization of all primary schools is in full train. So far, 340 schools are at different stages of completion.

We have de-shifted 13 junior secondary schools and converted them to full day secondary schools. Concomitantly we have

converted all senior secondary schools to 7-year secondary schools. The up-shot of this Mr. Speaker, is that an additional 11,050 secondary schools students now enjoy full-day schooling.

We have paid careful attention to the provision of special education. In this fiscal year alone, the Government upgraded the physical facilities of 9 public special schools. We have also agreed to the payment of school fees for students of 6 registered private special schools.

Over the six-year period, the Government has spent approximately \$615 million on the construction of schools, 42 have been completed, including 7 Early Childhood Care and Education (ECCE) centres and about 30, including 16 ECCE centres, are in progress.

In the six-year period, the Government also undertook some 1,000 school repair projects at a cost of \$380 million.

Housing

Mr. Speaker, this Honourable House would recall that, for many years, access to quality affordable housing was identified as a priority issue for national development. The Government has responded with great urgency and with innovative approaches to meet this critical need.

In the past six years, the Government has constructed 26,000 single and multi-family housing units on greenfield sites and on vacant sites in existing housing units.

Today an individual earning \$1,440 per month can access a mortgage loan with 100 percent financing for 25 years at a 2 percent interest rate. This was not available just six short years ago.

In government-housing programmes **persons 50 years and over can now get a long term mortgage** since the liability could be transferred to their estate in the event of their death.

For individuals who are financially unable to service a mortgage, there is a **rent-to-own programme**, in which, over

time, part of the rental payments could be applied as a deposit towards the purchase of the property.

Grant/subsidy programmes are also available to qualified homeowners to help meet the cost of repairs.

Mr. Speaker, we also regularized several squatting settlements and our squatter relocation programme is well underway in Sangre Grande and San Fernando. A major goal of the Government is to eliminate the incidence of squatting completely.

Health

Mr. Speaker, in Health we have made significant strides towards the building of a client-centered system, with a focus on primary health care.

The center-piece of our strategy is the Chronic Disease Assistance Program (CDAP) through which citizens are provided medical drugs free of charge to treat several common ailments, including diabetes, hypertension, cardiac disease, depression, arthritis, glaucoma, asthma and enlarged prostate.

Mr. Speaker, on a regular basis 300,000 of our citizens are benefiting from the programme, which is being administered through 250 pharmacies located throughout the country.

We have significantly reduced the waiting lists for most surgeries and have succeeded in reducing deaths caused by HIV/AIDS by about one-half.

We have built and refurbished several primary health care facilities and have installed new technology and equipment throughout the health system.

Mr. Speaker, when this administration entered office there was a significant backlog and long waiting times for elective surgeries in the public sector. There were some 15,000 persons waiting for surgeries, in some instances for as much as 10 years.

To date, we have completed over 12,000 surgical procedures achieving a significant reduction in the various waiting lists. This represents 12,000 persons whose lives have been dramatically improved.

We have increased the number of cardiac by-pass surgeries, from 10 procedures every month to 20 procedures per month.

The entire public health sector is now doing 30,000 surgical procedures annually. That is more than 15, 000 more than when we came into office.

Training

Mr. Speaker, reflecting our strong conviction that a highly-skilled labor force is the key to our economic transformation and to the provision of high-quality sustainable jobs, my Government has allocated significant resources to training. Consequently, there is now greater access to technical and vocational education than ever before.

Over 6,000 persons have benefited from the Help Youth Prepare for Employment Programme (HYPE); close to 31,000 in the Youth Training and Employment Partnership Programme (YTEPP); over 37,000 in on-the-job training; over 7,000 in the Youth Apprenticeship Programme in Agriculture (YAPA) and almost 12,000 in the Multi-skills Sector training programme (MUST). Some 6,000 individuals, including 80 prison inmates, have benefited from retraining programmes.

The Laventille Technology and Continuing Education Centre, established in November 2004, has graduated over 3,000 persons with marketable skills. A similar center in Pleasantville which will service San Fernando and surrounding areas is to be opened shortly.

Centers are also earmarked for Chaguanas, Point Fortin, Mayaro and Diego Martin.

Income Support and Social Protection

In 2002, Mr. Speaker, the minimum old age pension, now called the Senior Citizens Grant was \$800 per month.

Performance over the Period 2007–2007

Today, the minimum Senior Citizens' grant is \$1,350. In addition, senior citizens have access to free medical care and drugs, free bus passes and housing assistance.

A Food Debit Card has been introduced to help our needy citizens cope with the world-wide phenomenon of high food prices.

This arrangement provides a grant of \$300, \$400 or \$500 for relevant vulnerable families of 3, 4 or 5 and over persons.

Mr. Speaker, in 2001, the National Minimum Wage was \$7.00 per hour. This was increased to \$8.00 per hour as at January 16th, 2003. On March 31st, 2005 this rate was again increased to \$9.00 per hour. I will say more about the minimum wage later.

National Security

Mr. Speaker, we have taken significant steps to strengthen our capacity to address our worrisome crime and security situation on a sustainable basis.

There have been early successes but the full impact of our comprehensive methodical approach will be seen over time.

In this context the Government has:

- Introduced legislation to improve the management of the Police Service and law enforcement generally;
- enhanced detection and forensic capabilities;
- provided greater mobility and modern communication facilities;
- established constant radar surveillance of our entire coast line. This will considerably strengthen our hand in dealing with the illegal drug trade which produces the majority of violent crime in this country;
- upgraded and constructed 65 police stations;
- provided the opportunity for involvement of the

citizenry in the battle against crime through the 555 Anticrime Initiative;

- reorganized the Anti-Kidnapping Unit;
- established the Special Anti-Crime Unit of Trinidad and Tobago (SAUTT), which involved the recruitment of officers from the United Kingdom; and
- established an Aerial Surveillance System.

Infrastructure

Mr. Speaker, in infrastructure we doubled the fleet of the Public Transport Service Corporation, wound up the loss making BWIA West Indies Airways and introduced a streamlined Caribbean Airlines on more viable routes.

We also implemented a most reliable service on the Seabridge to Tobago which has greatly facilitated and expanded travel between the islands. Final consideration of the Airbridge is not yet complete.

Mr. Speaker, we implemented the National Highways Programme which in the last six years rehabilitated approximately 110 kilometres of our road network and commenced the upgrade and extension of several of our major highways and main roads.

Mr. Speaker, the Street Lighting Programme, which started in September 2005, has resulted in the illumination of 80 kilometres of main roads and highways. At the end of July this year 111,320 Street Lamps have been installed either as new installations or as an upgrade of existing facilities.

Mr. Speaker, a more comprehensive breakdown of the performance of the Government since assuming office is presented in a document laid in this Honourable House as part of the Budget package entitled "Government at your Service: Highlights of Achievements 2002-2007".

Mr. Speaker did I hear someone say that "performance beats old talk every time"?

ACCOUNTING FOR THE PETRO-DOLLAR

Mr. Speaker, as part of the accounting for our stewardship, permit me to give a brief summary of the Government's revenue and expenditure developments over the last six years.

I will like, Mr. Speaker, to focus on how we spent the resources entrusted to us. In the process, I will also like to respond to the many voices that accuse the government of over-spending and of the injudicious use of the taxpayers' money.

In the six year period ending this fiscal year 2007, the Government collected revenues amounting to \$162.7 billion, of which \$69.7 billion was derived from the energy sector and \$93 billion came from the rest of the economy.

The high level of energy tax collections reflected buoyant oil and gas prices and the Government's successful efforts at oil and gas tax reform, which increased the country's tax take from any windfall revenues received by the companies.

Mr. Speaker, the revenue loss from the non-energy tax reform measures was more than offset by the revenue impact from rapid economic growth and by major improvements in tax administration. This demonstrated Mr. Speaker, the correctness of this bold policy initiative.

Over the six year period recurrent expenditure amounted to \$125 billion of which the main items were:

- **Wages and salaries**, including two rounds of salary adjustments to bring the salaries of civil servants more in line with the private sector and to encourage higher productivity, amounted to \$29.2 billion;
- **Goods and services** like medicines, school books, computers, materials and supplies, amounted to \$17.1 billion;
- **Interest payments** on local and foreign debt were \$14.9 billion;

- **Subsidies** amounted to \$6.1 billion. These covered subsidies on petroleum products to keep down the cost of gasoline (\$3.9 billion and the subsidization of the sea and air bridge to Tobago (\$1 billion);
- **Transfers to educational institutions**, including UWI, UTT, government secondary schools, GATE, amounted to \$5.3 billion;
- **Transfers to households**, including public officers pensions, social security grants, social assistance, disability grants amounted to \$15.5 billion;
- Current Transfers to State Enterprises and Statutory Bodies, amounted \$18.8 billion. The largest recipients were BWIA and CARONI in respect of State Enterprises, and WASA, Local Government Bodies and Airport Authority in respect of the Statutory Bodies;
- Current Transfers to the Tobago House of Assembly amounted to \$5 billion;
- The Unemployment Relief Program utilised a total of \$1.5 billion; and
- The Community-based Environmental Protection and Enhancement Programme (CEPEP) - \$1 billion.

On the Capital Account, the three major expenditure items were transfers to the Heritage and Stabilization Fund \$9.5 billion, which in effect is an increase in savings, the Public Sector Investment Programme \$12.9 billion and the Infrastructure Development Fund \$6.9 billion. There was also an increase in Government's deposits at the Central Bank of \$7 billion.

Accounting for the Petro-Dollar

Honourable Members would recall that in 2005, in the face of bureaucratic bottlenecks that hampered the implementation of the public sector investment programme, the Government established a number of special purpose companies to manage a number of public sector projects to be executed by private contractors.

While there were initial delays in operationalizing some of these companies, the new modality has resulted in a significant increase in the implementation rate of the PSIP. The funding for the projects implemented by the special purpose companies is channeled through the Infrastructure Development Fund (IDF).

Mr. Speaker, if you disaggregate our spending you would see that out of total current expenditure of approximately \$125 billion, \$17.5 billion, about 14.0 percent of our revenues was spent on poverty alleviation programmes, including URP.

Mr. Speaker, some of our friends on the opposite side would want us to abandon these programmes because they allege that helping the downtrodden and dis-advantaged contributes to the creation of a dependency syndrome. Mr. Speaker, we approach this problem differently and that is why nurturing a caring society is one of our major developmental priorities. It's a love thing.

Our philosophy is that the able-bodied will be required to work or prepare for work in exchange for temporary income support. However, outright support will be provided to those among the poor that are incapacitated, sick or to those unable to work such as the elderly, the differently-abled and the destitute.

Mr. Speaker, this is, in summary how the revenues were spent – to meet our statutory commitments; to provide subsidies to keep costs of certain basic goods and services down; to meet

operating deficits of some loss making public enterprises and to finance infrastructural investments, and a significant part was saved in the Heritage and Stabilization Fund (HSF).

Mr. Speaker, several commentators – some well-meaning – have sought to chastise the Government for its spending. Part of the problem is that while they measure government spending against theoretical benchmarks and spurious indicators of absorptive capacity, we tend to give equal or greater weight to the impact of the spending on people's lives.

Mr. Speaker, for this Government, the object of our expenditure programme is to improve the quality of life of the citizens of Trinidad and Tobago.

Thus, for example, when we spend \$650 million to electrify all areas of the country through our street lighting programme it is not that we like to engage in large areas of expenditure, as some will say; nor is it solely a question of electricity; it is that we wish to provide a higher level of security for our citizens so that they enjoy a better quality of life.

When the Government embarks on the construction of high rise buildings on the Port of Spain Port, it is not that we see development only in terms of large buildings, as our detractors are wont to say, it is that we are providing better office accommodation for the public sector so that public sector employees will work in some of the best conditions that the country can offer so as to encourage higher levels of productivity.

This will, of course result in better service to the public and a better quality of life for those persons who receive the services.

Mr. Speaker, I cannot over-emphasize that it is about people and about improving their standard of living.

CHALLENGES

Honourable Members, I would like to concede that we have faced some challenges in the implementation of our programme.

Some of these challenges are the inevitable result of our rapid rate of growth; we have also had problems resulting from the infrastructural bottlenecks from shortages of skilled manpower, and include managerial deficiencies.

But Mr. Speaker, we have been addressing these problems with increasing degrees of success.

For example, in the face of rapid growth and declining spare capacity inflation rose to 10 percent in October 2006. As a result of tighter demand policies and supply-side interventions the rate has been reduced to 7.3 percent as at June 2007.

The target announced in the 2007 budget was to reduce inflation to 7 percent by end 2007 and to 5 percent thereafter.

Mr. Speaker, crime has also posed a major challenge, affecting the security of families and the quality of life.

The Government has introduced a whole range of measures to deal with the crime upsurge and they are beginning to have effect as indicated in the significant decline in the number of kidnappings for ransom and a 22.2 percent fall in the number of murders over last year's figure.

However, Mr. Speaker, the level of crime is still unacceptably high and the Government is committed to intensify efforts to eliminate this scourge from our society.

Some of the other challenges that we are currently addressing include the transportation bottlenecks; expanding the road network, port congestion; the resuscitation of the domestic agricultural sector; and the provision of water for all our citizens.

Each of these areas will be addressed when the plans for fiscal year 2008 and beyond are outlined.

PURSUING OUR VISION WITH DETERMINATION

Mr. Speaker, our considerable achievements over the past five years provide a solid forum, from which we could accelerate our march towards Vision 2020.

We are determined to learn from experience; to persevere with the approaches that have served us well and to find innovative solutions to the bottlenecks and obstacles that we have faced.

Mr. Speaker, as we intend to be in government for many years to come our budget for fiscal year 2008 is couched within a medium term framework that represents the second five year span on our longer term journey. It is certainly not an election budget as some of our critics anticipate.

No, Mr. Speaker, the welfare of the citizens of Trinidad and Tobago is too important to be left to the vagaries of electoral politics.

Rather, the measures and policies that are being proposed in the Budget are consistent with and are all designed to bring us closer to our Vision 2020 goal.

PRIORITIES FOR FISCAL YEAR 2008 AND BEYOND

Mr. Speaker, the main priorities that we have set ourselves for fiscal year 2008 are to:

- Continue our efforts to combat crime and to provide a higher level of security for all our citizens;
- Deepen and accelerate the ongoing education reform by upgrading and modernizing and expanding the system of primary and secondary schools; and expand our web of training opportunities;
- Enhance capacity and improve service delivery in the health sector;
- Continue to increase the availability and improve the affordability of housing for our citizens;
- Accelerate efforts to diversify the economy by stimulating investment in the non-energy sectors;
- Initiating a virtual revolution in commercial agriculture and small scale farming;

- Initiate urgent measures to improve the delivery of water to the entire population and to ease transportation and other infrastructural bottlenecks;
- Continue to uplift the living standards of our senior citizens, public service pensioners, the physically challenged and all those who face social exclusion.

In addition, Mr. Speaker, the Government will take specific steps to:

- Encourage greater citizen participation in local government, thereby allowing more people a say in controlling their lives and in the day to day running of their communities;
- Emphasize racial harmony and racial understanding; greater sensitivity to ethnic, religious and other diversity and the formation of a more coherent society; and
- Better management of the environment.

ENSURING ECONOMIC TRANSFORMATION

ENERGY

Mr. Speaker, as is customary in our Budget presentation I would like to review the Government's plans and policies for our main productive sectors. I wish to begin with Energy.

Mr. Speaker, it is no secret that the energy sector has been the main engine of growth in the Trinidad and Tobago economy. Since the early 1990s the expansion and diversification of the energy sector have propelled the overall growth and increased the resilience of our economy.

The current state and international recognition accorded our energy sector is the result of the foresight of successive PNM administrations, and the initiatives we have pursued to achieve the development of our oil and gas resources.

The energy sector has experienced a fundamental shift towards a predominance of natural gas instead of oil. Natural gas is the major raw material, spawning a number of down stream industries and making Trinidad and Tobago a major world exporter of gas-based chemicals.

The Government's energy policy includes the diversification of the sector by promoting the downstream industries that maximize the multiplier effect and value added, through the creation of linkages between the energy sector and the rest of the economy.

I would like to remind this Honourable House that Trinidad and Tobago is the number one exporter of ammonia and of methanol in the world; we are the number one exporter on LNG in the Western Hemisphere and a major exporter of Direct Reduced Iron (DRI).

I would like to reassure this Honourable House and the national community that Trinidad and Tobago's energy fortunes and

prospects continue to be very bright and that we could expect the energy sector to continue to be the driver of our economy and our transformation efforts for many years to come.

Mr. Speaker there has been tremendous confusion and deliberate mis-information arising out the Ryder Scott natural gas audit which this Government commissioned, with the expressed purpose of informing our energy sector policy.

Let me remind this Honourable House that the first Ryder Scott Report in 1974 gave a reserves to production ratio of 8 years.

Mr. Speaker, 33 years later we are now having a reserves to production ratio of 12 years.

The reserves to production ratio is an industry indicator that was never designed to determine how long oil and gas resources will last. It cannot do that, was never intended to do that, and does not now do that. This position was underscored by the many experts who spoke at the recent Energy Conference.

The reserves to production ratio indicator was designed as a signal to the relevant authorities of the need to increase exploration activity and the timing of Governmental measures to achieve this.

Mr. Speaker, the situation revealed by the latest Ryder Scott Report was known to the Government for some time now as a result of which in the year 2005 appropriate adjustments were made to the income tax regime to stimulate exploration activity in the various provinces existing in Trinidad and Tobago. As a result a lot of exploration is now taking place both on land and in marine areas.

Four Rigs are now engaged in exploratory drilling and 16 wells are carded to be drilled in the last quarter of 2007 and in 2008. Earlier this year B.P an EOG drilled a deep exploration well

- Ibis Deep to 19,000 feet at a cost of US\$80 million or some TT\$500 million which did not discover any new reserves.

This is the nature of exploration activity and we have no doubt that as the programme progresses new discoveries would be made. The exploration effort over the next three years anticipate an expenditure of some TT\$3,530 million.

What is needed now is a new fiscal regime of incentives to stimulate further drilling in the Deep Marine areas of East Coast, marginal fields, heavy oil and farm in and farm out arrangements. We propose to introduce this new regime in Fiscal 2008. By these new arrangements we confidently expect as has happened in the past, new discoveries of oil and gas, and the preservation of Trinidad and Tobago's position as an industrial centre in the region.

Mr. Speaker, the Ryder Scott audit information does not affect in any way the priority projects, which are set to come on stream in the short term.

These include the five large gas-based projects: the Alutrinit Smelter at Union Estate in La Brea, the Essar Steel Complex, the Methanol Holdings AUM Complex at Pt. Lisas, the Gas-to-Liquids plant at the Pointe-a-Pierre Refinery; the Petrotrin's Gasoline Optimization Programme which is the first phase of the refinery upgrade, and the Methanol/Propylene/Polypropylene Project manufacture of a basic building block of a plastic industry.

In respect of the latter project, the Cabinet has now taken a decision to proceed to development of this new industry, and this complex, which will be built at a cost of some US\$1.5 billion is expected to come on stream in 2011. Construction is expected to begin in the fourth quarter of 2008.

The upgrade of the Pointe-a-Pierre Refinery in Petrotrin's Gasoline optimization programme is proceeding at a cost of US\$850 million and the industrial estate at Pointe-a-Pierre is now being cleared of old plants to make way for a brand new state-of-the-art refinery which we are seeking to attract.

New Industrial Estates

Mr Speaker, given the ongoing expansion of the downstream petrochemical sector and numerous proposals for new energy based projects the Government is taking steps to establish new industrial estates to accommodate energy-based industries. We are developing new industrial estates at La Brea, Point Lisas South and East, and we have now identified Cap De-Ville and the Oropouche Bank for further studies to determine their suitability as industrial sites.

In addition, the government also proposes to develop industrial port facilities at Brighton and Galeota.

The Petrochemical Sub-sector

Mr. Speaker, the gas based heavy industries include among others, 10 large scale Ammonia Plants, 7 large scale Methanol plants, 3 Direct Reduced Iron (DRI) modules, one Hot Briquetted Iron Plant and a gas processing plant.

A new 5000 tonne per day methanol plant, Atlas Methanol, and a 2000 tonne per day ammonia plant, N2000, were commissioned in 2004.

There are also five gas-based projects which are due to come on stream in the short term. They are:

- the Essar Steel Complex which involves the establishment of an integrated steel complex producing flat hot rolled coil as well as hot briquette iron and slabs;
- Methanol/Propylene/Polypropylene (MTP) - Discussions on Project details between Lurgi and the Government are ongoing. Basell, a joint venture between BASF and Shell is proposing a 160,000 tonne per annum plant at a capital cost of TT\$9.5 billion;
- the Methanol Holdings' AUM Complex with a proposed capacity of the plant is 1.5 million tonnes per annum of Urea Ammonium Nitrate and 60,000 tonnes per annum of Melamine: the capital cost is TT\$10.1 billion;

Ensuring Economic Transformation

- World GTL Trinidad Limited (WGTL-TL) Gas-to-Liquid plant which is a joint venture between World GTL Inc. (New York) and the Petroleum Company of Trinidad and Tobago Ltd. (Petrotrin). World GTL-Trinidad Limited will own and operate the 2,250 bpd Gas to Liquids (GTL) plant; and
- the Alutrint Smelter Complex: the capital cost is TT\$1.65 billion and will produce 125,000 metric tonne per annum, all of which will be used for downstream industries.

Aluminium Smelter Projects

Mr. Speaker, in 2005/2006 the Government received proposals to construct two Aluminium smelters, one by Alcoa and the other by Alutrint.

An Agreement in Principle was prepared by Alcoa in November 2005, to conduct feasibility studies to explore the establishment of an Aluminium facility at Chatham/Cap De Ville. A decision in principle to relocate the proposed site of the Plant has delayed this project.

Mr. Speaker, in April 2005, the Government agreed in principle to the development of a 125,000 metric tonne per annum Aluminium Transformation Facility.

Part of this Facility will reside in Union Estate, La Brea, as an Integrated Aluminium Complex. The remainder of the Facility will comprise additional downstream industries which will be located in the Tamana InTech Park.

We plan to establish an Energy Park of 250 acres in San Fernando. Office complexes for NGC, Ministry of Energy and Energy Industries and other energy services companies will be established in this "San Fernando Ener-Tech Park".

AGRICULTURE

Mr. Speaker, the Agricultural Sector has been earmarked for intensive focus in 2008 and in the coming years.

Mr. Speaker, the entire world is currently experiencing a period of unprecedented increases in food prices.

According to the International Monetary Fund (IMF), global food prices have risen by 23 percent in the past eighteen months.

In the Organisation for Economic Cooperation and Development (OECD) countries the food component of the consumer price index has accelerated to 12-year highs. In the United Kingdom food inflation is more than double the rate of the consumer price index, the highest rate of increase in six years.

According to the experts, Mr. Speaker, the rise in global food prices reflects the growing demand for food in emerging markets, most notably in China and India.

In addition, rising purchasing power; climatic changes; and the increased global demand for ethanol and biofuels in response to higher oil prices are reducing the amount of arable land for food cultivation.

The current world situation has given new urgency to the Government's push to expand agricultural production to help reduce food prices and begin the move to agricultural self-sufficiency.

Consultation on Food Prices

Mr. Speaker, on the 15th and 16th of this month the Government hosted a Public Consultation on Food Prices.

The objective of the forum was to share with the public the initiatives undertaken by the Government, and to solicit ideas and suggestions from industry experts and the public in general, on the best ways in which the country can use its

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available resources to increase the supply of food and control the level of food prices.

The Government acknowledges the concerns that emanated from the Consultation but I wish to reiterate that food prices in Trinidad and Tobago remain among the lowest anywhere in the English speaking Caribbean.

Mr. Speaker, while the Central Bank is applying various monetary policy instruments to control liquidity and influence the overall price level, the Government is implementing measures aimed at impacting the availability and marketing of food supplies which are critical factors behind the rise in food prices.

One such measure is the establishment of Farmers' Markets at Macoya, Debe, and Diego Martin. Additional Farmers' Markets are planned for Arima, Chaguanas, Marabella, Rio Claro, San Fernando and Sangre Grande. Mr. Speaker, these Farmers' Markets have had an immediate impact on the level of food crop prices.

In addition, Mr. Speaker, we have imported basic food items from non-traditional sources, including Latin America and removed VAT and the Common External Tariff on a number of food items.

Mr. Speaker, emanating from the Public Consultation on Food Prices, the Government will be implementing a number of actionable interim measures, designed to expand the supply of food and ensure that the momentum with respect to the reduction in food prices and inflation is maintained. These actionable items include:

- The establishment of a Prices Advisory Council chaired by Dr. Sharon Hutchinson with a mandate to address comprehensively, from a supply side perspective, the level of prices in the economy;

- The establishment of a Consumer Advisory Board chaired by Mr. Brian Moore to advise the Minister of Consumer Affairs on all matters relating to prices and consumerism and to monitor prices;
- Accelerating the setting up of a Competition Commission;
- The establishment of an Agricultural Development Commission comprised of representatives of a wide cross section of stakeholders in the sector, to advise the Minister of Agriculture on the development of Agriculture in the country;
- A review of the entire package of incentives related to small and large farms, organic farming, and agro processing;
- As part of a CARICOM effort, continue discussions with the Government of Guyana to make lands available for agriculture since Guyana has the resources, especially land space, for large scale agricultural production. This combined with the possibility of expanding the domestic sea-bridge, involving initially, the countries of the southern Caribbean, will assist in reducing potential food shortages in this country;
- The establishment of a Special Regime of incentives for new farms;
- Putting in place new arrangements outside the Police Service to address praedial larceny in hot spots by the end of the first quarter of 2008;
- The use of Cuban farming expertise to provide technical assistance to small farmers including former Caroni workers;

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- The reallocation of 417 acres of land at Mon Jaloux to be allocated to the Small Ruminants Society for their use subject to the submission of a viable business plan;
- The injection of \$75 million into the Agricultural Development Bank in the new fiscal year and we propose an additional \$25 million should it become necessary;
- The design and implementation of a three year plan to review the development of agricultural access roads, irrigation and other infrastructure by the end of the first quarter of 2008;
- The expansion of the Youth Apprenticeship Programme in Agriculture (YAPA) as a programme for the development of new farmers;
- Providing up to 100 acres each to the three ammonia manufacturers in the country to create demonstration farms.

Plans are already underway for the establishment of one such farm which I will address later in the presentation;

- Introduce in the short term a system for making agricultural lands readily available to farmers;
- Proposals from the Tobago House of Assembly (THA) on how agriculture production can be expanded on the sister isle. In the meantime the Government will expand the cold storage and warehousing capacity in Tobago;
- The implementation of a new arrangement of contract farming with appropriate marketing arrangement for select commodities developed in collaboration

with the National Agricultural Marketing and Development Corporation (NAMDEVCO) and the Trinidad and Tobago Agricultural Business Association (TABAA);

- The restructuring of the National Agricultural Marketing and Development Corporation (NAMDEVCO) to allow the Corporation to play a more pro-active role in the development and expansion of the agricultural sector, including using a venture capitalist approach in the development of innovative projects; and
- A review of the restrictions on the importation of food items from low price Latin American countries subject to the observation of all health requirements.

Mr. Speaker, let me reiterate that these are interim measures and more long term measures will be announced as the new fiscal year progresses.

The Use of Former Caroni (1975) Limited Lands

Mr. Speaker, in 2003 the Government took the bold and courageous decision to restructure an unviable Caroni (1975) Ltd.

In the process of restructuring Caroni (1975) Limited, we freed up prime agricultural land to be used for diversified crop production in both the primary market and the agro-processing industry.

Mr. Speaker, we have created over seven thousand potential new farmers, from the former workers of Caroni Ltd, each with two-acre plots to produce food for this country.

A significant portion of the former Caroni lands will also be utilized to establish large commercial farms through joint venture arrangements with the private sector.

We are also improving the infrastructure of these lands through an enhanced system of access roads and bridges and are moving towards better water management and supply, including retention dams.

All the support systems will be provided for the thousands of our smaller farmers who will continue to play their very important role in providing food for the nation.

Large Commercial Farms

Mr. Speaker, as announced in the last Budget Statement, under our National Agribusiness Development Programme the Government will be creating 16 large scale farms of a minimum of 100 acres each, all utilizing modern techniques and management for the large scale production of food.

These estates will be operated along commercial lines and will involve participation by the private sector, including established international companies in the field. The Rural Development Company is presently seeking proposals from domestic and international investors.

Mr. Speaker, work is now proceeding apace for the establishment of a large farm to be located in Tucker Valley, Chaguaramas. What is special about this farm, is that it is to be operated jointly by the Governments of Trinidad and Tobago and Cuba.

The farms would be utilized for root crops, vegetable crops, mixed farming livestock and integrated farming, using the most modern farming methods.

The large farms will be focused mainly on those commodities that have export value and the potential to develop into major food industries.

Their major output will be largely directed into processing, thereby fuelling the growth of the agro-industry. As much of the output will be earmarked to be exported the large farms will not be in competition with the smaller farmers for the domestic primary market.

Mr. Speaker, by putting all of these structures in place, the Government is laying the foundations for high volume, quality food production at a reasonable cost to consumers.

Mr. Speaker, it is not the intention of the government to promote large farms at the expense of small farms. What we envisage is a new mix in the farming community of large and small farms.

Joint Venture

Mr. Speaker, the Government is also proposing to partner with PCS Nitrogen Limited in establishing a Model Farm, Resource Centre and Greenhouse in Central Trinidad to provide the local farming community with free access to state of the art training facilities, technical assistance and technology which are currently unavailable in Trinidad and Tobago.

The project will introduce the farming community of Trinidad and Tobago to revolutionary crop production and management techniques. It will provide scientific expertise by making use of available PCS Nitrogen resources including agronomists, the International Plant Nutrition Institute and fertilizer.

INDUSTRY

Mr. Speaker, the Government is pursuing a multi-pronged industrial strategy in order to accelerate the economic diversification of the country.

One important aspect of this strategy is the provision of assistance and incentives to the manufacturing sector to allow the sector to expand and to introduce new innovative technologies to be able to compete in the global market place.

Through a Business Expansion and Industrial Reengineering Programme (BEIRP), the Government will assist domestic firms to be reengineered with greater state of the art technologies

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and processes and to expand their capacity to innovate and produce more sophisticated, value-added products for the international market place.

This is critical as we engage new markets in Central America in the expanded CARICOM/Costa Rica trade agreement and in Europe under the Economic Partnership Agreement.

Another major element of the strategy is the implementation of the strategic plans of the seven industries, which have been targeted for special focus by the Government because of their tremendous developmental potential.

These industries - Music and Entertainment, Printing and Packaging, Merchant Marine, Film, Fish and Fish Processing, Yachting, Food and Beverage - are being proposed as areas of investment for the private sector, with special government support.

These are in addition to our ongoing focus on Tourism, energy services and a renewed emphasis on Agriculture and agro-processing.

Moreover, when the new initiatives in financial services, especially the implementation of our plans for an International Financial Centre and our efforts in IT at Eteck are taken into account one sees clearly that the diversification agenda is well in train.

The intention Mr. Speaker is that industrial development would leverage a cluster of technology industries, which are being established in Tamana InTech Park, a nexus for knowledge-based manufacturing, research and development and training, strategically linked to the University of Trinidad and Tobago.

The Business Expansion and Industrial Reengineering Programme (BEIRP) is designed to assist the manufacturing sector to address four major issues: the expansion of existing plant capacity through an increase in the accelerated depreciation facility; and the introduction of new technology;

marketing; quality and production management; and human resource development and training.

Accordingly, the Government will consider the following initiatives to complete the package of incentives of the Business Expansion and Industrial Re-engineering Programme:

- An Innovation Facility;
- A Marketing Facility;
- A Quality Management/Production Management Facility ; and
- A Human Resource Management Programme.

These measures will be supported by an education system, which produces the skills required, the provision of a facilitating business environment and the legal system that supports Intellectual Property.

Small Business Development

Mr. Speaker, we are beginning to see a burgeoning of the small and micro-enterprise sector, thanks to NEDCO and the Business Development Corporation (BDC).

More than the establishment of small and medium-sized businesses, NEDCO has been having considerable success in promoting an entrepreneurial culture among the small-man; NEDCO has been uncovering the small man's potential for entrepreneurship.

The hard fact is, Mr. Speaker, that the small man, whatever his potential for entrepreneurship, has traditionally been denied access to funding because of his lack of collateral; and this is so not only in Trinidad and Tobago, it is so all over the world, in both developed and developing countries.

Against this background the philosophy behind NEDCO is to provide funding, but in conjunction with education and training.

We are convinced, Mr. Speaker that this is an excellent way of empowering people; of providing wealth-producing options

for the common man; of getting some people out of poverty and on to the road of financial independence. Mr. Speaker, this approach is displaying remarkable success.

Mr. Speaker, the ownership and management of a small or micro-enterprise, are more and more being pursued as a preferred career path by many who previously would have thought it unthinkable or impossible.

In the past five years, NEDCO has helped to establish over 7,600 small and micro-enterprises. Going forward, Mr. Speaker, the target is to establish 5,000 additional new small or micro-enterprises per year. NEDCO's lending portfolio is complemented by the Entrepreneurial Training and Incubation Centre (ETIC) which conducts business and management training programmes, provides advisory services, and business incubation facilities for Small and Micro Enterprises.

Mr. Speaker, in November last year the Government implemented the Fair Share Programme (FSP), which reserves ten percent of all contracts awarded by Government up to one million dollars for qualifying small businesses.

To access the Fair Share Programme, businesses must be independently owned and owner-managed, with up to 25 employees and assets up to 1.5 million dollars, excluding land and building.

TOURISM

Permit me now to turn to the tourism sector.

Tourism is now well recognized as an important earner of foreign exchange, as a strong generator of sustainable jobs, as a meaningful contributor to economic growth and diversification, and as a platform for social and economic progress. We in Trinidad and Tobago have only now begun to exploit fully our considerable tourism potential which exists on both islands.

Mr. Speaker, there are significant developments taking place in the tourism sector starting with the expansion of our upscale hotel room stock.

With the construction of the Waterfront Project almost completed, the Hyatt Regency Hotel is carded to open its doors for business in the first quarter of 2008, affording the industry 428 new first-class rooms and an addition of 50,000 square feet of Meeting and Conference space.

Mr. Speaker, the Government has already won the bids to host two major tourism conferences at the Hyatt in 2008: the Caribbean Hotels Investment Conference in May and the Florida-Caribbean Cruise Conference in October. Trinidad and Tobago is also scheduled to host the 34 Country Summit of the Americas and the 54 Country Commonwealth Heads of Government meeting in 2009.

Additionally, following the recent opening of the 80-room Holiday Inn Express in Trincity, 530 more rooms will come on stream in 2008 with the opening of the Cara Suites Piarco Hotel, the Piarco International Hotel, the Carlton Savannah Hotel in St. Ann's and the refurbishment of the Trinidad Hilton and Conference Centre.

Mr. Speaker, other hotel investments are under active consideration in Port of Spain, Chaguanas, South Trinidad, and Tobago. We are currently reviewing our Tourism legislation with a view to facilitating even further investment in the accommodation and ancillary services sub-sectors.

Mr. Speaker, along with the expansion of hotel capacity we are also securing an expansion of airlift arrangements into the country.

We are positioning Trinidad and Tobago as the Meeting and Conference Centre as well as the Events Capital of the Caribbean, and to achieve this goal, adequate accommodation and airlift are critical.

Ensuring Economic Transformation

British Airways has served Tobago from Gatwick admirably, and just recently, the airline reintroduced its service from Port of Spain. In addition, there are now new air links with Atlanta, Huston, Panama City and Curacao and links will be established with Fort Lauderdale and Holland shortly.

Mr. Speaker, having brought the visitors to our shores, we need to provide them with a unique experience.

Accordingly, we are taking steps to enhance our customer service standards on all fronts; to build awareness among our population about the importance and benefits of tourism; to market effectively our islands internationally as well as locally; and to build our tourism product.

Mr. Speaker, plans for the re-design of the Maracas Beach Facility are well underway with the Master Plan, Conceptual Designs and stakeholder consultations completed.

The objective of this Project is to transform Maracas Beach and its facilities into a modern, safe, clean, well-managed and environmentally-sustainable attraction of the highest international standard. Work is expected to begin on this project upon the completion of the Environmental Impact Assessment.

MAIN AREAS OF FOCUS

EDUCATION

With the leave of the Honourable Members, I now wish to outline our strategies for the major areas of policy intervention – first Education.

Mr. Speaker, Trinidad and Tobago is well on the way to truly revolutionizing its education system -- a seamless education system that would underpin the country's thrust to sustainable economic development; an education system designed to strengthen the social fabric, deepen our democracy and give our citizens the tools for success in today's world.

Now that the foundation has been laid, we need to focus on broadening accessibility, ensuring curriculum relevance even as we recognize the diversity of talent; infusion of technology for improved teaching and learning, mandatory teacher training for more effective delivery of the syllabus and de-centralized management for more efficient decision-making and greater community involvement.

The Government has developed a policy on Early Childhood Care and Education, has established standards for the establishment of the centres, curriculum guidelines and has embarked on a massive training programme for centre administrators and teachers.

During fiscal year 2008 we plan to construct 33 ECCE Centres and to train about 300 ECCE Teachers and Administrators. By the end of 2008 we expect to have a population of 2,550 three and four year olds in these ECCE Centres.

Mr. Speaker, our emphasis at the primary and secondary levels is complete modernization-- modernization in terms of infrastructure, curriculum, administration, teacher education planning and having the schools as learning organizations.

As regards primary education the aim should be zero per cent of students scoring less than 30 per cent. At the secondary school

level, our goal is to ensure that 80 per cent of secondary school leavers exit the fifth form level with appropriate certification.

Mr. Speaker our construction programme in respect of primary schools will continue in 2008. We are well aware that in some schools the situation is dire, demanding immediate redress. As an interim measure, therefore, temporary pre-engineered classrooms will be provided as a means of alleviating acute accommodation problems at some Primary and Secondary Schools.

In the new fiscal year the remaining six junior secondary schools will be deshifed and converted to secondary schools.

Mr. Speaker, in 2008 the junior secondary schools system will be a thing of the past.

The **National Open School of Trinidad and Tobago (NOSTT)** was established in 2006 in response to the challenges of delivering primary and secondary education to the out-of-school population. To date, the initial five National Open School Centres have been identified and once established will cater for two hundred and fifty students and will offer tuition in five key subject areas – *Mathematics, English, Science, Social Studies* and *Spanish*.

By June next year the National Open School System will become fully operational with a total of twenty schools with trained tutors and a target population of 4,500 students.

Mr. Speaker, one of the Government's major focus is the infusion of Information and Communications Technology (ICT) in the curriculum of our schools. The main objective of this programme is to prepare students to live in a knowledge-based society.

Main Areas of Focus

Under the **Primary Schools Computerization Programme** infrastructural work on computer laboratories has been completed at 340 primary schools and eleven special schools and before the end of this fiscal year the majority of these schools will boast modern, fully equipped computer labs.

Mr. Speaker, Phase I of the **ICT in Secondary Schools Programme** commenced with the provision of computers and network and security systems. Free internet access is now available at one hundred and eighty primary and secondary schools.

In the new fiscal year, we intend to complete the computerization of 193 primary schools, and 11 special schools. In addition computers and networking will be provided for 133 Secondary Schools throughout the country.

Phase II of the Secondary Schools ICT Project, which includes purchase of teaching software and provision of classroom collaborative solutions, will also be completed during the coming fiscal period.

Tertiary Education

Mr. Speaker a part of the proud legacy of this Government will be that a high quality tertiary education is no longer a privilege of the rich and influential.

In 2001 enrollment in tertiary education was around 15,300 or about 11 percent of the age category 17-25 years. Over the last six years enrollment has increased to about 45000 or about 33 percent of this age cohort.

Mr. Speaker this is no easy accomplishment for any government in a developing country. We plan to increase the enrollment to 60 percent of this age cohort by the year 2015.

We have made tertiary education affordable through the Government Assistance for Tuition Expenses Programme (GATE) and the Higher Education Loan Plan (HELP).

We have supported more than 66,000 students through the GATE Programme alone.

Mr. Speaker, we are establishing UTT Campuses all over the country for students to access tertiary education opportunities, including through distance learning. Additionally, our policy is one which caters to flexible admissions for students at all levels in the system as we embrace lifelong learning.

Mr. Speaker, we are ensuring that our tertiary education is industry-relevant. Accordingly, both students and graduates will have to access workplace engagements.

This is seen in the range of learning centres that we are establishing, from the National Academy of the Performing Arts to the Natural Gas Institute of the Americas.

Mr. Speaker, having a competitive workforce and improved quality of life can only be achieved through quality tertiary education. We are therefore committed to the highest standards of excellence at the tertiary level and have established a national system for quality assurance and accreditation being driven by the Accreditation Council of Trinidad and Tobago.

The University of Trinidad and Tobago (UTT)

Mr. Speaker, the construction of the main campus of the University of Trinidad and Tobago at the Tamana Intech Park in Wallerfield will continue in the new fiscal year. The establishment of the main campus will allow the University to:

- Increase the number of students who can afford university-level training in science, engineering and technology;
- Widen further the scope of teaching and research programmes beyond the traditional areas now offered by the University of the West Indies;
- Facilitate rationalization of the university's support services;

- Establish more lecture rooms and laboratories; and
- Create a positive economic effect on the community areas near the university.

The UTT will also upgrade its infrastructure in the following:

- Construction of the UTT Centre for Sports;
- Establishment of the Academies for the Performing Arts;
- Expansion and upgrade of the facilities at Valsayn and Corinth Teachers' Colleges and
- Upgrade of the library facilities at UTT campuses.

College of Science, Technology and Applied Arts of T&T (COSTAATT)

The mandate of COSTAATT has been changed from its original broad orientation to one focusing on certificate, diploma and associate degree programmes in critical areas of nursing and health sciences, humanities, foreign languages and the performing and creative arts.

In line with this mandate legislation is being prepared to convert COSTAATT into a Community College preparing students for professions in the specified fields and also serving as a transition to University Education. The College will construct three campuses located in North and South Trinidad and in Tobago.

University of the Southern Caribbean

Mr. Speaker, the University of the Southern Caribbean is currently seeking to expand its facilities to accommodate greater enrolment and the upgrading of the University residence halls and faculty buildings. The University has requested assistance from the Government.

Given Government's interest in expanding access to tertiary education among the wider population the Government has agreed to provide some financing towards this project under a specific protocol with the University.

The Government is considering providing financing of approximately \$97 million over the next four years. The benefits that would accrue to the Government from this agreement are currently being worked out.

HEALTH

Mr. Speaker let me focus now on the Health Sector.

Mr. Speaker, during the coming year we intend to quicken the pace of upgrading all health facilities, infrastructure and human and other resources as we seek to provide our citizens with the ability live longer, healthier and more productive lives.

Mr. Speaker, the incidence of so called *lifestyle diseases* is giving the Government much cause for concern. An area of critical concern to this Government is the number of persons suffering from diabetes mellitus. On the CDAP alone, the statistics show that there are 145,000 persons accessing medication with approximately 5,000 of that number being insulin dependent.

We view the promotion of healthy lifestyles as a key strategy for affecting behavioral changes that will ensure not only a healthy, but a *health conscious* nation as well. We will continue to emphasize good nutritional habits and exercise.

Mr. Speaker, the computerization of CDAP is now 90 percent complete. To date, two hundred and ten pharmacies have been supplied with terminals in readiness for the C-DAP Smart Card which was launched last month. The remaining 30 pharmacies will be computerized during 2008.

Main Areas of Focus

The Chronic Disease Assistance Programme will be expanded further with effect from January 1st 2008 to include diabetic testing strips which will be available at no cost to these insulin dependent patients through the Chronic Disease Assistance Programme.

Oncology Developmental Programme

Mr. Speaker, as part of the Government's commitment to providing quality health services to the population, work has begun on the establishment of the **National Oncology Centre**. The Centre, which is expected to be in operation in two years will offer cutting-edge cancer treatment for our citizens. It is also expected that the Centre would provide an agreed level of service to CARICOM nationals under Government-to-Government arrangements.

Organ Tissue Transplant Programme

Mr. Speaker, Trinidad and Tobago is also providing First World medical care in other areas.

Since the inception of the Programme in January 2006, the National Organ Transplant Unit has completed eighteen transplants compared with thirty-six similar procedures performed in this country over a seventeen year period. In addition, forty-two donors have been screened and a campaign for the sensitization of public and medical personnel was launched.

Mr. Speaker, the framework for an **Eye Bank** has been developed and in the new fiscal year we expect to have a functional Eye Bank for the supply of corneas for transplants.

Neo-natal Facilities at Mt. Hope Women's Hospital

Mr. Speaker, I am happy to report that the refurbishment of the Intensive Care Unit at the Mt. Hope Women's Hospital has been completed.

The Unit contains a wide range of specialized equipment including incubators, ventilators, warmers, intravenous pumps, monitoring equipment, and photo therapy equipment.

With the acquisition of these state-of-the-art pieces of equipment, the survival rate for newborn and premature babies is expected to increase markedly.

National Health System (NHS)

Mr. Speaker, in keeping with the Government's overall objective to reform the Health Sector and improve the delivery of healthcare to the citizens of Trinidad and Tobago, we have taken the initial steps towards the establishment of a **National Health System (NHS)**.

Under the National Health System the State will maintain financial responsibility for the provision of an essential basket of services to all citizens of Trinidad and Tobago, and every citizen will be able to exercise choice of provider.

A Steering Committee has been appointed to prepare a design proposal for the National Health System. Over the next fiscal year, the Committee will engage the National Community in dialogue on the proposed National Health System.

HIV/AIDS

Mr. Speaker, significant progress has been made in addressing the incidence of HIV/AIDS over the last five years, particularly as the anti retroviral (ARV) treatment has been made more accessible to the population as a whole. At the same time, there has been a 69 percent decline in the number of HIV/AIDS cases reported.

Between 2001 and 2006 the Government has spent more than \$30 million on providing comprehensive treatment to more than 4,000 people living with HIV.

Despite this encouraging development Mr. Speaker, AIDS remains the leading cause of death in the 15-44 age group. The Government therefore will continue to remain vigilant as it seeks to further develop and consolidate a comprehensive and collaborative approach for treating with HIV/AIDS.

The priority areas, Mr. Speaker, include: prevention; treatment, care and support; advocacy and human rights; surveillance and research; programme management, coordination and evaluation. The Government is also reviewing a Draft National Workplace Policy on HIV/AIDS in an attempt to curb discrimination on the job.

Over the next fiscal year, we will extend free HIV/AIDS treatment to six major centres. In addition, there will be improvements in both the procurement and distribution of drugs to treat HIV/AIDS, as well as the institutional strengthening of laboratories.

HOUSING

Mr. Speaker I will turn now to the Housing Sector.

Honourable Members will no doubt agree that secure home is fundamental to family and personal well-being. Many of the households with affordability challenges include low-wage workers, the elderly and differently-abled citizens and these are the people for which our National Housing Policy was targeted.

Mr. Speaker since 2002 we have constructed approximately 26,000 housing units while more than 8,225 units are currently under construction.

The Government recognizes that there is still more to be done in ensuring that every citizen has access to a basic human need, the need for shelter and we intend to keep affordable and quality housing at the top of our list of priorities.

To this end, Mr. Speaker, in terms of housing finance, one of the major changes in the housing sector implemented by the Government has been the reduction of mortgage interest rates.

Prior to 2002 interest rates varied from eight percent to twelve percent for the Approved Mortgage Companies (AMC) Programme and since then has hovered between 6 to 8 percent.

Mr. Speaker, in 2007 the Government introduced a subsidized interest rate of 2 percent for beneficiaries with income of up to \$8,000 per month for a house costing a maximum of \$450,000.

Additionally, Mr. Speaker, prior to 2002 the required down payment for mortgages was 10 percent. It was subsequently reduced to 5 percent and in the last fiscal year the Government eliminated the down payment altogether.

Further, Mr. Speaker, persons who qualified for a mortgage are also eligible for a further loan of \$15,000 towards the purchase of household appliances, and this further loan is to be incorporated into the mortgage arrangements.

Other measures implemented by the Government aimed at making housing more affordable include: the increase in the ceiling for the Exemption of Stamp Duty for residential properties from \$350,000 to \$450,000; transferable mortgages; and a Rent to Own Programme.

Mr. Speaker, the Government's Housing Policy also focuses on making houses more affordable by indirectly subsidizing the cost of houses.

Beneficiaries of government housing will only be required to pay for the cost of the raw land, while the Government will meet the infrastructural costs for the development.

In addition Mr. Speaker, the Government also provides through the Beneficiary Owned Land Subsidy an upfront subsidy to be given to beneficiaries in possession of land who wish to construct a home and who satisfy the relevant criteria.

Main Areas of Focus

Mr. Speaker, we are now developing 22,023 residential plots including the service plots provided to the former employees of Caroni (1975) Limited. The infrastructure work is almost completed on most of the 27 sites.

These will result in modern communities with all utilities underground. The price of these lots include substantial subsidy on both the infrastructure cost and cost of the land. These lots are priced at \$4, \$5 and \$6 per square foot, that is \$20,000, \$25,000 and \$30,000 per lot.

The designs of 5 model houses would also be made available to these home owners.

Mr. Speaker, in an effort to maintain the existing housing stock the Housing Policy also provides Home Improvement Grants and Home Improvement Subsidies to assist persons in undertaking repairs and making improvements to their homes.

The Land Settlement Agency, through its mandate, is undertaking the Squatter Regularization and Containment Programme.

This programme is intended to regularize the security of tenure for families living in squatter settlements and to improve the overall living conditions of squatters by providing basic services, communal facilities, and formal land tenure to families. A major goal of the Government is to eliminate the incidence of squatting completely.

Mr. Speaker, I should note that our housing model implies more than building houses; it envisages the development of sustainable communities, which include the provision of public amenities such as playgrounds, community centers, schools, open spaces, clinics and other facilities.

Mr. Speaker, a major component of providing accessible housing in sustainable communities involves developing sustainable housing on green field sites through the creation of New Towns. In this respect, the Government has commenced

the development of a New Town at Wallerfield. Four more New Town developments have been earmarked for Sangre Grande, La Brea, Princes Town and Chaguanas.

SOCIAL PROTECTION

Mr. Speaker I turn now to the Social Sector.

While the Government has no immediate plans to introduce new social programmes we will continue to foster social development and integration on multiple fronts, including the provision of a network of integrated, effective and accessible social programmes and services.

The Government recognizes and commends the selfless and dedicated service of civil society organizations in the many aspects of social service delivery. Indeed we view these organizations as full partners in this work.

In the next fiscal year we will establish, through policy and programme initiatives, a structured approach to the provision of social services by civil society organizations and the private sector.

The Government will also partner with international agencies, where appropriate, with a view to crafting a more effective and efficient delivery of services, to inform decision making and to enable and empower research-based policy and programming.

Mr. Speaker, the poor and marginalized are not a homogenous entity. A sustained effort must be made to gather information pertaining to each group on a continuous basis.

As we craft a more relevant and targeted response to the needs of the poor and vulnerable among us, the Government will conduct research and needs assessment pertaining to vulnerable and at-risk groups including: persons addicted to drugs and other substances; persons with disabilities; older persons; socially displaced persons; and “at risk” children.

Mr. Speaker, the family, as the principal teacher and transmitter of ethical, social, spiritual and religious values is indisputably the core of our social fabric.

It is no surprise therefore that many of the social ills that now imperil our society can be directly traced to the disintegration of the family unit.

It is possible that the major contributory factor to this denigration of the family is the disadvantaged economic situation of low-income and single-parent families especially households headed by a single female.

As a response, Mr. Speaker, the Government will continue the implementation of the **National Family Policy** which we have adopted as our blueprint for creating and promoting a family-friendly society and for mainstreaming family issues into every aspect of policymaking.

The National Family Policy will focus on a wide variety of issues relevant to the proper functioning of the family unit including, employment practices, healthcare, housing, education and training, social services, and recreation.

Mr. Speaker, the Government will also implement a **National Parenting Programme** to educate young people on the role of parents and the ideals of good parenting.

Other programmes in support of the family include:-

- The National Counselling Programme;
- Establishment of a Children's Authority; and
- Implementation of the Second National Plan of Action for Children.

Mr. Speaker, in 2008 we will advance the **Poverty Reduction Strategy** through the implementation of a structured approach to the regular measurement of poverty. This approach will

enable proper targeting of programmes and assessment of progress and will foster social integration and inclusion of traditionally marginalized vulnerable and at risk groups.

NATIONAL SECURITY

Mr. Speaker I turn now to the issue of National Security.

Mr. Speaker, the 2007 fiscal year represented a major turning point in this country's fight against crime. While we are by no means satisfied with the current level of crime, we are confident that the collaborative and coordinated efforts of our law enforcement agencies and other support agencies are leading to reductions in certain categories of serious crime especially homicides and kidnapping for ransom.

This Government's major focus continues to be the safety and security of all citizens and residents of Trinidad and Tobago.

Legislative Reform

During the 2007 fiscal year, there were several critical legislative accomplishments.

The Reform package essentially sought to improve the management system in the Police Service by giving more autonomy to the Police Commissioner and the Police Service Commission.

Mr. Speaker, to further strengthen the legal and regulatory framework, the Government will pursue passage of several pieces of legislation, the most critical being:

- The DNA Bill;
- The Proceeds of Crime (Amendment) Bill;
- A Bill to establish the Special Anti-Crime Unit of Trinidad and Tobago;
- Amendment to the Defence Act;

Main Areas of Focus

- Protective Services Compensation Act;
- The Immigration (Advance Passenger Information) Act; and
- Prison Service Rules under the Prisons Act.

Providing resources to the Police Service

Mr. Speaker, to enable the Police Service to achieve its mandate, the Government has embarked on a number of initiatives to provide the Organization with the resources it requires in terms of infrastructure and human resource.

A refurbishment programme involving fifty-six Police Stations is currently in progress across the country. Five police stations are also under construction and will be completed by October 2007.

The Police Training Academy at the St. James Barracks is receiving a major upgrade and completion is scheduled for the end of September this year.

In the new fiscal year eighteen new police stations will be constructed along with the completion of the Police Training College.

To improve police visibility and response times, 315 purpose-built police vehicles will be procured. Delivery of these vehicles will commence in November this year.

Mr. Speaker, consequent on the enactment of the Police Service Act, six hundred civilians will be recruited to provide administrative and managerial support to the Police Service. Additionally seven hundred and fifty (750) constables are scheduled to be recruited during fiscal 2008.

In the 2007 fiscal year 2,700 police officers have been the beneficiaries of training courses in leadership skills, motivation techniques, employee counselling, management and customer service, crime scene investigation, courtroom skills, interview techniques, and surveillance. The intention is to train an additional 2,500 officers in the upcoming fiscal year.

Offshore Patrol Vessels

Mr. Speaker, as Honourable Members are aware, an essential part of our strategy relates to our ability to protect our maritime borders.

The *first phase* in the strategic up-grade of the response platforms of our maritime forces began in April this year when the Government executed a number of contracts.

VT Shipbuilding International is designing and constructing three Offshore Patrol Vessels, the prices of which total \$1,455 million.

The first Offshore Patrol Vessel will be delivered in March 2009, the second in October 2009 and the third in August 2010.

In the interim, and given the urgency with which the Government requires additional maritime capacity, we have acquired two Vessels which are now being appropriately modified to discharge the mandate of the Trinidad and Tobago Coast Guard. The price of these two vessels is \$132 million.

Mr. Speaker, the effectiveness and efficiency of the three vessels would be assured through the establishment of two associated arrangements: a *maintenance support programme*, which would continue for five years after the receipt of the third vessel and a *crew training programme*.

These naval assets are being provided through a Government to Government arrangement. To this end, the Government of the United Kingdom would provide us with independent advice on the design and construction of the vessels as well as on the vessel acceptance process.

Mr. Speaker, we have now initiated the *second phase* in the strategic expansion of our maritime forces.

We have identified through a competitive tendering process a highly-regarded manufacturer to provide six medium-sized Fast Patrol Craft which would fill the operational gap between the Offshore Patrol Vessels and a variety of small craft.

Appropriate maintenance and training support packages would ensure the efficiency and effectiveness of those craft. It is envisaged that the first Fast Patrol Craft would be delivered in the first quarter of 2009.

Mr. Speaker, the *third phase* in the strategic upgrade of our maritime capability involves the procurement of six Interceptors and four Helicopters.

Both sets of assets would be capable of launching and recovery by the Offshore Patrol Vessels. Procurement for these naval assets is in process.

Consultations on Crime

Mr. Speaker, between April 18 and May 18, we held seven consultations on crime throughout Trinidad and Tobago. As I have done before, I wish to again thank the thousands of citizens who participated in the consultations and made numerous recommendations on the way forward.

The objectives of the consultations were realized with the attendance and response of the public exceeding all expectations; this was truly an exercise in participatory democracy which provided a unique opportunity for face-to-face dialogue between the Government and the people.

Mr. Speaker, five key initiatives have been approved to give effect to the suggestions from the public:

- (i) the establishment of a non-partisan Crime and Justice Commission headed by Justice Lionel Jones to evaluate those recommendations relating to law enforcement and the justice system and to recommend to Cabinet the appropriate legal framework for implementation, where relevant. The Commission will seek to devise specific mechanisms to improve public confidence in the law enforcement and justice system;
- (ii) the establishment of a national fingerprint database with the capacity to store fingerprint

records of each citizen from birth, a procedure adopted in a number of developed societies;

- (iii) the establishment of a structured mentoring programme which utilizes trained professionals to provide one-on-one mentoring for youth at risk;
- (iv) the referral to the Ministry of Education of those matters related to Education for appropriate action; and
- (v) the launch of a sustained national campaign to educate and inculcate sound family values and positive attitudes, utilizing all appropriate institutions and channels of communication.

Citizens Involvement in the fight against Crime

Mr. Speaker, the participation of the community in the fight against crime received a new impetus with the introduction of the 555 anti-crime initiative in May last year.

Active participation by the community is already in evidence. Numerous community meetings have been held and over 150,000 calls received at the call centre.

Mr. Speaker, another initiative involving our citizens in the fight against crime is the Citizen Security Programme (CSP), which is jointly funded by the Inter American Development Bank (IDB) and the Government. The programme represents a pro-social approach to crime and focuses on providing at-risk youth with alternative programmes and activities.

Cricket World Cup 2007

Mr. Speaker, the recently concluded CWC 2007 provided the region with the best example of regional integration as we move to the operation of a single market and economy.

Locally, the safety and security arrangements for the venues in Trinidad were coordinated by the working group of the Local Security Committee (LSC) operating out of police headquarters.

Main Areas of Focus

This country also assigned some 62 Police Officers and 118 members of the Defence Force to a Task Force that was deployed throughout the Region.

Immigration Officers, Police Officers and Intelligence Officers were also assigned to the Joint Regional Communications Center (JRCC) in Barbados and the Regional Intelligence Fusion Center (RIFC) in Port of Spain.

These two institutions played a pivotal role in supporting the Advance Passenger Information System (APIS) which will forever remain a legacy in this country and the region.

INFRASTRUCTURE

Mr. Speaker, I will now turn to the issue of the country's Infrastructure.

Mr. Speaker, rapid economic growth has put strains on our existing infrastructure which must now be expanded and up-graded to meet the increasing demands of the future. Accordingly, in the context of our Vision 2020 the Government is in the process of establishing a modern transportation network; cost-effective and universal utility services; and an efficient and affordable broadband information infrastructure that promotes connectivity.

Transport

Mr. Speaker, traffic congestion along the main East-West and North-South corridors in Trinidad is an on-going and growing problem, principally due to the ever-increasing number of cars on the roads in Trinidad, which is a direct result of the country's prosperity.

The records confirm that over 30,000 new and/or foreign-used cars are now imported into Trinidad and Tobago on an annual basis.

Our roads were not designed to deal with this massive influx of vehicles, and against this backdrop, the Government understands the urgent need to expand our road network to

alleviate traffic congestion, among other solutions. During the past year we have made significant progress towards addressing this very important issue.

Mr. Speaker, over the last 12 months, as an immediate solution, we have moved swiftly to expand our public transport system, and in furtherance of this objective, the Public Transport Service Corporation has more than doubled its fleet of available buses over the last five years.

Indeed, we have managed to increase the pool of available buses from just about 80 buses when we came in 2002 to almost 200 buses in 2007. The fleet will be expanded further by the acquisition of 112 additional buses during the new fiscal year, bringing us up to 300 buses, which was the fleet level in the early 1990's prior to the advent of the previous administration.

We are also in the process of improving and modernizing the passenger facilities at Arima, Sangre Grande, Port of Spain Chaguanas and Point Fortin, among other population centers. Tobago is also due to receive its fair share of attention with respect to this PTSC initiative.

Increasing the capacity of our highway network to handle the increasing volume of traffic more efficiently is also an urgent priority.

In this context, the recent widening of Wrightson Road is already having a positive effect on traffic flows into Port-of-Spain and commuters have reported savings in travel time of up to 20 minutes per trip into the City as a result of this initiative.

Consistent with this objective of freeing up the flow of traffic on our roads, the construction of the Interchange at the intersection of the Uriah Butler and Churchill Roosevelt Highways is also well underway.

Construction of road diversions is in progress in order to allow the project to proceed with minimal impact on commuters, and pile driving has commenced for the main abutments for the elevated bridge structure which will allow traffic to flow

from West to South without conflicting with traffic from East to West. This project is on time and within budget and it is scheduled to be completed in the fourth quarter of 2008.

At the same time, consistent with all of the recommendations of the various transportation studies over the years, the Government is also proceeding with plans to convert the East-West Corridor from Port of Spain to St. Joseph and the North-South Corridor, from Port-of-Spain to San Fernando into an international standard freeway, without any traffic lights or other obstructions.

To achieve this, in addition to the Interchange Project and the overpass that is to be constructed at Bamboo Village to eliminate the traffic lights at that location, the traffic lights at El Socorro and Aranguez will be replaced with overpasses. Tenders for these two projects on a design-build basis will be invited within the next month.

When this initiative is complete, motorists will be able to drive from Port-of-Spain to San Fernando and vice versa without any hindrance, which will greatly assist the flow of traffic between North and South Trinidad.

Additional lanes are also being constructed on both the Churchill Roosevelt and Uriah Butler Highways as part of this initiative, and removal of the traffic lights on the Churchill Roosevelt Highway at Valsayn, Curepe, UWI, Tunapuna, Macoya, Trincity, Orange Grove and Piarco, among other locations, is also on the cards.

The Government also understands and appreciates the need for new highways, and we have taken the decision to construct a national grid comprising existing highways and new highways.

The highway system that we have planned includes a new network of highways from San Fernando to La Brea and Point Fortin; from San Fernando to Mayaro; from Arima to Manzanilla and from Sangre Grande to Toco; to the North Coast and either a highway or causeway to Chaguaramas. A

new north-south freeway is also being planned from Curepe to Princes Town to link with the San Fernando to Mayaro highway. Mr. Speaker, it is envisaged that state-of-the-art technology will be utilized this effort.

These new highways are being planned on a concessionaire basis, Mr. Speaker, whereby the successful bidders will design, finance, construct, operate and maintain the new roads.

It is expected that with this new approach, the road system in Trinidad can be transformed within a 5 year period.

With respect to sea transport, the acquisition of two modern state-of-the-art fast ferries by Government has brought tremendous relief to the traveling public on the inter-island sea bridge. With the new ferries, the T&T Express and the T&T Spirit, the inter-island ferry service now has the capacity to transport over 3,500 passengers and 400 cars on a daily basis and the journey time to and from Tobago has been cut from 5 hours to 2 ½ hours.

We have also introduced a dedicated cargo vessel, the Warrior Sprit, which has more than enough capacity to serve all of Tobago's cargo requirements, now and in the foreseeable future.

Mr. Speaker, a new Port of Spain Port will soon be constructed along the waterfront at Sea Lots, Southeast of the NP complex. A Development Manager for the new port will be selected shortly, and Requests for Proposals for the design and construction of the new Port will be invited in the first quarter of 2008.

Construction of the new Port is schedule to commence by the third quarter of next year and will be a new state-of-the art containerized port facility. It is expected to be fully operational by the third quarter of 2010.

Mr. Speaker, the physical infrastructure for the operation of the water taxis from Point Fortin to Port of Spain is close to completion.

Main Areas of Focus

Dredging for the approach and turning basin in San Fernando for this project is in progress and the identification of suitable vessels for the service is almost complete.

The Minister of Works and Transport will give further details on this matter in his contribution to the Budget debate, but I am advised that the first phase of the water taxi service, from San Fernando to Port-of-Spain, is expected to commence operations in the first quarter of the new fiscal year.

Over the longer term, to reduce traffic delays and plan for the future growth in the number of vehicles using the road network, the Trinidad Rapid Rail project is being actively pursued and developed to facilitate fast and frequent service along the East-West and the North-South corridors.

Mr. Speaker, the project is to be implemented through the National Infrastructure Development Company (NIDCO) and will be developed through a Design Build Operate Maintain contract. The first phase of the project will commence in the new fiscal year and will be completed in five to six years.

I wish to emphasize, Mr. Speaker, that in selecting the preferred contractor for this project, the Government has been at pains to establish the highest standards of transparency and integrity in the procurement process in order to ensure that Trinidad and Tobago gets best value for money.

Accordingly, because of the magnitude and complexity of this mega project, in similar fashion to the recent procurement of Offshore Process Vessels, the Cabinet established a Ministerial Committee to oversee the procurement process for the Rapid Rail Project, supported by a Technical Team comprised of Senior Public Servants and Technocrats.

The Technical Team was further supported by specialists and experts in railway systems, including the firms of Marshal Macklin Monaghan, Toronto-based international consulting engineers and White and Case, London-based international attorneys, both highly recognized in their respective fields.

As you may recall, Mr. Speaker, after an exhaustive process of registration, pre-tender clarification and prequalification over a period of almost one year, we had narrowed down the selection to two remaining international consortia, Trinitrain led by Bouygues Travaux Publics and the T3 Group led by Vinci Construction Grands Projets, both from France.

Both of these consortiums had demonstrated their capability to execute the project, and final negotiations were required in order to establish which group was prepared to offer the most attractive proposal in terms of the overall benefit and value to Trinidad and Tobago, with the least risk.

Mr. Speaker, after a thorough examination by NIDCO and the Technical Team of all relevant contract factors, including technical considerations, price and contractual terms, and review by the Ministerial Committee, the Government has accepted NIDCO's recommendation that the Trinitrain Consortium be deemed to be the preferred tenderer for the design, construction, operation and maintenance of the Trinidad Rapid Rail Project.

Mr. Speaker, suffice it to say that the rapid rail system will provide unparalleled mobility and will be the backbone of Trinidad's transportation system when completed.

Commuters will be able to travel at high speed in air-conditioned comfort from Diego Martin in the West to Sangre Grande in the East and from San Fernando in the South to anywhere along the East-West Corridor. Part of Phase I of that project may warrant extending the Rail to Penal.

Programme for Upgrading Road Efficiency

Mr. Speaker, the strategic intent of the Programme for Upgrading Road Efficiency (PURE) is the improvement of all primary and secondary roads in order to reduce travel time and congestion, vehicle operating costs as well as to increase travel safety.

Under this far-reaching programme over 1,000 kilometers of roads have been upgraded within the last two years and it

is the Government's intention to utilize this programme to upgrade and rehabilitate every single road in the country, so that no community or area is left out.

The expansion of PURE into local roads, or neighborhood roads, as they are also called, is the first phase into the establishment of a National Roads Authority, whereby every single road in the country will be the responsibility of one agency, which will also put an end to the current confusion where citizens experience tremendous difficulty and frustration in determining exactly which agency is responsible for which road.

Drainage

Mr. Speaker, one of the more pressing issues affecting our citizens is the question of proper drainage, which has a direct effect on productivity and the quality of life. In Trinidad and Tobago, we experience both flash flooding and more serious flooding caused by extreme and prolonged rainfall usually associated with perennial tropical storms.

The Government is of the view that piecemeal solutions to the drainage and flood mitigation just do not work. Therefore proposals have been invited from local and international experts for a comprehensive National Drainage Plan, similar in scope to our National Transportation Plan.

It will examine all aspects of flooding in North, Central and South Trinidad, and Tobago and devise long-term and sustainable solutions to this problem. The Plan is expected to take 12 to 15 months to complete, and implementation will commence by the end of 2008.

In the interim, while the Plan is being developed, the Ministry of Works and Transport will continue with its major river clearing programme; its de-silting programme; its drainage development programme and its drainage infrastructure and flood mitigation programme, all of which are on-going.

Under these programmes, major works are in progress, including walling, paving and upgrade of main watercourses and drainage channels in the Caroni River Basin, the

Oropouche Lagoon, the Caparo River Basin, and all main rivers along the East-West Corridor, such as the Diego Martin River, Maraval River, St. Ann's River and San Juan River, among others, as well as main rivers in South Trinidad, such as the Ciperio River, Marabella River, and Vistabella Rivers.

An international firm of consultants has also done significant work towards the development of comprehensive drainage solution for Port-of-Spain.

Mr. Speaker, the scope and extent of this project stretches from the Maraval River in the West to the St. Ann's River in the East and from the Queen's Park Savannah in the North to the Port-of-Spain waterfront in the South.

The project involves an upgrade of the St. Ann's and Maraval River Channels, including diversion works, construction of retention basins, and installation of sluice gates and pumps, and other higher-order drainage solutions, consistent with first-world solutions utilized to resolve drainage challenges in cities affected by tidal influences.

Reconstruction and expansion of the underground drainage systems in Port-of-Spain is also part of this programme, as well as relocation of all utility lines underground, and a general upgrade of the physical environment in the Capital City. It is a comprehensive programme to change the face of the Capital City.

Mr. Speaker, we intend to tackle the problem of flooding in Trinidad and Tobago head-on, using the best available advice from international and local experts.

PUBLIC UTILITIES

Water and Sewerage

Mr. Speaker, our programme to provide water for the entire nation to which the Government is resolutely committed has faced several challenges, including sharply increasing demands emanating from industrial expansion, climatic changes and the

Main Areas of Focus

proliferation of new housing communities. The management and organizational challenges facing the Water and Sewerage Authority (WASA) have also added to these problems.

The Government insists that WASA must develop the capacity to ensure an adequate supply and distribution of potable water to the population; to process wastewater consistent with international standards, and to promote prudent and cost-effective management and conservation of natural water resources.

Consequently, Mr. Speaker, in May this year the Government contracted a reputable international consultant to develop the Water and Wastewater Master Plan, the aim of which is to transform WASA into an efficient and viable business entity providing reliable water and waste water services.

They will also determine the country's future demand for water and wastewater services, and provide alternatives for the rehabilitation and upgrading of existing water and wastewater facilities and the construction of new facilities.

This Master Plan, Mr. Speaker, will ensure that all of Trinidad and Tobago will have a nationwide, 24 hours, 7 days a week water supply and standards and regulations for industrial wastewater treatment and discharge.

With global warming expected to have a significant impact on weather patterns in our region, the Government has taken a decision to reduce the country's dependence on surface water, that is, the water from our dams.

Accordingly Government intends to explore the desalination option in providing service to various parts of the country.

Mr. Speaker, we also intend to build two more Wastewater Treatment Plants around Chaguanas and San Fernando.

Power Generation

Mr. Speaker, faced with the rapidly increasing demand for electricity, the Trinidad and Tobago Electricity Commission (T&TEC) has embarked on a programme to expand its generation and transmission facilities to satisfy the national demand for electricity through the year 2016 and beyond.

In the meanwhile Mr. Speaker, to ensure adequate electricity supplies in the short run, the Government will soon enter into negotiations with Alutech Limited for the supply of approximately 720 mega watt of generation capacity to the nation.

This forms part of a larger block of power earmarked for Union Estate which will also supply the new Aluminium smelter. As I indicated previously, the construction of a 64 mega watt dual-fuel power station at Cove Estate in Tobago is another project carded for 2008.

Further, Mr. Speaker the Government will be pursuing a strategy for the conversion from Gas Turbine and Steam Plants to Combined Cycle Generating Units which would result in more efficient natural gas consumption.

To accommodate this strategy a number of initiatives will be undertaken including the retirement of the Port of Spain Power Station at the end of 2011 and the establishment of a new combined cycle power station with a capacity of at least 450 mega watts at Sea Lots.

The Brechin Castle in Couva is earmarked for the installation of a new 450megawatt combined cycle power station, and is expected to commence operation in the year 2010. All new power generation in Trinidad will use the combined cycle process approach thereby optimizing the use of natural gas.

Mr. Speaker, in the new fiscal year, the Government will also be placing emphasis on the legal framework which governs the operation of T&TEC.

The T&TEC Act will be revisited with a view to, among other things, making amendments which would allow one Government agency to be responsible for the payment of street lighting bills and not the Local Authorities as obtains at present.

The proposed amendments would also allow the Commission to engage in other types of business activities, for instance, the leasing of spare capacity on its expanded and upgraded communication network, as it seeks to improve its financial performance.

Telecommunications

Mr. Speaker, the Government is committed to the development of a modern and competitive Information and Communication Technology (ICT) Sector to ensure that all citizens have access to efficient and affordable telecommunications.

The Government's goal is to promote ICT acculturation among all citizens through: expanding the use of ICT to modernize the operations of the public sector; increasing the availability of online government information and services; promoting the development of competitive ICT-based businesses; encouraging greater use of ICT in business operations and market transactions; and expanding high speed Internet connectivity to all schools, libraries and community centres.

In this context Mr. Speaker, the National Broadband Action Plan includes: facilitating the establishment of International Carrier Shared Landing Stations;

implementing a public sensitization programme for Broadband in Trinidad and Tobago; facilitating the implementation of a National Internet Exchange Point (IXP); and facilitating the development of a domestic hosting industry.

These initiatives will help to ensure a sound ICT infrastructure in Trinidad and Tobago thereby facilitating our transition towards a knowledge-based society, using the technology to improve our economic, social and cultural development.

OTHER PRIORITIES

THE ENVIRONMENT

Mr. Speaker, while the Government is ensuring that the country grows and develops economically, we are also ensuring that our environment is well taken care of for our generation and for future generations to come.

The Government is strengthening the legislative framework and ensuring compliance with environmental laws and regulations for a healthy environment for all. We are also continuing our thrust at sensitizing and educating the people of Trinidad and Tobago on environmental issues and best practice.

The Green Fund Regulations are now law and in the new fiscal year the Fund is expected to become operational so that grants can be made to community groups and organizations for activities related to the remediation, reforestation and conservation of the environment. The Government is also in the process of completing the Draft Air Pollution Rules and Air Pollution Regulations.

In addition, Mr. Speaker, in April this year, a contract was signed with the Caribbean Natural Resource Institute (CANARI) for consultancy services for the revision of the 1942 Forest Policy and the 1982 Policy for the Establishment and Management of a National Parks System in Trinidad and Tobago.

In the new fiscal year work will continue towards the designation of Environmentally Sensitive Areas (ESA) and Environmentally Sensitive Species (ESS). And with respect to the former, the Main Ridge in Tobago and the Caroni Swamp are priority areas.

Mr. Speaker, work will commence shortly on the implementation of a system to improve municipal waste collection in Trinidad and Tobago. Further, tenders will be re-opened for the consultancy for new cost effective solid waste disposal facilities for the environmentally sound management of waste.

Main Areas of Focus

With this consultancy, the closure and rehabilitation of the Beetham Landfill will be priority.

The scope of the two community-based environmental projects, the Community Based Environmental Protection and Enhancement Programme (CEPEP) and the National Reforestation and Watershed Rehabilitation Programme would be revised with a view to the Programme making a greater contribution with respect to environmental issues.

Mr. Speaker, the Community-based Environmental Protection and Enhancement Programme (CEPEP) is very often maligned and, in my view, unjustifiably so.

CEPEP has done a commendable job in upgrading and improving environment conditions throughout the country.

Mr. Speaker, CEPEP now employs 6,000 people, to a very large extent, women, many of them female heads of households with children to educate. CEPEP is a productive programme that gives its workers a sense of pride and self-esteem in their ability to make a contribution to society.

In its original conception, CEPEP was always meant to have a strong training component. However, this began to be formally implemented only recently. In fact, Mr. Speaker, the first graduation of CEPEP workers in a Government sponsored training programme took place in May of this year.

The programme now has a structured training component as an integral element. CEPEP workers will be expected to enroll and actively participate in one of the government-sponsored programmes as a condition of their continued employment. The idea is Mr. Speaker, that as workers develop their skills sets they will be eligible to be transferred out of the programme to fill positions in both the public and private sector.

Mr. Speaker, since its inception in 2002 CEPEP workers have not received wage increases, while there have been upward adjustments in the minimum wage and increases in the whole structure of wages in the economy.

Under these circumstances, given the envisaged changes in the minimum wage rate which I will return to later, we are taking steps to increase accountability in the programme and we propose an increase the wages of CEPEP workers.

GOVERNANCE AND INSTITUTIONAL REFORM

Mr. Speaker, the Government is committed to the highest principles of good governance which we see to be the bedrock our democracy. We have a responsibility to set the example for good governance in this country. We want our young people to inherit a land where integrity reigns in all public places and where transparency and accountability are seen as accepted modes of behaviour.

We must set the standards and example for our youth. The Government also has a deep commitment to the development of solid democratic institutions, the promotion of ethical conduct in both public and private sectors, respect for human rights and the even-handed enforcement of the rule of law.

Mr. Speaker, my Government fully supports constitutional reform as part of the process of strengthening the Governance System. Such reform should aim to provide for:

- improved functioning of the Executive, Legislature and the Judiciary;
- more effective representation of the people's interest; and
- an enhanced role for Local Government Bodies.

Local Government Reform

Mr. Speaker, a major objective of Local Government Reform is the implementation of power sharing arrangements to ensure that all sections of the national community feel part of the Governance process.

A National Consultation on the Draft White Paper on Local Government Reform was held during this fiscal year. Some

major recommendations coming out of these consultations which are currently under review include:

- The establishment of Property Taxation and House Rates Collection Units and systems in the Regional Corporations and the modernization of the system in Municipal Corporations;
- Establishment and expansion of the Municipal Police Service;
- Review of the Local Government Boundaries;
- Review of the Bye laws and regulations of the Municipal Corporations; and
- The inclusion of the Executive Council System in Municipal Corporations.

The Government is actively considering these recommendations.

Indeed, Mr. Speaker, a consultant has been brought on board to see what works and what does not work in different parts of the world.

Public Sector Reform

Mr. Speaker, public service reform is a key element of our vision to move Trinidad and Tobago to the status of a developed nation by the year 2020. Developing a culture of excellence in the public service is at the heart of our ongoing process of public service reform. We believe that our public service employees are capable of sustained excellence and that given the right retooling, training, technology, systems and conditions, they could become one of the most efficient and productive public sectors in the world.

The Government is placing unprecedented emphasis on training and the development of the human resources of the public sector, and is encouraging our public sector employees to seize every opportunity for self-improvement.

Mr. Speaker, the Government is committed to the introduction of a Pension Regime for daily paid workers. The Union representing these workers has put forward a proposal for a possible scheme. The proposal, which has many far reaching implications is currently being studied by the Government's Actuaries.

Financial Reform and the International Financial Sector

Mr. Speaker, there is no doubt that Trinidad and Tobago has evolved as the economic center of the Caribbean and the gateway to the Americas and beyond.

We intend to leverage this success and take full advantage of our geographical location to enhance Trinidad and Tobago's international connectivity and transform Port of Spain into a regional hub and an International Financial Centre.

We have hired international consultants who have completed the first phase of a feasibility study which identified the strengths which must be leveraged in establishing such a centre, as well as the gaps that need to be addressed.

In this context, we are close to finalizing several pieces of financial sector legislation which are needed to bring our financial infrastructure in line with international standards.

CULTURE

Mr. Speaker, my Government views culture as more than a marketable commodity; it has value in its own right; it is the base on which we build national character, national unity and a greater sense of national pride.

A nation is the sum total of its culture or its peoples' expressions in the areas of religion, music, dance, the visual arts and similar activities. Each group brings to the national pool its own way of doing things, which when put together constitute the uniqueness of a nation.

Mr. Speaker, we should promote our culture as a means of understanding national development.

Main Areas of Focus

We will soon begin construction of the National Carnival and Entertainment Centre to provide a state of the art facility for carnival and other cultural presentations. Also earmarked for construction during the next year are two state-of-the-art academies for the performing arts, one in Port of Spain and the other in San Fernando. An academy is to be constructed in Tobago.

Mr. Speaker, recently the country celebrated a most important development when a new Steelpan, the “G” Pan was unveiled after several years of Government-sponsored research headed by Dr. Brian Copeland at the University of the West Indies.

The Government will continue the development and protection of the pan not only as the National Musical Instrument but also as a symbol of our cultural identity. We will also move to have the National Symphony Steel Orchestra fully established and outfitted with the new “G” pans.

In addition, in collaboration with Pan Trinbago we will establish the Steelpan Museum highlighting the history of the steel pan and which will have among its exhibits, the first collection of “G” pans.

Mr. Speaker, the Government is committed to providing financial support to all aspects including cultural events and the overall development of our culture.

The provision of financial assistance to over one thousand cultural organisations annually and drafting of a national cultural policy are aimed at developing and promoting our national culture.

SPORT AND YOUTH AFFAIRS

Mr. Speaker, the Government will like to actively encourage the entire population to become involved in some area of sporting activity. It has tremendous health and stress reduction benefits.

To facilitate this Mr. Speaker, the Sports Company of Trinidad and Tobago (SPORTT) will continue to develop

recreation grounds, lighted jogging tracks and hard courts in communities throughout the country namely, Diego Martin, Toco, Pt. Fortin, Plesantville, Santa Cruz, Princes Town, Couva, Chaguanas, Siparia and Tacarigua.

The Sports Company will also continue to upgrade and refurbish the Indoor Sporting Arenas, Community Swimming Pools and the Multipurpose Stadia to provide safe and modern facilities for upcoming athletes.

In addition, as part of the thrust to provide first class facilities for training and international competition, we will complete the construction of the Brian Lara Cricket Academy in 2008 and construct national facilities in the disciplines of Swimming, Cycling and Tennis, at that location.

We will also continue to support the development programmes of the National Sporting Organisations which will see the country participating in world class competition such as the Olympic Games in 2008 and the FIFA World Cup in 2010.

Mr. Speaker, the Government sees the country’s youth as the source of energy, creativity and dynamism of the society and the medium through which change would be engendered and new directions charted.

The National Youth Policy launched in September 2006, envisions empowered young people who are able to make informed choices so that they lead meaningful lives and contribute to the sustainable development of Trinidad and Tobago.

The soon to be established National Youth Council will serve as an umbrella body for youth at the district and national levels and will also function as liaison for accessing funding and other resources to engage youth activity.

We will also commence the process towards the establishment of a National Youth Institute so that professional youth work will be brought into the mainstream with a focus on social science disciplines.

TOBAGO

Mr. Speaker, I wish now to turn to Tobago.

Tobago has made significant developmental strides over the past six years; and the Central Government is pleased to have partnered with the Assembly in building the new development momentum on the island.

Clear testimony of Tobago's success is demonstrated in the low and declining rates of inflation and unemployment prevailing on the island; the significant increases in the inter-island air and sea passenger and cargo traffic; the construction boom on the island; the rapid rate of business expansion; and the rising economic welfare of the majority of Tobagonians.

We are well aware, however, that the tremendous successes that the Tobago House of Assembly has been able to achieve did not come painlessly. What is comforting is the professional way in which these challenges have been approached.

Mr. Speaker, I am happy to report that the problems which have beset the construction of the Scarborough Hospital are now virtually behind us and construction activity is about to resume.

Let me also add that, with the recent purchase of the *T&T Spirit* and the *T&T Express*, we have now found a permanent solution to the problems formerly experienced on the sea-bridge, with the new vessels transporting over 40,000 passengers in the first month of operations alone.

Just as with the sea-bridge, we are now working with the Assembly to find permanent solutions to the problems experienced on the air-bridge.

We are also pleased to report that the construction problems at the Scarborough Library, the Financial Complex and the Shaw Park Cultural Complex are being resolved,

Mr. Speaker, I am also pleased to report that, coming out of the recent Cabinet Meeting held in Tobago, mechanisms for

the construction and financing of these projects have been put in place to facilitate their speedy completion.

Looking ahead, we are encouraged by the budgetary proposals emanating from Tobago for the next fiscal year. These proposals which focus on enriching the human resource; improving the physical infrastructure; enhancing the island's social sector delivery and support systems; deepening economic transformation and diversification; and reforming constitutional and governance arrangements are all fully congruent with national priorities.

They demonstrate further that Tobago is moving in step with the rest of the nation, as the country as a whole strives for developed country status by 2020.

Mr. Speaker, in order to build on the current momentum in Tobago, this year's budget makes provisions for:

- Completion of the Shaw Park Cultural Complex;
- Completion of the Scarborough Library;
- Completion of the Financial Complex;
- Airlift support for the Airbridge;
- Completion of the Les Coteaux/ Mason Hall Road;
- The development of the Cove Eco-Industrial and Business Park;
- A Tobago House Assembly sponsored Commercial Fishing Fleet;
- Intensification of the road rehabilitation and resurfacing programme throughout Tobago;
- An expansive car park in Scarborough to ease traffic congestion that accompanied the island's economic growth;
- A CARICOM Jetty at the Scarborough Fish Port;
- Extension and upgrade of the Charlotteville Jetty;

Main Areas of Focus

- Construction of the Roxborough District Health Facility;
- Construction of a Technical Vocational Centre for disabled persons;
- Completion of the Charlotteville and Scarborough Health Centres; and
- Construction of the Moriah Health Centre and Moriah Recreation Complex.

Mr. Speaker, the government remains resolutely committed to ensuring that the Tobago House of Assembly has adequate resources to continue the current pace of development on the island.

Over the years, because of our clear understanding of Tobago's needs, as reflected in the positions taken by the people of Tobago and by the Assembly, my Government has been able to respond to Tobago's development agenda in our annual budgets and even outside the formal budget exercise.

Indeed it is this special relationship between the Central Government and the Tobago House of Assembly that accounted for the introduction of the fast ferry service, the purchase of Courland Estate and Pigeon Point, the Tourism Rolling Plan and other initiatives that have served the people of Tobago particularly, and the people of Trinidad and Tobago as a whole.

As we look to the next fiscal year, the Government stands ready to provide the Assembly with all the support it needs to continue the important developmental work being undertaken on the island.

Accordingly, in the next fiscal year, the people of Tobago will have access to budgetary resources in the order of \$2,238 million, comprising an allocation of \$1,398 million to facilitate the recurrent expenditures of the Assembly; \$362 million for development programme expenditures; and a further \$478 million to be provided for under other Heads of Recurrent and Capital Expenditure for expenditures in Tobago.

THE ARITHMETIC OF THE BUDGET

Mr. Speaker, having taken this Honorable House through our development philosophy and economic strategy, I will now like to turn to the arithmetic of the budget.

Mr. Speaker, I know that some of my friends on the opposite side see the budget and fiscal policy solely in terms of numbers, oblivious of or dis-interested in what these numbers mean for the lives of real people, and particularly what they mean for the poor and the dis-advantaged. But we must look at the numbers and, having enlightened them about our policies and we will now show them the numbers.

Mr. Speaker, when this Government presented the supplementary appropriation in June of this year, notwithstanding our explanations, the Opposition chided the Government for increasing the budget envelope by the size of the supplementary appropriation. In recent days, the naysayers have gone even further advising the public to expect an “election budget”, with profligate and irresponsible spending.

Mr. Speaker, in presenting the estimated budget outturn for 2007 and the statement of Fiscal Operations for 2008, we will prove them wrong on both counts.

First the outturn for fiscal 2007

This House will recall Mr. Speaker, that in October 2006, Parliament approved the 2007 Appropriation Act authorizing expenditure of \$31,492.9 million; when added to the direct charge to the Consolidated Fund of \$6,141.8 million, largely debt servicing, it implied total budget expenditure of \$37,634.6.

In June 2007, the Government returned to Parliament and received authorization to spend a further \$3,121.4 million, raising the total authorization to \$40,756.1 million.

I am pleased to report, Mr. Speaker, that the expenditure outturn projected for 2007 is \$39,275.1 million, some \$1.5 billion below the total amount authorized.

Moreover, Mr. Speaker, the projected outturn figure includes transfers to the HSF of \$2,030.2 million, which in fact is not expenditure but savings. This implies, Mr. Chairman, that in a real sense, total expenditure in 2007 was \$37,244.9 million. Mr. Speaker, in terms of the standard presentation, the fiscal outturn for 2007 is as follows:

- Total revenue of \$40,543.8 million against
- Total expenditure net of debt repayment and sinking funds \$39,275.1 yielding an
- Overall surplus of \$1,268.7 million.

Mr. Speaker, in addition to the transfer of \$2 billion to be made in a few days, the Government’s intention is to transfer the entire surplus to the Heritage and Stabilisation Fund, once the accounts have been finalised.

Fiscal Operations for 2008

Mr. Speaker, the budget for 2008 is couched in the context of projected real GDP growth of 7 percent and an average inflation rate of 6 percent in 2008 (a 12-month rate of 5 percent as at December 2008).

As is our custom the budget is predicated on very conservative oil and gas price assumptions of US\$50 per barrel for oil (compared with an average realized price of US\$61.57 in 2007) and gas price of US\$3.55 per mmbtu.

Based on these assumptions, total revenue is forecast at \$40,381.2 million, comprising energy sector revenue of \$15,363.6 million and non-energy tax collections of \$18,654.6 million.

The Arithmetic of the Budget

On the expenditure side, we intend to appropriate \$36,477.2 million from the Consolidated Fund while we estimate \$5,783.7 as the direct charges on the Consolidated Fund and other special funds.

This makes budgeted total expenditure in 2008 at \$42,260.9 million. This compares with the actual outturn in 2007 of \$39,275.1 million.

Mr. Speaker the allocation of resources in the budget reflect the sectoral priorities as discussed earlier.

Of the total expenditure:

- Education and training receive \$7.6 billion
- National Security has been allocated \$4.4 billion
- Health - \$3.7 billion
- Housing - \$2.6 billion
- Works and Transport \$2.6 billion
- Agriculture \$1.2 billion

Mr. Speaker, in the period 2001-2007 allocation to agriculture averaged \$600 million a year. This means that in 2008 allocations to the agricultural sector will be doubled the average allocation for the period 2002 – 2006, and more than 50 percent larger than the allocation for 2007.

In terms of our customary analytical presentation, Mr. Speaker, you have

Total Revenue	\$ 40,381.2 million
Total Expenditure (Net of capital repayments and Sinking Funds)	<u>\$ 40,292.0 million</u>
Surplus/Deficit	\$ 89.2 million

Mr. Speaker, last year, at the Budget presentation, our forecast was for a surplus of \$28.5 million.

FISCAL MEASURES

Mr. Speaker I now turn to the specific fiscal measures underpinning this year's Budget.

Increase in the Minimum National Insurance Benefits

Mr. Speaker in February 2006, the National Insurance Board of Trinidad and Tobago (NIBTT) engaged the International Labour Organization (ILO) to conduct the 7th Actuarial Review of the National Insurance System (NIS) as at June 30, 2005.

The 6th Actuarial Review was completed in 2003 to cover the period as at June 30, 2000.

The 7th Actuarial Review assists in ensuring the long-term financial, fiscal and economic viability of the National Insurance System (NIS).

In light of the results of the evaluation, the Government proposes to implement the following:

- a minimum retirement pension of \$2,000 per month from January 1, 2008;
- an increase in the maximum level of earnings on which contributions and pensions will be calculated from \$4,377 to \$8,300; and
- a slow and gradual increase in the NIS contribution rate from its current level of 9.9 percent to 10.5 percent in 2008, with further increases to 10.8 percent and 11.4 percent in 2010 and 2012 respectively.

The financial impact of the proposed increase in contribution rates on Government as an employer is as follows: the Government's monthly NIS contribution will increase from \$18.9 million at the current contribution rate of 9.9 percent to \$28.6 million in 2008 when the contribution rate increases to 10.5 percent, an increase by \$9.6 million per month.

Thereafter, the Government's monthly NIS contributions are expected to increase by \$0.8 million and \$2 million to \$29.4 million and \$31.4 million in 2010 and 2012 respectively.

The increase in the NIS Benefits will come into effect from 1st January 2008 and would be effected by amendments to the National Insurance Act and its Regulations.

Mr. Speaker, approximately 60,000 retirees will benefit from the increase in the minimum retirement pension.

Senior Citizens Grant

Mr. Speaker, with effect from October 1st 2006 the maximum old age pension was increased from \$1,000 per month to \$1,350 per month and was renamed the Senior Citizens Grant (SCG). The Government has reviewed the distribution of this grant and proposes the following amendments:

- An increase in the income qualifying ceiling from an average monthly income of \$2,150 to \$2,500 per month;
- An increase in the maximum Senior Citizens Grant from \$1,350 to \$1,650 per month;
- An increase in the Senior Citizens Grant for an individual whose monthly income is \$100 or less by \$300 from \$1,350 to \$1,650; and
- An increase in the Senior Citizens Grant for an individual whose monthly income is greater than \$100 but does not exceed \$1,000 by \$300 from \$1,250 to \$1,550.
- Individuals whose average monthly income exceeds \$1,000 will receive a Senior Citizens Grant equal to the difference between the qualifying income ceiling of \$2,500 and the income received.

For instance Mr. Speaker, an individual who is in receipt of total income of \$100 or less and who previously received a Grant of \$1,350 will now receive \$1650, an increase of \$300.

An individual who is in receipt of a total average monthly income greater than \$100 but not more than \$1,000 and who previously received a Grant of \$1,250 will now receive \$1,550, an increase of \$300.

An individual who is in receipt of a total average monthly income of \$1,500 will receive a monthly grant of \$1,000.

The estimated additional cost is \$215 million annually and will benefit approximately 80,000 persons aged 65 and over.

This measure will take effect from the 1st October 2007 and will require amendments to the Senior Citizens' Grant Act.

Increase in the Minimum Public Service Pension

Mr. Speaker, the Government has acknowledged that notwithstanding prudent fiscal and monetary policies, rising inflation levels continue to pose a challenge to the disposable incomes of our citizens especially pensioners.

It is proposed therefore to implement a minimum pension payable to retired public officers at \$1,650 per month.

In addition, Mr. Speaker, given that it is proposed to commence the new NIS monthly payment in January 2008, every retired public servant in Trinidad and Tobago will receive a lump sum payment of \$3,000 dollars to compensate for the months of October, November and December of this year until the new NIS payments are implemented. This measure will put more money in the pockets of 26,742 of our citizens.

Disabled Persons/Handicapped Persons Grant

Mr. Speaker, the Disability Grant was increased with effect from 1st October 2006 to \$900.

It is now proposed to increase the Disability Grant to \$1,100 and increase the ceiling income for receipt of this Grant from \$3,600 per annum to \$12,000 per annum. The additional collective cost of these measures is estimated at \$59.4 million.

The Arithmetic of the Budget

This measure will take effect from 1st October 2007 and will require amendments to the Public Assistance Act. Mr. Speaker this measure will benefit 17,000 of our citizens.

Public Assistance Grants

Mr. Speaker, to provide for the economically disadvantaged, it is proposed that the Public Assistance Grants based on the number of dependents per household be increased as follows:

	Existing Grants	Proposed Grants
1 person	from \$470	to \$650
2 persons	from \$710	to \$900
3 persons	from \$920	to \$1,100
4 persons		
and above	from \$1,090	to \$1,250

This measure is expected to cost an additional \$38 million dollars and will take effect from 1st October 2007. It will have a positive effect on more than 21,000 of our most vulnerable citizens.

Minimum Wage

Mr. Speaker, the minimum wage level has remained unchanged despite increases in wages in most sectors of the economy.

It is therefore proposed to put in motion the machinery for increasing the minimum wage from \$9.00 to \$10.00 per hour. The procedure to be followed in varying the minimum wage is provided for in the Minimum Wages Act.

Increase in the Wages of the Unemployment Relief Programme (URP) and the Community-based Environmental Protection and Enhancement Programme (CEPEP)

Mr. Speaker, the Unemployment Relief Programme (URP) is meant to provide short term employment relief while enhancing the skills of individuals in the community and undertaking sustainable development initiatives.

The effective decentralization of the Programme to 12 regions throughout the country sought to provide a more equitable distribution of the Programme's resources. The Programme was

also expanded to include both maintenance and construction projects to facilitate its expansion.

Mr. Speaker, the Government has upgraded the Unemployment Relief Programme to ensure greater efficiency and effectiveness in its operation. We have also included a training component to the Programme in which participants are trained in the skills which would increase their ability to be employed in other productive sectors in the economy.

Mr. Speaker, to further support the Programme, it is now proposed to increase the wages applicable to the Unemployment Relief Programme by a one time 15 percent across the board effective January 1, 2007.

Mr. Speaker, the Community-based Environmental Protection and Enhancement Programme (CEPEP) commenced in May 2002.

It is designed to facilitate social transformation in the national community through empowering communities to improve their living standards by increasing employment opportunities; enhancing and improving the environment; and developing a cadre of entrepreneurs.

The Programme has a significant training component in which individuals are expected to develop the skills sets which will help to transfer them out of the Programme into companies in the private and public sectors.

We also expect that the training will allow individuals to form their own companies and vie for contracts under the Programme.

Mr. Speaker, CEPEP currently employs 5,640 contract employees and its scope will be expanded in the new fiscal year. To support the expanded mandate of the Programme it is proposed to increase the wages of all categories of workers in Trinidad and Tobago by 15 percent effective January 1, 2007.

Reafforestation programme workers will also benefit from a similar 15% increase.

Incentives for Savings

Mr. Speaker, the promotion of savings is a key factor in prudent fiscal and monetary management. It is therefore proposed that the aggregate deduction that may be claimed for pensions and annuities plans should be increased from its current ceiling of \$12,000 to \$25,000. The expected cost of this measure is \$57 million and will require amendments to the Income Tax Act.

Mr. Speaker this measure will reduce the burden on the State by encouraging individuals to prepare for their retirement.

Increase in Deposit Insurance coverage

Mr. Speaker, since the establishment of the Deposit Insurance Corporation (DIC) in 1986, the coverage limit has remained unchanged at \$50,000 notwithstanding the developments within the economy.

The coverage limit is the amount a depositor can claim from the DIC in the event of the failure of a financial institution.

This limit determines the potential liabilities under the Deposit Insurance scheme and also influences the extent to which depositors' confidence in the banking system can be promoted.

The time appears opportune to examine the relevance and sufficiency of the coverage limit for deposit holders. The wealth effect experienced by the population has filtered into the banking sector. However, although deposit holders in the banking sector may have increased their deposit holdings, the level of protection has declined.

It is proposed that, with effect from the coming into operation of the ensuing Finance Act, the coverage limit be increased from \$50,000 to \$75,000 without an increase in the premium level, with further possible upward adjustments being subject to review.

Compensation for Victims of Uninsured Drivers

Mr. Speaker, the Government has identified the issue of road safety as one of its priorities as existing road networks are

expanded. It is proposed therefore to use the proceeds of the Insurance Premium Tax to establish a Fund to compensate victims of uninsured drivers.

Mr. Speaker, the Central Bank in conjunction with the Ministry of Finance and the Association of Trinidad and Tobago Insurance Companies (ATTIC) will establish a proposed structure for the establishment of the Fund with the view to having it operationalised in the new fiscal year.

Legislation to ban the use of Cellular phones while driving.

Mr. Speaker, in light of the need to reduce the quantum of road accidents and the overall carnage on our roadways, it is proposed to introduce legislation to make it an offence to use cellular phones and other similar electronic devices while driving. It is also proposed to introduce legislation to ban the use of television type monitors in the front seat of vehicles. These measures will involve amendments to the Motor Vehicles and Road Traffic Act.

Incentive for the Manufacturing Sector

Mr. Speaker, in 2002, the First Schedule of the Income Tax (In Aid of Industries) Act was expanded to include all manufacturing activities and the initial allowance relating to plant and machinery under the Act was increased from 50 percent to 60 percent.

Mr. Speaker, given the Government of Trinidad and Tobago's objective of stimulating economic growth in the manufacturing sector it is now proposed to increase the initial allowance relating to Plant and Machinery under the Act from 60 percent to 75 percent.

Mr. Speaker when combined with the applicable 25 percent wear and tear allowance in the subsequent years of asset utilization this measure would provide an additional benefit to the manufacturer by reducing the individual's chargeable income and tax liability. This measure will take effect from January 1, 2008 and will require amendments to the Income Tax (In Aid of Industry) Act.

The Arithmetic of the Budget

Child Care Facilities and Homework Centres

Mr. Speaker, the maintenance of the family is recognized by the Government as being critical to the development of the domestic social sector.

It is proposed therefore that companies that provide day care facilities and or homework centers at their workplace for the children of their employees be provided with an accelerated Wear and Tear allowance up to a maximum of \$500,000 in the year in which the expenditure was incurred. The normal Wear and Tear allowance can be claimed by an employer on the residue remaining on the capital cost incurred in setting up these facilities.

This measure will be closely monitored to prevent abuse by the companies and will take effect from 1st January 2008 and will require amendments to the taxing legislation.

Mr. Speaker, the Government will soon implement a policy in which homework centres will be established in all Government buildings where appropriate and we encourage the private sector to follow suit.

Returning Nationals

Mr. Speaker, returning nationals who have resided abroad for a continuous period of at least five years immediately prior to the individual's return to Trinidad and Tobago, are entitled to claim relief from customs duties and motor vehicle tax. This

arrangement has been reviewed and it is now proposed that the period be reduced to two years. This measure will require amendments to the Customs Act and the Motor Vehicles and Road Traffic Tax Act.

Amnesty for late filing of Tax Returns

Mr. Speaker, it is proposed that there be an amnesty for tax penalties and interest on late filing of income and corporation tax returns. This amnesty is proposed because the Government believes that the tax liability to be collected far outweighs the penalties, and it will also encourage taxpayer compliance. This amnesty will apply to returns and taxes due for years of income up to 2006.

All individuals who have outstanding tax returns or outstanding tax liabilities and associated interest charges, will have these waived if they comply by April 30, 2008.

Repeal Airport Departure Tax

Mr. Speaker it is proposed to Repeal the Airport Departure Tax which currently stands at \$100. It is proposed that the tax will be replaced with a Passenger Service charge imposed by the Airport Authority of Trinidad and Tobago on each individual travel ticket with the exception of tickets issued to those individuals who are exempt from the payment of the airport departure tax under the existing laws. This measure will take effect from the coming into operation of the new Finance Act and will require an amendment to the Miscellaneous Taxes Act.

CONCLUSION

Mr. Speaker, with this Budget, we continue our determination to transform Trinidad and Tobago into a developed nation. The people fully support this seminal project as they witness and benefit from the abundant positive developments in all areas of national life. Except for a handful of predictable, professional objectors, very visible from this distance, the citizens and Government are in step, as we travel this historic road together. This Budget will strengthen that unity of purpose, much to the further confusion and desperation of the obvious mischief-makers.

The citizens have supreme confidence in their strongest ever economy, with its new investments, industrialization and diversification, inflation control, national savings, huge foreign reserves and full employment; they recognize the full importance of our developments in education and training, housing, and improvement in health services; they know we are succeeding and will eventually triumph in the struggle against crime; they know the worth of our work in small business development, social intervention, poverty alleviation, and cultural and community development; they know that revolutionary infrastructural development is moving apace; they are inspired by the transformational vision now being implemented in Agriculture; they are most pleased with the phenomenal progress in Tobago; and they see and approve all the other positives, including urban renewal and rural development, the reform programme, and so much more. And in their hearts, they are very satisfied. They know it is all for them and the children.

The people also know that it is all being done with integrity, transparency and accountability. They recognize that, with a very clear vision and the courage and will to take action, this government has been employing the nation's resources to bring light into every area of national endeavour; hope in every heart; and progress to everyone and to every nook and cranny of Trinidad and Tobago.

They have developed the trust in the good governance of this Administration and know that this Budget, like all others before, is not to advance partisan political interests, but for the elevation of the citizens of our beloved Trinidad and Tobago.

In contrast, Mr. Speaker, the people also remember the horrible years of a previous Administration, when this nation was plagued with a level of dishonesty, drift, divisiveness and downright decadence that would have destroyed the national fabric had it been allowed to continue.

And they know all who were involved, every single one of them, including those who now seek an artificial and unconvincing distance from the unscrupulousness, selfishness, greed and patent amorality of that period. And the country will not be fooled again.

And so, with this Budget, like with everything else we have done, we invite the judgment of the people. This Administration is not afraid of judgment, either here or in the hereafter. We on this side are not here for ourselves, our private pockets and bank accounts. This Government and this political Party, has proven to all and sundry, including our severest critics, that we have zero tolerance for misdemeanour in Public Life.

Our main concern as servants of God and the People, is the interest of the present and future generations of Trinidad and Tobago. This Budget is further evidence of that unshakeable resolve. And we know that notwithstanding the contortions, fabrications and exaggerations that will be produced by some in the coming days in this Honourable House, this Budget and this Government will find great favour with the people. And for that, Mr. Speaker, let Almighty God be praised; and let the people decide.

Mr. Speaker, I beg to move.

OTHER FISCAL MEASURES

Suspension of the Common External Tariff on Powdered Milk and Cream

It is proposed to amend the rates of import duty on the following items be suspended from 5 percent to zero percent (0 percent):

DESCRIPTION OF GOODS:

- Milk and cream
 - In powder, granules or other solid forms, of a fat content, by weight, not exceeding 1.5 percent.
 - Not containing added sugar or other sweetening matter.

Removal of the Import Surcharge on Selected Poultry Products

It is proposed to remove the import surcharge on the items listed below beginning from the date of publication of the necessary Legal Notice:

DESCRIPTION OF GOODS

- Meat and edible offal, of poultry of heading 01.05, fresh, chilled or frozen.

Of turkeys:

- Cuts and offal, frozen:
- Backs, necks and wings
- Other

Of ducks, geese or guinea fowls:

- Not cut in pieces, fresh or chilled
- Not cut in pieces, frozen
- Other, fresh or chilled
- Other, frozen

Amendments to the Taxation Legislation

Death Benefit under Deferred Annuity Plans

Section 8(1)(x) of the Income Tax Act exempts from tax the lump sum death benefit paid under an employer's approved pension plan. However, no similar exemption exists with respect to lump sum death benefits under approved deferred annuity plans. This appears to have been an oversight.

It is proposed that, with effect from 1st January 2008, section 8 of the Income Tax Act be amended to exempt lump sum death benefits paid under approved deferred annuity plans.

Reward of contributions from a group pension plan (Section 28)

Currently, when there is a reward of contributions from a group pension plan, the lump sum is taxed at source. When an annuity is surrendered, the lump sum is taxed at source, but the taxpayer is also required under the legislation to declare the income in the year that it is received, and the tax which was deducted at source is treated as a credit.

It is proposed that there be consistency in the treatment of a reward of contributions and the surrender of an annuity, that is, that tax be deducted at source in both cases, and then the income be declared in the year it is received, and a credit received for tax deducted at source.

Computation of interest (Section 103)

It is proposed that the interest to be computed on outstanding tax liability be accrued from the day after the due date to the date of payment of the tax, or such earlier date as the Board of Inland Revenue may determine.

The reason for this amendment is to give the taxpayer a grace period for payment of the interest. This measure will take effect from 1st January 2008 and will require an amendment to the Income Tax Act, Chap. 75:01.

Tax Payments and Refunds

At present where a tax payer has a liability or refund of \$3 or less, the tax is considered settled and no payment is due or refund is issued. It is proposed that this amount should be increased to \$100 where the tax liability does not exceed \$100 and to \$25 where the amount assessed for a refund does not exceed \$25. This would assist in reducing the administrative burden placed on the Board of Inland Revenue. This measure will take effect from 1st January 2008 and will require an amendment to the Income Tax Act.

Filing of returns

At the present time the tax legislation requires that certain persons collect and pay to the BIR financial services tax, insurance premium tax and hotel accommodation tax. These persons are not required by law to file a return which will assist in establishing a liability in the records of the BIR. It is proposed that the tax legislation be amended to give to the BIR the power to require a return to be filed which will be used to establish a liability against which payments will be offset.

The filing of the returns will facilitate efficient administration and will be in a format simple enough to ensure that the person required to pay the tax is not unduly burdened.

This proposal to file returns will require an amendment to the Miscellaneous Taxes Act, Chap. 77:01 and will come into effect from the coming into operation of the Finance Act.

Modification of Penalties

The existing tax legislation provides that under certain circumstances tax is to be withheld a source. The tax withheld must be remitted to the BIR by a particular date and failure to comply with the provision results in a penalty being paid which, in some cases, is as high as 100% of the outstanding taxes not paid to the BIR.

It is proposed that all penalties which are currently in excess of 25% be reduced to 25%. This reduction, apart from providing

a benefit to the person charged with the responsibility to collect tax on behalf of the BIR is also geared toward minimizing the need to treat with a number of applications for waiver of penalties. The imposition of a high penalty was intended to increase taxpayer compliance at a time when the enforcement mechanisms of the BIR were not as strong as currently obtains. The Minister of Finance is of the view that because of increased taxpayer maturity and strengthened enforcement mechanisms, there is no longer the need to have such high penalties.

The reduction in the penalties to 25% will require an amendment to the Income Tax Act and this measure will take effect from 1st January 2008.

Modification of Withholding Tax (Part II, 3rd Schedule, Income Tax Act)

The Income Tax Act provides that income tax, referred to as withholding tax, be levied and paid on distributions and payments arising outside of Trinidad and Tobago and made to any non-resident person or company. When the tax rate on net income was in certain cases as high as 45%, it was reasonable to maintain the rate of withholding tax at 20% since this is imposed on gross income. However, now that the tax rate on net income has been reduced to 25% across the board, it appears harsh to maintain the withholding tax rate on gross income at 20%. For this reason, it is proposed that the withholding tax rates be amended as follows:

- The withholding tax on payments be reduced from 20% to 15%;
- The withholding tax on dividends be reduced from 15% to 10%
- The withholding tax on dividends paid to the parent company be reduced from 10% to 5%

This measure will take effect from the coming into operation of the Finance Act and will require amendments to the Income Tax Act, Chap. 75:01.

Cover Design: Teiling Advertising
Design and Layout: Paria Publishing Co. Ltd.
Printing: Caribbean Paper & Printed Products (1993) Ltd.