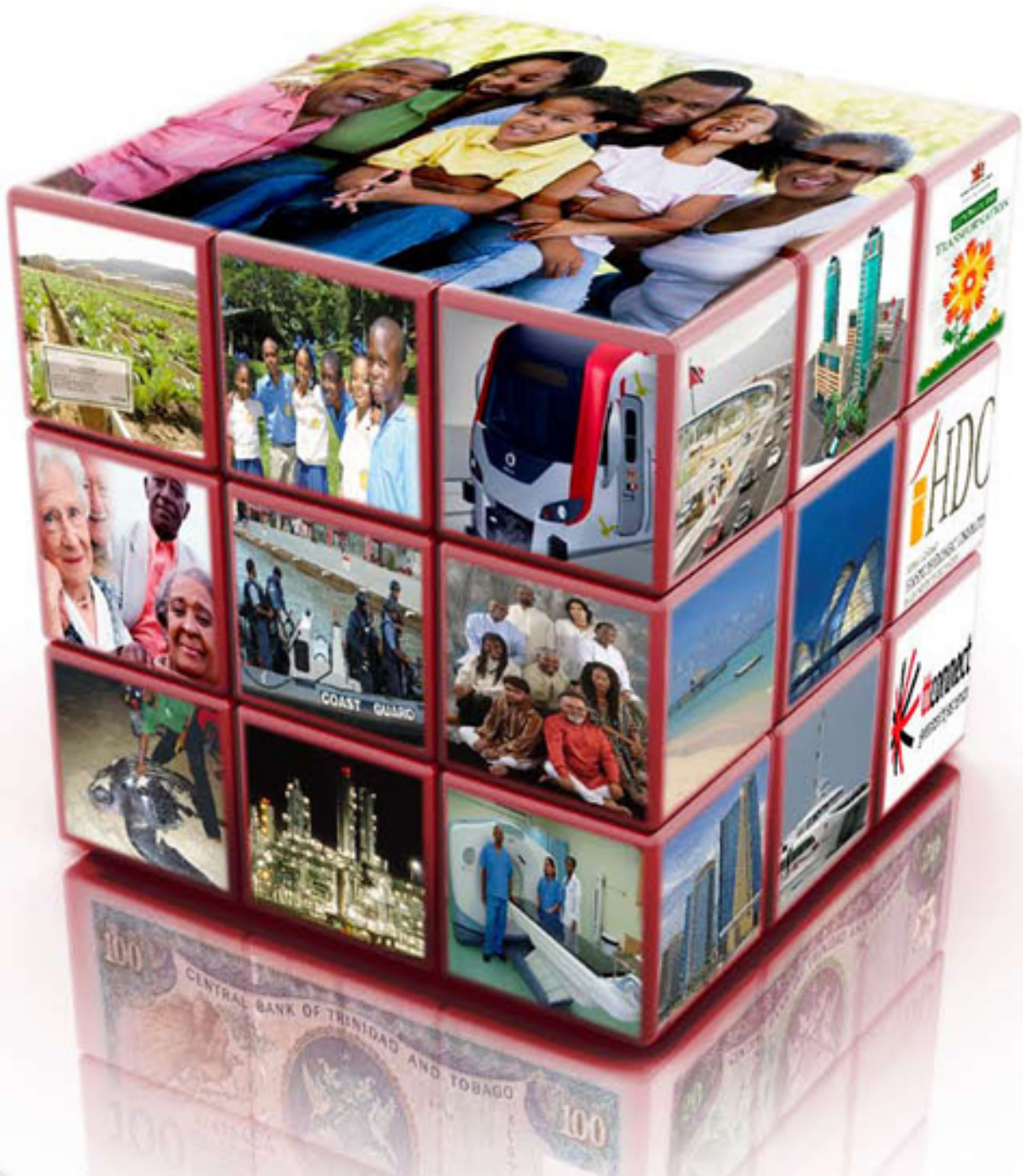




Government of The Republic of Trinidad & Tobago

BUDGET STATEMENT 2010

Presented by the Honourable Karen Nunez-Tesheira, Minister of Finance



*'Strengthening Efficiency, Addressing the Challenges'
Vision 2020*

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BUDGET STATEMENT

INTRODUCTION

Mr. Speaker, it is a distinct privilege to present to this Honourable House and to the people of Trinidad and Tobago the 2009/2010 Budget. This is the second budget of this Administration in which we continue to implement a progressive programme of development intended to improve the quality of life of our nation's citizens.

Mr. Speaker, it is almost impossible to personally thank all the people whose ideas and advice have helped to shape this Budget. However, a very special word of thanks is due to the officers in the Ministry of Finance whose professional skills, patience and patriotism led to the preparation of documents laid before this Honourable House today. I wish also to thank the many individuals and organizations who contributed a slate of ideas which served to inform the Budget. My profound appreciation is also extended to the Honourable Prime Minister and my Cabinet colleagues who share with me collective responsibility for the integrity of this Budget.

Mr. Speaker, next Monday, September 15, will be one year since the total collapse and bankruptcy of Lehman Brothers—one of the largest and most successful financial institutions in the marketplace. This event, more than any other, changed the way in which the emerging financial crisis would impart its legacy to the international economy. This collapse drastically accelerated the negative spill-over effects of the housing credit crisis in the United States and resulted in a full-blown recession in many developed and developing economies which have had to review their fiscal assumptions. The CLICO experience in Trinidad and Tobago and its impact on the economies of the Caribbean brings this reality closer to us, we will return to this matter shortly.

Mr. Speaker, we have observed that since the last Budget was presented to this Honourable House, the international financial system has been brought to its knees and this has debilitated the economies of most developed and developing countries. Trinidad and Tobago however has not been affected to the same degree as these countries as we shall demonstrate in the course of this presentation.

Certainly Mr. Speaker, the financial turmoil which resulted in plunging equity markets and which consumed Wall Street imperilled the world's economy and precipitated a severe decline in both business and consumer confidence. Even the once dynamic economies of China and India have wilted under the financial shock.

Many countries across the globe are experiencing minimal or negative economic growth. By way of illustration, the United States economy is projected to contract by 2.8 percent by the end of 2009 and Canada by 2.5 percent. This contraction has led to unemployment rates of just under 10 percent in both countries. In July alone, 247,000 persons, or one percent of the population of the United States lost their jobs, while for the same period 45,000 persons were placed on the breadline in Canada.

Mr. Speaker, protectionism has become a growing phenomenon as nations opt for direct and indirect barriers to trade. The Governments of the major economies, former proponents of globalization, are now staunch advocates of protectionism, which has adverse implications for countries such as ours. Indeed the World Bank has recorded almost 90 new restrictions to international trade since October 2008. Today there are new iron and steel tariffs in Russia, agricultural restrictions in Argentina and Brazil and explicit "buy U.S." and "buy China" policies: a once bundled world is fast loosening.

As a direct response to these developments Governments around the world have had to implement massive fiscal stimulus packages, accompanied by financial sector bailouts and corporate rescue packages to contain rising unemployment levels and forestall a prolonged contraction. And while, Mr. Speaker, the prognosis for the developed economies is for some growth, though weakened, the International Monetary Fund (IMF) has cautioned against the withdrawal of this policy support prematurely, lest policy makers take these initial signs as self sustained recovery.

Mr Speaker, our Caribbean neighbours have not been spared the onslaught of the global recession. The majority of these countries have faced steep declines in remittances and revenue from tourism; reductions in financing including foreign direct investment and grants and rising debt and unemployment. As a result, these countries are experiencing deep fiscal stress and have had to turn to the IMF for financial assistance.

Mr. Speaker, in the face of this challenging economic climate, one may indeed ask: how has Trinidad and Tobago managed its affairs? How are we weathering this storm? Mr. Speaker, under prudent and responsible stewardship, which is the hallmark of this Government's management approach, we have succeeded in minimizing the impact of the international crisis, while at the same time, maximizing the national welfare.

Faced with the impact of the contagion effects of this downturn, our economy has shown remarkable resilience. This, Mr. Speaker, is a direct result of the government's deliberate policy to use the opportunity during the period of high oil and gas prices to strengthen our economic fundamentals; run fiscal surpluses, build our domestic savings and our external reserves, while containing public sector debt.

Economic Review

Mr. Speaker, I now turn to a review of our economic performance for fiscal 2009 which was a challenging year for the Trinidad and Tobago economy. For 2008 as a whole, economic growth measured 2.3 percent. The annual growth rate does however, mask the economic slowdown which began towards the end of 2008 and has continued in 2009.

Real GDP is estimated to have declined by 1 percent in the last quarter of 2008, and this decline continued in the first quarter of 2009, when real GDP fell by 3 percent. Several other indicators including falling retail sales, declining construction activity, and contracting private sector credit, seem to suggest that the decline has continued beyond the first quarter. This is projected to be our first year of negative growth since 1993.

It is important to note, however Mr. Speaker, that by international standards, a 1 percent decline in economic growth in the current circumstances would be viewed as creditable performance. Let me provide some comparative statistics. The International Monetary Fund (IMF) projects that real GDP will decline by 2.8 percent in the United States in 2009; over 4 percent in the United Kingdom and Euro Area and over 6 percent in Japan. In the region, real GDP is projected to decline by 3.5 percent in Barbados and close to 3 percent in Jamaica. While official statistics are not available, all the OECS countries are expected to register negative growth.

In Trinidad and Tobago, the unemployment rate for the first quarter of 2009 stood at 5 percent, up from 3.9 percent in the last quarter of 2008, but still within the definition of full employment. This notwithstanding, the Government will continue to take steps to contain the rise in unemployment.

Mr. Speaker, the decline in energy exports combined with the rise in foreign exchange demand for current and capital transactions has led to a significant increase in Central Bank foreign exchange

sales. This notwithstanding, our official reserves remain robust at US\$ 8.6 billion, the equivalent of 11 months import cover well above the international benchmark of 3 months.

The country's total debt stock which stood at 60 percent of GDP at the end of 2001 declined to 37 percent of GDP at the end of 2008 and is estimated to rise to 39 percent at the end of 2009. This is well below that of many of our regional and extra regional economies and is in line with the accepted international benchmark.

Mr Speaker, even our inflation which has been one of our biggest challenges has shown a remarkable decline. Headline inflation has steadily retreated in recent months from a high of 15.4 percent in October 2008 to a low of 5.9 percent in July 2009: the lowest rate since 2005. Food price inflation has significantly declined over the same period moving from 33.4 percent in October last year to 10.1 percent in July this year. In fact the current rate of food price inflation is the lowest recorded since July 2004. This achievement was most notably buttressed by improvements in local agriculture production, and international food price reversals. This decline in the inflation rate leaves ample room for a significant fall in the prevailing domestic interest rates.

Mr. Speaker, this Honourable House may recall that consistent with the prices prevailing at the time, the 2009 Budget was based on an oil price of US\$70 per barrel and a gas price of US\$4.00 per million cubic feet. By December 2008, oil prices had plunged to US\$35 per barrel and gas prices declined to US\$3.25 per million cubic feet. With Government revenues projected to be some \$4,252.5 million below the original Budget projection, we were proactive in making the necessary budgetary adjustments in November and again in January when it was communicated to the national community that there was a shift in the fiscal target from a positive overall balance to a deficit of 1.3 percent of GDP.

Mr. Speaker, the decline in economic activity in 2009, decreasing private sector expenditure and the threat of rising unemployment prompted the Government to re-introduce many of the capital programmes that were postponed in January. As a result, the preliminary fiscal outturn is for an overall deficit of approximately \$8,455.5 million, the equivalent of 6.3 percent of GDP. This is comparable to major advanced economies which as a group average over 10 percent. In making the decision to continue our expenditure program, the records will show that we got it right, since to do otherwise, would have plunged the economy into a prolonged contraction, with disastrous consequences for unemployment and personal welfare.

Mr. Speaker, earlier this year, the Government was faced with the near collapse of the insurance giant CLICO which posed a systemic risk to the entire financial sector. Honourable Members would recall that in late January 2009, the Government and the Chairman of the CL Financial signed an agreement for the provision of a package of financial support for CLICO, British American (BA) and CLICO Investment Bank (CIB), after these institutions found themselves in acute financial difficulties.

This action was taken principally to protect the financial sector from the negative repercussions that could result from a disorderly collapse of the largest conglomerate in the region. The strategy involved the provision of resources to protect the third-party policy holders of CLICO and BA and to support the third party depositors of CIB. Underpinning the strategy is the assumption that as economic activity increases, CL Financial will return to profitability and as a consequence the statutory deficit will be eliminated.

The implementation of the strategy has generally proceeded as envisaged. As you know:

- A new Board of Directors and new management have been appointed to CLICO and BA.

- The Government has approved funding to CLICO of up to \$5 billion. As of now about \$ 1.5 billion has been drawn down.
- About 40 percent of third party depositors of CIB have been paid, while the remaining depositors have made a seamless transition to First Citizens.
- Recently, CL Financial shareholders approved the reconstitution of the CL Financial Board, in which a majority of the members were appointed by Government. The Board's mandate is to restructure the enterprises of the CL Financial Group to meet the re-imbursement requirements of the Government and Central Bank in the first instance and the other creditors.

Following the Central Bank's intervention in the affairs of CLICO, confidence in the company has slowly returned and the level of roll-over activity has increased and now stands above 50 percent. At the same time the flow of income from premiums for traditional life insurance has almost returned to normal, traditional long term business has been conserved.

The strategy of the Government to support the Central Bank to intervene in the CLICO restructuring was absolutely appropriate.

CLICO's recovery has now entered its second phase, during which confidence and stability are expected to continue to grow as reflected in a further increase in rollovers and a surge in new business. This second phase is being characterized by a new business model, involving new products, interest rates more in keeping with current market trends, robust risk management, new markets and new delivery channels.

Regulators now acknowledge the inescapable fact that those large, significant institutions must be subject to even more stringent regulation so that they do not become a burden on the public purse. The regional contagion from the CLICO crisis has convinced regional regulators that they need to collaborate much more closely.

Mr. Speaker over the past year, the Government has undertaken a very comprehensive legislative agenda for the reform of the Financial System. Honourable Members will recall that the Parliament has approved a new Financial Institutions Act (FIA) and debate on a new Securities Bill is still to be completed. By year-end we expect that a new Insurance Act and new Credit Union legislation would have been presented to Parliament.

Even beyond new legislation, the lesson is clear that we must be more aggressive in regulatory enforcement and that we must find a more effective way of imposing sanctions on institutions that are not in compliance. While recourse to the courts should be a measure of last resort, the Regulator must be given greater authority to act in the event of non-compliance. Mr. Speaker, we also need to foster more robust regulation in the accounting and auditing professions which have a critical role to play in the regulatory process.

Notwithstanding the fiscal challenges of 2009 our prudent fiscal management continues to be a major factor behind our economic resilience. Indeed, because of our economic management over the past several years, we are now able to sustain moderate temporary fiscal deficits in the short to medium term. We have built up our foreign reserves, accumulated fiscal savings and contained our external and domestic indebtedness. The country's successes are not by chance as those on the other side would have you believe but the result of sound well-crafted, deliberate policy-making. This Government is intent on preserving these hard-won gains.

Mr. Speaker, the Government's creditable performance in these difficult times has not been limited to macroeconomic fundamentals but extend to the more tangible elements critical to achieving our

Vision 2020 objectives. These include maintaining our programmes in Health, Education, Housing and social development programmes while at the same time pursuing, at a more measured pace, the infrastructure projects necessary to sustain our growth and development. These will be elaborated upon in our discussion on the various sectors.

Mr. Speaker, it is within the context of the current economic landscape of volatile energy and commodity prices, which call for new risk management tools to better protect against economic instability and which encourage the use of efficient methodologies to complement the efforts of Government, that the theme of this year's Budget is framed: **“Vision 2020: Strengthening Efficiency, Addressing the Challenges”**.

This theme emphasizes the Government's commitment to maximizing the use of our resources, strengthening capacity, harnessing potential, prioritizing projects and improving the quality of service delivery to all our citizens. This approach, Mr. Speaker, requires adjustments in concepts, mindsets and institutional frameworks. It means the Government committing itself to being even more transparent and accountable, more prompt in its effective response to problems. Efficiency also means we must build partnerships with stakeholders to produce better results and insist on compliance with performance indicators and higher standards in both the public and private sectors.

Mr. Speaker, as a people and as a Government we must ensure that efficiency is our motto, we must put technology to use wherever it will maximize returns and improve the quality of service. The present international financial crisis tests our resolve to steer a course for long-term economic stability. We are reaping the benefits accrued since 2001 – a robust economy based on sound fiscal discipline and the enhanced credibility of our monetary policy framework.

Mr. Speaker, Vision 2020 identifies the achievement of self-sustaining growth as one of its principal objectives. Our economic strategy recognizes that our energy resource is a finite asset, the returns from which should be employed to diversify the productive base and transform the economy.

Vision 2020 mandates the extension of the frontiers of the energy sector and the development of an export-based internally dynamic non-energy sector. The transformation of the economy along these lines will guarantee self-sustaining growth, deliver high quality jobs, lift per capita income to first world levels and improve income distribution and social welfare for the benefit of the society at large.

Mr. Speaker, consistent with this approach, our strategy is to continue to generate economic growth by adopting a medium term approach; utilize output budgeting to further enhance our economic management; foster efficiency in the various sectors and promote institutional reform in several areas of activity including local government administration, pension and property tax administration and our customs and tax administration through the formation of the Trinidad and Tobago Revenue Authority.

MEDIUM TERM FRAMEWORK

Mr. Speaker, since the turn of this decade we have made significant progress towards our long term objectives. In the period 2001 - 2006, real GDP increased at the average annual rate of 8.9 percent, driven by the expansion of the petro-chemical sector and the impact of buoyant domestic demand in the construction and services sector. In 2007, economic growth began to level off, reflecting the completion of some large energy sector projects. In the last quarter of 2008, the international recession began to take its toll on the domestic economy, directly through a reduction

in both demand and prices of our energy exports, and indirectly, by dampening business confidence and consumer spending.

Economic activity started to decline in the last quarter of 2008 and this fall in economic activity has continued into 2009. The current projections are for a decline in real GDP of 0.9 percent in 2009. As we have clearly illustrated, our current economic performance is creditable by any standard.

The experts emphasize that the recovery of the advanced economies from the sharp economic recession will be slow. In the United States for instance, the projection is for economic growth to be flat in 2010, rising to 3.5 percent in the following year. Growth is projected to contract in the United Kingdom and the Eurozone by 0.4 percent in 2010.

We also expect the recovery in economic growth in Trinidad and Tobago to be gradual. Our projections are for real GDP growth of around 2 percent in 2010, rising to 4 percent in 2011 and to 5-6 percent in 2012. We see these growth projections as easily achievable based on the global outlook and the economic policies that the Government intends to implement over the next few years.

Mr. Speaker, we envisage that the world recovery will increase demand for energy products which will positively impact both product prices and output of the petro-chemical sector. In addition, there are also several projects, in various stages of implementation, designed to extend the energy sector downstream. In the non-energy sector, the end of the global recession, lower domestic inflation and the consequent decline in interest rates are expected to boost consumer confidence and stimulate private demand which will further stimulate activity in construction and other services. In addition, we will continue to work with the private sector in establishing new industries to enhance our transformation effort.

Mr. Speaker, the Government has had considerable success in reducing inflation from the high rates recorded in 2008. Our policies will be directed to ensure that the gradual return to a more sustainable long term growth rate will be achieved in a low-inflation environment. We are committed to an inflation target in a range of 5 to 7 percent over the medium term.

We also envisage that the projected rate of growth over the next two to three years would generate sufficient jobs to keep the level of unemployment at a sustainable rate of around 5-6 percent of the labour force.

Our recent experience suggests that in the current fiscal year, the Government's fiscal policy stance contributed significantly to limiting economic growth slowdown and to containing the loss of jobs. All the relevant indicators show a dramatic decline in private demand in this fiscal year. Given the sharp fall in fiscal revenues, maintaining government expenditure at the levels proposed in our budgetary review in January of this year served to support aggregate demand and limit the loss in output and employment.

As noted, the Government expects only a gradual resurgence in domestic demand in 2010 with the pace expected to pick-up in the subsequent two years. The medium term fiscal strategy is therefore designed to compensate for the continuing weak private demand in 2010 and for the easing of fiscal impulse thereafter, as exports and private demand become the main engines of growth.

Given the current state of the economy, the maintenance of some fiscal stimulus in the new fiscal year is essential to ensuring that the economy does not continue to contract, with all the adverse

consequences for employment and the welfare of our population. The medium term fiscal strategy is therefore to gradually withdraw this stimulus in tandem with the recovery of the global economy.

On this basis Mr. Speaker, we project a fiscal deficit of around 5 percent of GDP in 2010, with progressive improvement to fiscal balance in 2012.

Mr. Speaker, in 2010 we will once again be challenged by reduced energy revenues. According to the experts, while oil prices are expected to continue to strengthen, gas prices are projected to remain depressed in 2010 because of excess supply conditions in international markets. The muted economic growth expected in 2010 will also have its impact on non-energy revenues. While the establishment of the Trinidad and Tobago Revenue Authority in the new fiscal year is expected to boost domestic revenues, the full impact of this very important fiscal reform is not expected for another year or so. The fiscal outlook is therefore for a much stronger performance beginning in 2011 and continuing as our fiscal, monetary and structural reforms begin to take effect.

In the context of the medium term fiscal strategy, Government expenditure is projected to remain at around 27 percent of GDP, which is below the average of the past few years. This Mr. Speaker puts the lie to the criticism that the root of our temporary fiscal deficit lies in lavish spending.

Over the past several years the Government has expended considerable effort in search of new modalities for the efficient delivery of government services and for ensuring timely and cost-effective project implementation, while adhering to the highest standards of transparency and accountability.

Our present fiscal constraints, however, require that we do even better in project selection, in the phasing of capital projects and in ensuring that we get value for money. Now more than ever, efficiency in government spending must be our watch word. To this end all Ministries have been asked to examine the phasing of their projects to match funding availability and to avoid bottlenecks in project implementation.

Mr. Speaker, after consultation with various stakeholders the Government has adopted a number of fiscal, monetary and sectoral policy prescriptions that will underpin the economic recovery and strengthen our existing platform for the creation of sustained growth and development. In outlining our sectoral policies, we recognise the role of the private sector as our partner in the growth process and in the context of the prevailing economic climate, the Government is acutely aware that this partnership needs to be expanded. The Government will continue to apply the appropriate enabling environment to consolidate this partnership.

In terms of our investment programme, we will intensify our focus on infrastructural development to ease existing production bottlenecks – in the transportation network, electricity, water, drainage and telecommunications. At the same time, we will continue ongoing initiatives in health, education, housing, social protection and national security.

OUTPUT BUDGETING

Mr. Speaker, it is becoming increasingly clear that if we as a country are to continue to thrive in a more global and market-oriented environment, we must adjust the way our institutions function, including their budget systems. The Government recognizes the tremendous benefits to be gained from the introduction of an Output-based Budgeting system as part of the Public Expenditure Management System of the Government. An output-based budget would incorporate non-financial

performance information into the decision making and resource allocation process with the goal of ensuring value for money in the use of public expenditure.

Output-based budgeting will provide the information that would focus on the achievement of Government's programme objectives and their alignment with Government's vision and policies. This will be achieved through greater use of performance targets and performance information along with other qualitative information for the determination of priorities and measurement of performance. Output-based budgeting will also make performance information more publicly available in a more user friendly format thereby increasing the level of accountability and transparency in the conduct of Government business.

There is significant consensus that an Integrated Financial Management Information System (IFMIS) represents the backbone of financial and information management, and of the benefit and efficiencies that an IFMIS could potentially introduce. Given current capacity constraints, the Government proposes to introduce an IFMIS which will focus in the short run on the implementation of the financial functionality which is currently cash based and use this system as a platform for the introduction of the Output-based Budgeting.

In the interim, the Government is harmonizing the various efforts to strengthen the planning, monitoring and evaluation functions. The Ministry of Planning, Housing and the Environment will co-ordinate and lead this process; the Government will realize the benefits from synergies and consensus building on standard methodologies and reports to be generated that would satisfy all stakeholders' needs and provide for the necessary linkages to Output-based Budgeting.

The Government also proposes to use the monitoring and evaluation framework, coupled with the case management system currently being implemented by the Ministry of Social Development, as a means to facilitate a pilot programme to introduce Output-based budgeting within the government service, to be followed by an incremental roll-out to other Ministries and Departments.

The provision of greater access to such information will enhance the transparency of the budget process by providing an easier linkage between the use of public resources and the intended results. This will result in the promotion of a broader participation by policy-makers, interested civil society groups and individuals.

ENERGY

Mr. Speaker, Pillar 3 of our Vision 2020 Strategic Plan is "Enabling Competitive Business" which includes the development of a business climate that attracts investors. In this context, providing the right enabling environment to stimulate investments in the energy sector continues to be the major challenge. The review of fiscal incentives, the identification of new acreage for exploration and the decision on new opportunities both upstream and downstream will set the platform for providing sustainable growth of the sector.

The Government is in the process of discussing a new fiscal incentive regime with stakeholders in the energy sector. This regime will encourage exploration and development activities, offer a more equitable sharing of economic returns to reflect the optimal use of our natural resources while maintaining the global competitiveness of our major sector.

Mr. Speaker, as part of the discussions, the proposal will introduce a single-regime Supplemental Petroleum Tax (SPT) to govern all licences and sub-licences. This Tax will be computed on a field-by-field basis. Under this regime, reduced oil prices and low production levels per field will attract

little or no SPT thus creating the incentive for development of small fields and the extension of the life of mature fields.

Mr Speaker, the proposals for our Production Sharing Contract regime are also being reviewed to reflect the following objectives:

- encourage exploration and production activity in deep water;
- improve the competitiveness with respect to deep water exploration and production;
- make multi-well exploration programmes attractive and
- ensure the development of relatively small fields.

Mr. Speaker, in addition to our fiscal review, we propose to offer six blocks in the shallow-water competitive bid round. The plan is to recommence promotion of these blocks once the fiscal review is completed. The plan also includes a rollout of the Production Sharing Contracts intended for use in the bid round which is scheduled to commence in the first quarter of 2010. The blocks to be offered in the deep water will involve a nomination process by which companies will be able to identify open areas in which they have an interest. A deep water study was completed which supports the decision to go into deep acreage. It is intended that these blocks be offered for competitive bidding in the third quarter of 2010.

The Government's policy is to deepen the industrialization process by diversification through gas-based downstream industries aimed at achieving increasing returns along the energy value chain. This builds on the current strategy of the monetization of gas reserves through primary products such as urea, ammonia and methanol. The Government is pursuing the further development of downstream industries in metals and plastics. In particular a steel plant, a polypropylene plant and an aluminium smelter are the centre of the Government's strategy.

The National Oil Audit is nearing completion and will inform the type of fiscal regime that is needed to encourage the development of the heavy oil deposits. It is estimated that in excess of one billion barrels of heavy oil are in place in the defined acreage. Most of these deposits are to be found offshore and a new fiscal regime will be implemented to promote the development of these resources.

Mr. Speaker, the Governments of Trinidad and Tobago and Venezuela signed a Framework Agreement in July 2009, for the Unitization of the Cross Border Reserves that extend across the delimitation line between both countries. On the basis of the Framework Agreement, representatives of both governments have finalized negotiations and have submitted for consideration, a Draft Unitization Agreement for the Loran-Manatee fields that extend across the delimitation line of both countries.

Mr. Speaker, notwithstanding this country's robust hydrocarbon base, the inclusion of targeted conservation and renewable energy in the country's energy mix is important to our economic sustainability. It is essential that Trinidad and Tobago begins to develop and utilize its renewable energy resources and increase research and development in related technologies. To this end the Government will formulate a Green Paper which is intended to foster renewable energy development, educate the national community and promote widespread recognition and acceptance of the opportunities for renewable energy development.

Another area of the Government's focus, to improve the quality of service in the energy sector and to apply best practices, is in the area of retail sales. The modernization of retail gas service stations nationwide to ensure safe and reliable service began in 2005 with tank replacements and storage capacity enhancement, modern underground storage facilities and with the rebuilding of sites to include gas bar or full service facilities. It is our intention to increase the number of service stations

retailing Compressed Natural Gas (CNG) throughout the country before the end of the new fiscal year, as we promote an environmentally friendly, cleaner and cheaper fuel which will also reduce transportation costs to the benefit of commuters and the national economy. As the number of service stations offering CNG increases, we will be able to reduce the subsidy on gas as a more economical source of fuel will be available to our people. We will also support the cost of CNG conversion kits as well as the importation of CNG ready vehicles.

AGRICULTURE

Mr. Speaker, in an increasingly globalised world, nations all aspire to achieve an appropriate level of food security for their citizens through the sustainable growth of their agricultural sectors. Mr. Speaker, the era of cheap food is behind us. However, this Government in keeping with Pillar 4 of its Vision 2020 Strategic Plan: *“Investing in Sound Infrastructure and the Environment”*, has been successful in providing an enabling environment for investment in the sector and the promotion of efficient and sustainable agricultural business, infrastructure and development. As a result, employment in the agricultural sector increased by 30.7 percent in the quarter ending March 2009 to reach 21,300. In addition, increased production, most notably from the Tucker Valley large farm initiative, improved distribution and supply of agri-produce through the National Agricultural Marketing and Development Corporation (NAMDEVCO) and the farmers’ markets, all contributed to a significant reduction in the cost of agricultural produce to our citizens during fiscal 2009.

Mr. Speaker, this Government has significantly intensified its efforts to accelerate the transformation of the agriculture sector. The transformational plan highlights two developmental paths aimed at strengthening efficiency in the agriculture sector. The first is to promote greater food security based on increased local and regional production and the second, to develop a range of new value-added products which can meet domestic and international market requirements. This revolution is intended to infuse new life and sustained dynamism into the sector thereby enhancing its contribution to national development.

Mr. Speaker a coordinated and collaborative approach is required in addressing the key obstacles faced by farmers and stakeholders to ensure that limited resources are used effectively and efficiently. Priority will be given to development and maintenance of access roads; providing distribution and marketing support as well as improved storage and packaging facilities to farmers; reducing the cost of agricultural inputs; improving the administrative processes by which farmers access financing; the regularization of land for farmers which will give them the legitimacy they need to access agricultural incentives and credit facilities and the implementation of measures to reduce flooding on agricultural lands and reduce the incidence of praedial larceny.

Mr. Speaker, agricultural access roads will be built through a public-private sector initiative between the Agricultural Society of Trinidad and Tobago (ASTT) and the Estate Management and Business Development Company (EMBD) where the EMBD will provide technical and engineering support while the Agricultural Society will provide the labour, supervision and security. The Rio Claro area benefited from the work of the Agricultural Society which was able to deliver quickly, efficiently and at a remarkably economical cost, the rehabilitation of much needed access roads to agricultural lands. Approximately 1.2 kilometres of agricultural access roads were rehabilitated at a cost of \$200,000 for the benefit of some 92 farmers.

We estimate that there are approximately 500 kilometres of agricultural roads requiring urgent rehabilitation. Improved access to farm lands will reduce production costs and increase the supply of agricultural produce on the local market. This initiative, with farmer groups supplying the labour

and security for the material, may be replicated in other agricultural zones to speedily resolve the problem of the quality of access roads at a fraction of the originally estimated cost.

Mr. Speaker, sustainable development in agriculture requires the effective marketing of agricultural produce as well as the provision of adequate packing and processing facilities. Our farmers have sought Government's assistance in those areas which are crucial to putting downward pressure on food prices, while improving farmers' return on investment.

The establishment of farmers' markets is also important, since in several cases in excess of 500 percent price mark up is placed on produce from the time it leaves the farm to the time it is offered for retail sale.

The number of farmers' markets as well as packing houses will be increased. Small scale packing houses or processing facilities have the advantage of providing a secure location for farmers to operate on a cooperative basis to add value to their goods by packaging them for supply to various markets. Farmers using these facilities will benefit from technical support and marketing advice from the National Agricultural Marketing and Development Corporation (NAMDEVCO). A number of locations have been identified for packing and processing facilities: Rio Claro/Tabaquite; Sangre Grande; Chaguanas/Couva, Tableland/Barrackpore and a temporary facility at the Port in Port of Spain.

Mr. Speaker, our farmers are challenged by a lack of timely and affordable land preparation services. The Registered Farmers' Associations will be encouraged to develop a data bank of affordable land-preparation service providers for its farmers. The Agricultural Development Bank (ADB) will assist these Associations by providing finance on favourable terms to purchase the necessary machinery and equipment and the Estate Management and Business Development Company (EMBD) will provide oversight.

Mr. Speaker the Government has been exploring with YARA Trinidad Limited, a major local ammonia producer and one of the world largest suppliers of mineral fertilizers, the possibility of using the company's extensive global production network in sourcing a cheaper supply of compound fertilizer for sale to local farmers. Government has accepted the offer by YARA Trinidad Limited to import up to 2,000 tonnes of compound fertilizer on behalf of the Government for resale at cost, inclusive of distribution, to registered local farmers. The National Flour Mills will be designated as the agency to purchase the fertilizer from YARA Trinidad Limited on behalf of the Government and has been given the responsibility for storage, distribution and resale of the fertilizers to local registered farmers. The implementation of this measure will significantly reduce the input costs to farmers and thus reduce the final cost of agricultural produce to our consumers.

Mr. Speaker, there are a large number of successful farmers occupying lands for which they do not have any tenure and are thus neither entitled to the incentives available to farmers nor to financing to improve their operations available through the ADB. The Government proposes to accelerate the land regularisation process at the EMBD especially for those farmers with expired leases awaiting renewal; farmers with lands already assigned to them and survey plans approved; and farmers who have occupied land for over 10 years and who have already applied for regularisation.

A more efficient and time sensitive solution will be available in the short term through a system of farmer recognition supported by a document from the EMBD which will identify the bearer as a state lease recipient. This will permit the farmer to source short term funding from the ADB, not previously accessible to untenured farmers, up to the market value of the property leased. The document may also be used to register under the Ministry of Agriculture, Land and Marine

Resources' Farm Registration programme. The third group of farmers will be provided with a probationary tenancy agreement which may be used to access financing through the ADB.

These initiatives will allow a greater number of farmers to gain recognition, access to funding and to NAMDEVCO's farm certification programme. This will result in improved quality produce, heightened productivity and increased capability of our nation's farmers, which will translate into lower prices for consumers as well as increased returns on investments and improved standards of living for our farmers and their families.

Mr. Speaker, the ADB has designed a micro credit facility through the Agri-Development Portal to assist persons who lack the collateral and technical support and land tenure: prerequisites to qualify for financing, but who have good business initiatives and who may become successful agri-entrepreneurs if provided with an opportunity. This Portal will build the capacity of micro entrepreneurs through technical assistance; generate employment and be a tool for social development. This credit package will also involve the support of NAMDEVCO and Trinidad and Tobago Agri-Business Association (TTABA).

Farmers will also be able to access financing at the ADB through a Probationary Tenancy Agreement - an incentive to boost production and stimulate the sector. This arrangement will give farmers a greater degree of freedom in accessing capital at competitive rates. To support the ADB's credit facility initiatives, we propose to allocate \$75 million to the Bank and an additional sum of up to \$75 million will be made available if needed.

Mr. Speaker, the Water Management and Flood Control Project was launched in 2009. The goal is to reduce flooding by dredging water channels, building embankments and by installing pumps, culverts and overpasses to minimize the incidence of flooding. This initiative will relieve the plight of our farmers who suffer grave losses to crops as a result of flooding.

Mr. Speaker, praedial larceny is a major disincentive to agriculture. This Government is committed to putting an end to this illegal activity and will soon implement the Agriculture Ranger Squad (ARS) to reduce the incidence of theft within agricultural communities. The Squad will provide a 24-hour police presence in designated agricultural areas. The first phase of the project is earmarked for the county of Caroni with focus on the Carlsen Field community.

Mr. Speaker, the Government is committed to the development of a vibrant and sustainable agricultural sector and will continue to partner with and support initiatives to empower our private sector to promote quality agricultural produce while reducing costs and increasing returns to the farming community.

INDUSTRY AND TRADE

Mr. Speaker, the Government recognizes that in the present international climate countries such as Trinidad and Tobago are challenged to do more with less and that we must strengthen our export potential. In furtherance of "*Enabling Competitive Business*" and "*Promoting Effective Government*", enshrined in the nation's Vision 2020 Strategic Plan, we will continue to bolster the private manufacturing and service sectors as we work to increase export revenues offering attractively priced, higher quality exports. We will continue to provide incentives and support to manufacturers, negotiate increased market access, foster electronic trade and improve our business facilitation model.

Mr. Speaker manufacturers in Trinidad and Tobago benefit from a range of incentives vis-à-vis their competitors in the region. This Government has been aggressive in providing an enabling environment for the private sector by negotiating free trade agreements to enhance market access to the international market place. We encourage the private sector to take advantage of the myriad of free trade agreements which the Government has negotiated over the years.

In the context of international trade relations, the Government will focus on securing new market opportunities for our exporters, especially those to be created by the CARIFORUM/EC Economic Partnership Agreement (EPA) which will allow an increased thrust in our trade promotion drive in the European Market. In addition, emphasis will be given to securing predictable market access to the United States which today accounts for approximately 60 percent of our exports.

Regionally, we will consolidate and expand trade relations to include Haiti -which has commenced its CARICOM programme of activities and the Dominican Republic, which has joint obligations with this country as a member of the CARIFORUM Grouping. In addition, it is anticipated that by the last quarter of 2009, negotiations for a CARICOM/Canada Trade and Development Agreement (TDA) would have commenced.

In keeping with our Vision of making Trinidad and Tobago a preferred destination for investment in the Americas, the Government will stimulate increased investment through the new Investment Policy which will modernize the legislative environment for investment, provide greater protection for investors and make the investment facilitation processes more transparent and efficient. A new Investment Bill as well as a Fair Trading Bill will be laid in this Honourable House, Mr. Speaker, in early 2010.

We will be partnering with the business community to develop new support mechanisms to assist manufacturing and services sectors to improve export performance. The Government is reviewing the support services offered to businesses by agencies such as the Venture Capital Incentive Programme (VCIP), Business Development Company Limited (BDC), the Exim Bank and the Evolving Technologies and Enterprise Development Company (Eteck) to better and more effectively support export-led growth. The Minister of Trade and Industry will elaborate further on the outcome of this review in his contribution to the Budget Debate.

Mr. Speaker in keeping with the Government's thrust to enable a competitive business environment, we remain focused on providing the required infrastructure to facilitate industrial growth and diversification; expand local business; create employment opportunities; increase domestic production and expand our export base. Development work continues on new light industrial parks for business activities such as garment manufacturing, soya bean oil processing, distillery operations, steel fabrication and coating, welding and the manufacture of steel products. The existing 17 industrial parks have over 500 tenants. An additional 8 new Industrial Parks are carded for future development.

In addition Mr. Speaker, the Tamana InTech Industrial and Technology Park will further our diversification drive in the non-energy sector. The Park when completed will provide incubator facilities, research and training in Information Technology and will promote the expansion of downstream energy products and thereby expand our export base.

Mr. Speaker, one of the seven industries in which we have already identified our strategic traditional resource base, established linkages and competitive advantage, is the Merchant Marine Industry. Our geographical location, outside the hurricane belt and strategically located between key trade routes, connecting North and South America, promotes our potential competitiveness. The Government envisions a world class maritime cluster, focusing on the development of three

sub sectors – ship maintenance, ship building and maritime construction. Emanating from this niche, we have identified investment opportunities such as small vessel ownership and management, rig and offshore platform construction, logistical support services and ship building and repair services. We have also identified onshore operations investment opportunities, such as ship inspection and certification, crewing agencies and services, shipping agents and ship chandlers and port management.

Mr. Speaker the Government in the new fiscal year will introduce a Single Electronic Window (SEW) for Business Facilitation which will improve our international competitiveness by facilitating electronic trading and the transfer of information simultaneously thereby ensuring efficiency in the local trade and business facilitation process.

The introduction of this Window will complement the already operational ASYCUDA system at the Customs and Excise Division and will also improve the quality of trade data, facilitate services such as electronic payments of duties which may be interfaced with the local commercial banks; and allow the Central Statistical Office (CSO) to generate trade data two weeks after the end of each month. This system will also support business-to-business transactions which are vital for any trade facilitation platform.

This project will be implemented in collaboration with a Singaporean company through a Memorandum of Understanding on Information and Communication Technology (ICT) Cooperation between this Government and the Government of Singapore. Implementation of this project will commence in October 2009 and is expected to be operational by October 2010.

Mr. Speaker, this project will give greater efficiency to our national business facilitation architecture as it will reengineer and simplify processes of Government agencies and departments involved in Trade and Business Facilitation. It will also complement the implementation of the Trinidad and Tobago Revenue Authority (TTRA) and will provide a seamless platform for the trade community.

TOURISM

Mr. Speaker, as we continue our diversification thrust in keeping with our Vision 2020 National Strategic Plan, the Government's approach to Tourism has been quite novel as we leverage our emerging position as a financial centre with the traditional leisure options to extend our markets. We are fortunate to have three high quality products and experiences to market internationally, namely, Trinidad, Tobago and Trinidad and Tobago.

Mr. Speaker, although this has been a challenging year for the tourism sector globally, Trinidad and Tobago has succeeded in maintaining its position as a preferred tourist destination and has a good story to tell. This performance was bolstered by the increased business tourist arrivals generated by the hosting of the 5th Summit of the Americas Conference in April of this year which put paid to any doubts of our ability to market destination Trinidad and Tobago to a full range of clients.

During the new fiscal year the Government will maintain this momentum in our quest to achieve a sustainable tourism sector by increasing airlift and room stock; enhancing the tourism plant; implementing an aggressive campaign to expand the markets for business, leisure and domestic tourism and by working with stakeholders in the sector to prevent the erosion of this destination's Caribbean market share, as the strong competitive surge of response to these difficult new economic conditions by other Caribbean destinations become manifest.

Mr. Speaker, airlift and the significant escalation in travel costs are a serious challenge to the tourism industry worldwide. Airlines will choose routes that will maximize their returns and will go to countries with a critical mass in terms of quality accommodation that will support a significant share of their load factor. This means that we have to create the environment which will encourage direct flights and provide inducements for co-marketing arrangements that maintain airlift.

By the end of 2009, we would have emerged in a much stronger position in terms of available business oriented hotel room stock and meeting and conference facilities through the country's hosting of the Commonwealth Heads of Government Meeting in November this year. An additional 50 rooms have been built by Cara Suites in Claxton Bay, as part of their expansion of the existing hotel. The Star Hotel in Piarco will add 120 rooms, the Carlton Savannah 165 rooms and the Academy for the Performing Arts a further 52 rooms before the end of the year. Mr. Speaker, a large international hotel chain has shown tremendous interest in constructing a hotel at Invaders Bay which is now available to potential investors.

We will introduce the Tobago destination to groups of third party intermediaries in North America who are relatively unfamiliar with the Trinidad and Tobago destination. During the new fiscal year by focusing on Tobago's traditional niche market strengths, dive and eco-tourism for instance, we will further and more widely introduce the destination's product to these travel intermediaries with particular outreach to a select number of Caribbean market specialists in these areas. The Tourism Development Company (TDC) will work even more aggressively and actively with foreign outbound travel trade specialists to further induce their interest to sell the destination and create a wider perception of "value for spend" among their clients.

Mr. Speaker, in previous Budgets, the Government outlined its plans to refurbish and restore popular local sites of interest to increase the attractiveness of the destination. To this end, drainage works and new and improved signage at Manzanilla, Macqueripe and Vessigny have been completed. The upgrade of these facilities for access to persons with disabilities is expected to be completed shortly.

The Maracas Redesign and Restoration Project began in April this year and is expected to be completed by September 2012. The completed new Maracas Beach Facility will provide increased beach space for visitors in addition to new facilities such as an events area, bathrooms, main pavilion and administration building. The upgraded beach facility, the associated infrastructure and improved utilities will provide additional employment and a better quality of life for the North Coast communities. It will also provide an optimum beach experience for nationals and visitors and contribute to the improvement of the overall tourism product of Trinidad and Tobago.

FINANCIAL SERVICES

Mr. Speaker, one of the most critical factors in achieving the country's developmental goals by the year 2020 is the development of a flexible, vibrant and diversified economy, supported by a stable and well regulated financial services sector that can respond adequately to changes in the international environment. The Government views the financial services as a major growth sector and as such we have developed a comprehensive reform programme for the sector.

The financial services sector in Trinidad and Tobago accounts for approximately 12 percent of GDP. Financial sector assets were valued at more than \$300 billion in 2008 and have grown at an average annual rate of over 80 percent over the past five years.

Mr. Speaker, the Government's new legislative infrastructure for the financial services sector is designed to achieve the right balance between providing adequate protection for consumers while at the same time promoting competition and facilitating innovation and efficiency in the financial system. It is also intended to bring our legislative framework in line with our regional counterparts, some of whom have already gone through these reforms with international best practices. If Trinidad and Tobago is to compete in the international arena, it needs to measure up to international best practices. Our financial legislation is critically important for the successful establishment of this country as an international financial centre. In addition to the new Financial Institutions Act, debate on the new Securities Industries Bill and the Financial Intelligence Unit Bill will continue in the new Parliamentary term. The Government also proposes to introduce a new Insurance Act, new Pensions Legislation, Amendments to the Central Bank Act and a harmonized Credit Union legislation involving the introduction of a Credit Union Bill in conjunction with Amendments to the Co-operative Societies Act, all within this fiscal year.

In the case of the government securities market, a market-based auction system has served to increase competition and transparency. Government has also strengthened the secondary market for government securities to provide alternative investment opportunities for investors, to facilitate the development of the domestic capital market.

Mr. Speaker, the introduction of Trinidad and Tobago Depositary Receipts (TTDRs) is intended to encourage participation in diversified investment portfolios. TTDRs complement the financial system by eradicating impediments to investments, namely unreliable data and custody services, unfamiliar practices, costly currency conversions and undependable settlements. The legislative framework, tailored to support TTDRs, will be laid in Parliament early in the new fiscal year.

Mr. Speaker, one of the new features on the financial services landscape is the Trinidad and Tobago International Financial Centre (TTIFC) which will serve as a gateway to opportunities in the Caribbean and Latin America and support the diversification of Trinidad and Tobago's economy.

Mr. Speaker, since our last Budget presentation the world financial markets has suffered from the effects of the sub-prime mortgage problems that began in the United States, and prudence dictated caution in the implementation of the TTIFC. Mr. Speaker there are now signs that confidence in international markets is growing and several institutions have once again begun to express interest in the value proposition that the TTIFC represents.

Mr. Speaker, we have continued work on the tax, legal and regulatory framework that will underpin the operations of the TTIFC. We are in the process of drafting the enabling Special Purpose Economic Zone (SPEZ) legislation which will be brought to this Honourable House in the first quarter of this fiscal year. The establishment of the Zone will create an attractive, internationally competitive business environment for participant firms, while protecting the interests of local firms. Special Purpose Economic Zones exist in many IFCs, including in Dubai and Dublin. The creation of the SPEZ will ensure the rapid establishment of the TTIFC and will guarantee responsiveness to changing market demands.

The Government has also established the TTIFC Management Company to manage the financial centre. The TTIFC Management Company is engaged in active discussions with firms interested in asset management, commodities trading, international loans syndication, wealth management, carbon trading and with a special purpose funds management company with particular emphasis on the development of small and medium enterprises in Trinidad and Tobago. The TTIFC marketing initiatives were renewed in Washington, New York and London as we prepare to engage strong international companies in this vehicle for our nation's diversification thrust.

TOBAGO

Mr. Speaker, I now turn to Tobago and the Tobago House of Assembly.

Mr. Speaker, as was indicated earlier in this statement, we are living in a dynamic integrated world economy. It follows that Tobago, like the rest of the country and the region, has not been insulated from the impact of the recent global economic slowdown.

The tourism sector in Tobago, the mainstay of the island's economy, has undergone a not unexpected decline in activity in recent months - a direct consequence of the weaker global economy. In the first six months of this year, international air arrivals in Tobago declined by 47 percent compared to the same period last year. In line with this development, hotel and guest house occupancy rates in Tobago in June stood at approximately 25 percent and 35 percent respectively.

We are encouraged however that both domestic tourism and cruise ship arrivals have together acted as a significant buffer to the otherwise downward trend in the tourism sector. This, I might add, is the direct result of the strong marketing initiatives of the Assembly in support of tourism in Tobago and the joint effort of the Central Government and the Assembly to introduce the modern efficient fast-ferry service that now serves our two islands.

Mr. Speaker, despite the challenges facing the tourism sector and the consequent slowdown in economic activity, the Tobago economy continues to grow, albeit at a more measured pace than in the recent past. We have every confidence in Tobago's capacity to adjust to the changing economic times and are encouraged by the continuing effort of the THA to maintain the development momentum of the past eight years.

In fact, there has been no significant increase in the unemployment rate even as the Assembly took steps to rationalize expenditures. Furthermore, the THA, in collaboration with the Central Government, has ensured that its social safety nets continue to protect the least advantaged.

Looking ahead, we have taken full cognizance of the Assembly's budgetary proposals for the next fiscal year. Given Tobago's unique situation, these proposals focus on a response to the global economic and financial environment that call for steps to be taken to introduce enhanced incentives and stimuli to the tourism sector; to expand and promote employment opportunities within and outside the tourism sector, while simultaneously increasing productivity and efficiency.

Mr. Speaker, among the provisions for Tobago included in the Budget for fiscal 2010 are the following:

- Implementation of the Tourism Rolling Plan;
- Designation of the Cove Eco-Industrial and Business Park as "a regional development area", to accelerate the transformation of the Tobago economy and create new and permanent employment opportunities outside the tourism sector;
- Allocation of special resources to fund both the administrative infrastructure at Cove, as well as the new activities of the Assembly-owned Tobago Cassava Products Limited and the Fish Processing Company of Tobago Limited;
- Expansion of the Tobago Venture Capital Fund to promote private sector investment;
- Completion next year of the Scarborough Hospital, the Shaw Park Cultural Complex, the Scarborough Library, the Financial Complex and the Buccoo Goat Race Facility;
- Extension of the Store Bay Local Road to Shirvan Road;
- Extension of the Claude Noel Highway to Charlotteville on a phased basis;

- Commencement of a new first class road from Les Coteaux to Plymouth;
- Construction of a five million gallon desalination plant;
- Construction of the Sewer Treatment plant which is currently in the design phase;
- Completion of the construction of the Indoor Sporting Complex at Bacolet;
- Completion of the construction of the Cultural Complex at Shaw Park;
- Completion of the upgrade of the Vanguard Hotel;
- Completion of Tobago's new electricity generation plant in collaboration with T&TEC at a cost of \$600 million and
- Completion of the \$1billion natural gas pipeline to Tobago and the \$350 million natural gas processing facilities at Cove in collaboration with the National Gas Company (NGC).

Mr. Speaker, the Assembly will be afforded all the support and flexibility that it needs to enable it to respond to the special economic and other challenges of Tobago. We are confident that, with the current leadership in the THA, Tobago will surmount whatever challenges it now faces, or whatever new challenges that emerge.

In support of the people of Tobago, therefore, the Central Government will, in the next year, provide total budgetary resources to the Assembly in the order of \$2,268.6 million. These resources to the Assembly comprise an allocation of \$1,470.5 million to facilitate recurrent expenditures; \$301 million for development programme expenditures; and a further \$497.1 million of expenditure in Tobago to be provided for under other Heads of Recurrent and Capital Expenditure.

Mr. Speaker, Tobago has been well provided for in this Budget and can look forward to sustaining its current development momentum in the next fiscal year.

Mr. Speaker, while the Government takes steps to attract foreign investment to spur economic activity in Tobago, we also recognise the need to discourage speculation that will artificially inflate the land prices on the island as well as protect the landownership rights of nationals of Trinidad and Tobago. Therefore, following extensive discussions with the Tobago House of Assembly and other stakeholders, six regions on the island have been designated as development areas: Arnos Vale and Culloden Estate, Bacolet Estate, Buccoo and Golden Grove Estate, Englishman's Bay, Lowlands and Diamond Estate and Mount Irvine and Grafton Estate. These locations were selected because these are sites on which resort development is already permitted. The total area selected is approximately 0.05 percent of the land mass of the island.

Mr. Speaker, we have also reviewed the application conditions and procedures that govern the approval for licences for acquisition of land in Tobago. The application instructions which had previously contained twenty-three requirements have been reduced to a total of eleven. In addition, foreign investors will be granted conditional licences on satisfaction of predetermined criteria while awaiting regulatory approvals which will enable them to commence construction. The objective is to reduce the processing time for the grant of the licences. The full list of application documentation will be available to the public shortly.

THE PRIORITIES

Mr. Speaker, the Government has had to make informed choices in its prioritization of projects in every sector and has had to challenge itself to find creative and efficient ways to achieve our developmental goals with fewer resources as we continue to implement our Vision 2020 National Strategic Plan.

Now is the time to build, grow, and sharpen capacity and capabilities; to prepare for the future so that when international economic conditions become more favourable, this country will be stronger and well placed to take advantage of the upturn. We must therefore continue to protect, promote and invest in our people, provide them with quality education and training, the best health care service, first-world infrastructure and the housing and the social structures needed to develop strong and sustainable families - the pillars upon which our nation stands, now and in the future.

HOUSING

Mr. Speaker, the Government's vision for the housing sector in Trinidad and Tobago is to provide adequate and affordable housing for all citizens by the year 2020. Shelter is a basic human need, and the provision of affordable housing is an imperative for any responsible government. This Government's Housing Policy is based on the Vision 2020 pillar of nurturing a caring society. Investment in housing is a priority for this Government since it promotes growth, creates employment opportunities to everyone from contractors, to service providers such as plumbers, electricians, carpenters, painters and interior decorators and it stimulates the manufacturing and retail sectors in all areas from woodwork to the provision of hardware supplies.

In other words Mr. Speaker, the returns from investment in the housing sector filters down to all sections of our society. This Government's Housing Policy is one of the most comprehensive to be found anywhere in the developing world and this is no idle boast. We have been implementing a number of housing initiatives for the benefit of our citizens who previously have been unable to afford to rent or purchase their own homes. Mr. Speaker, for many of our citizens the dream of owning their own home is no longer an elusive dream. Our deployment of Governments' Housing Plan is essentially a continuum. Permit me now to outline some of our very successful initiatives as well as some new measures for the housing sector in the coming fiscal year.

The Accelerated Housing Programme was implemented in 2003. Mr. Speaker, we have reviewed our housing programme, particularly in the context of the mandate given to the Housing Development Corporation and we recognised that the company needed to be revamped and restructured. After this exercise is completed, we expect that our rate of delivery will increase and with these changes, we intend to deliver approximately 8,000 units and initiate approximately 2,000 housing starts in 2010. A notable feature of the new developments is the enhanced quality of the infrastructure: unsightly overhead lines or "at grade" utilities are now a thing of the past in our new developments. All utilities are now situated in underground utility corridors in keeping with developed country standards. The average price of these units to the prospective homeowner ranges from \$250,000 to \$450,000. The Government is subsidizing the cost of the infrastructure and the land to make housing affordable.

Mr. Speaker, the Government is also subsidizing the mortgage interest rates to all prospective home owners. At present any citizen of this country who earns less than \$8,000 per month can qualify for a two percent mortgage interest rate with no down payment with the Trinidad and Tobago Mortgage Finance Company (TTMF). Notwithstanding the fact that we are implementing these measures to make housing more affordable, there are still those who find it difficult to afford a mortgage. In such cases the Government has devised the Rent-to-Own programme to facilitate this group of persons.

The Rent-to-Own Programme is offered to clients who have been allocated housing units but are unable to qualify for a mortgage. Under this programme, beneficiaries are allowed to occupy the property under a License to Occupy agreement for a period of five years with the option to purchase.

Under the Approved Mortgage Company Programme, finance companies are exempt from taxation on income derived from mortgages for financing the construction or purchase of homes costing up to a maximum of \$450,000. First-time home owners for homes valued at no more than \$450,000 benefit from preferential mortgage rates of between 6 percent and 8 percent. Mr. Speaker, in the new fiscal year we propose to increase this amount to \$850,000.

Mr. Speaker, we recognize that there are citizens who are already in possession of land and who, with some assistance from the State, can build their own homes. Under the Beneficiary Owned Land Programme individuals with an annual household income between \$24,000 and \$50,000 will receive a subsidy of up to \$50,000 to enable them to construct their first home where the construction cost does not exceed \$195,000. For those with a household income of up to \$75,000, a subsidy of up to \$35,000 will be provided where the construction costs do not exceed \$195,000.

Mr. Speaker, to assist in making housing more easily accessible and affordable for our citizens in the new fiscal year, the Government proposes the following new initiatives:

- To further assist persons under the Beneficiary Owned Land Programme, the Government will be providing approved plans with the associated cost of the plans to be absorbed by the Government. Models for these plans will also be on display at the Ministry of Planning, Housing and the Environment for the prospective homeowners;
- We also propose to make available a register of approved small contractors who can be utilized by prospective homeowners for house construction;
- In this fiscal year the Government implemented a measure exempting first time homeowners from stamp duty for houses up to a value of \$850,000. In the next fiscal year we will bring further relief to homeowners by absorbing all the legal fees attached to the purchase of any HDC housing unit.

Mr. Speaker, this comprehensive package of initiatives for the housing sector is second to none. It embraces all strata of society and will also act as a stimulant to generate employment opportunities and economic growth.

INFRASTRUCTURE

Mr. Speaker, “investing in sound infrastructure and the environment” is one of our Vision 2020 Pillars, crucial for national development and economic growth. All successful countries in the world recognise the need to invest heavily in infrastructure development in order to drive economic growth and to improve the quality of life of its citizens. At the height of its development thrust, between 1930 and 1965, federal public spending on infrastructure in the United States was an average of 5 percent of that country’s GDP. When combined with the investment made by state and local government authorities, it is estimated that the United States spent as much as 10 percent of its GDP on infrastructure during those years, which allowed it to develop its comprehensive system of highways, bridges, levees, dams, inland waterways and drainage and irrigation canals, as well as power generation and transmission systems, telecommunications, water supply systems and transportation systems. This significant investment in infrastructure has contributed significantly to the United States becoming an economic powerhouse.

In a recent publication, the World Bank estimated that the annual investment, operations and maintenance requirements for infrastructure across all developing countries are of the order of 6.5 percent of GDP.

Mr. Speaker, in our effort to achieve our vision of developed country status this Government has been spending significantly more of our GDP on infrastructure and in 2009 more than 8 percent of our GDP was spent on infrastructure development. We are convinced that sustained and focused investment in modern infrastructure is essential and we are committed to the process of developing first world high quality systems for transportation, water and electricity supply, drainage and communications. I will now give some details of our achievements in this area in 2009 and our plans for 2010.

The Interchange

In 2009, we made significant progress towards the realization of our infrastructure objectives. Last year, we highlighted the significant loss in man-hours and productivity caused by delays on the nation's highways. This year we can record, much to the satisfaction of thousands of commuters, the significant reductions in travel time, up to as much as one hour, that have been achieved through the opening of Phase B of the Interchange at the Nation's busiest intersection: the Uriah Butler and Churchill Roosevelt Intersection.

We are pleased to announce, that in keeping with our 2020 Vision to provide our citizens with smooth and uninterrupted driving along our main transport corridors, a contract has been awarded to Vinci Construction to construct a flyover at Aranguez. This project, will allow the removal of the traffic lights on the Churchill Roosevelt Highway at this intersection and also at El Socorro. The project when completed in fiscal 2010 will allow commuters to drive from Port-of-Spain to San Fernando without encountering a single traffic light. It is estimated that this project will significantly reduce the travel time between Port-of-Spain and the Churchill Roosevelt Intersection: truly a world class achievement.

This process of modernization of our highway infrastructure through the construction of flyovers and interchanges will continue east along the Churchill Roosevelt Highway to Trincity and beyond. In addition contracts have already been awarded for the continuation of the widening and upgrading of our major highways. In fiscal 2010, we expect to complete the addition of a third lane on the Uriah Butler going south to Chaguanas and on the Churchill Roosevelt Highway going east to Piarco. We will also upgrade the Diego Martin Highway in the Four Roads area and complete the dualling of the South Trunk Road from Gulf City to Mosquito Creek. The dualling of the Churchill Roosevelt Highway between O'Meara and Santa Rosa is also scheduled for completion in fiscal 2010, thus allowing for improved traffic flow all the way to Wallerfield.

Water Taxi Service

Mr. Speaker, we are pleased to report that Phase 1 of the Water Taxi Service between Port of Spain and San Fernando was launched in fiscal 2009, with the inaugural sailing taking place in December 2008. The Water Taxi Service now offers a daily schedule, Monday to Friday, with 8 round trip sailings per day, taking just 50 minutes to travel from North to South in air conditioned comfort. This service has been so successful that almost 2,500 persons now utilize this service on a daily basis and the reviews from satisfied customers have been extremely positive. In fact, for many people, the water taxi is now the preferred mode of transport between North and South Trinidad. Earlier this year, the Water Taxi Service transported its 100,000th passenger and passenger loads on the San Fernando to Port-of-Spain leg are now in excess of 80 percent of the capacity of the existing interim vessels. The Water Taxi Service also offers a PTSC bus shuttle service within the city of Port of Spain which compliments each sailing. Work is in progress on the development of two additional Water Taxi Terminal Facilities at Point Fortin and Cocorite, as the service expands to meet the growing demand. A contract has been executed with Austal Ships of Australia for the construction of 4 new water taxi vessels, which are expected to arrive in Trinidad towards the end of 2010.

The Trinidad Rapid Rail Transit System

Mr. Speaker, planning and engineering work continued apace on the Trinidad Rapid Rail Project in fiscal 2009. The project will be completed in 4 Phases and Phase I, which entails the Planning and Design Phase, is well underway, and is scheduled to be completed in the first half of 2010. After considerable research and analysis and careful consideration of various alternative routes in 2009, the route alignment for the north to south and east to west lines and the station locations have been selected and the main change station for the north to south line will now be located at UWI, St Augustine. In fiscal 2010, the final costing and detailed scope of works for the project will be determined thus allowing the Government to make an informed investment decision on the construction phase of the project.

Public Transport Service Corporation

Mr. Speaker, in 2009 the Public Transport Service Corporation (PTSC) continued its aggressive fleet expansion and renewal programme and acquired 120 new buses. This significant expansion in PTSC's fleet increased the availability of bus services in suburban, rural and high density residential areas across the country. The PTSC now has a fleet of 310 buses at its disposal for use on over 100 routes in Trinidad and Tobago. This represents an increase of over 250 percent in the number of working buses in the country over the last 5 years. The next and final phase of fleet expansion will increase the number of available buses to 400, which is expected to adequately satisfy travel demand during peak hours and significantly increase the frequency of existing services.

National Highways Programme

Mr. Speaker, as stated last year, the modern mass transit solutions are only part of the comprehensive matrix of transportation initiatives that this Government has implemented. In addition to our Rapid Railway, Water Taxi and new Bus Services, the Government also embarked last year on the planning of the most far-reaching and innovative highway development programme this country has ever envisaged. We have taken our cue from the developed countries of the world, who all built the foundation for their economies on a strong transportation system, including in particular a comprehensive national highway system, without which, development of their interior would have been virtually impossible.

In furtherance of this objective, an international project consultant has been engaged and work is in progress on the finalization of the necessary contract documents and design briefs to allow the invitation of design-build proposals for, and the commencement of construction of several new major highway projects early in fiscal 2010. By the end of March 2010, it is expected that construction will begin on the following new major highway projects:

- The extension of the Solomon Hochoy Highway from San Fernando to Point Fortin;
- The construction of a new highway from San Fernando to Mayaro;
- The extension of the Churchill Roosevelt Highway from Wallerfield to Manzanilla and
- The construction of a Causeway from Mucurapo to Chaguaramas.

Road Maintenance and Upgrade

Mr. Speaker, while we forge ahead with the construction of new roads, we have not forgotten the need to maintain and upgrade our existing stock of roads particularly in residential areas and rural areas. It is expected that up to 1,000 kilometres of existing roads will be upgraded in fiscal 2010, in addition to the construction and replacement of bridges and pedestrian walkovers, repairs to landslips and construction of box drains and sidewalks across the country. It is also expected that in fiscal 2010 the new National Roads Authority will be established.

Drainage

Mr. Speaker, the Government empathizes with those whose lives and livelihoods are adversely affected by flooding and will continue to invest in drainage and irrigation infrastructure to reduce the incidence of flooding and erosion.

Mr. Speaker, work has progressed on the National Drainage Development Study consistent with the Government's objective to develop drainage systems to meet ecological requirements and settlement patterns. Studies are being conducted on the Ortoire, North and South Oropouche River Basins, the City of Port of Spain and Environs and the coastal areas of Blanchisseuse, Matelot, Grand Rivere, San Souci and Toco. In addition, works to stem erosion and flooding have already begun in the Soledad, Ciperó and South Oropouche Rivers and in Tobago. The clearing and de-silting of the Caroni River are near completion and the South Oropouche River project has been completed. River clearing works at the Ciperó, Vistabella, Richplain, Honda, Blackman, Tunapuna and Tacarigua Rivers are in progress.

Electricity Transmission and Distribution

The upgrade and expansion of the transmission and sub-transmission infrastructure to satisfy the country's bulk power needs in the medium term continued in 2009 and will continue in 2010. Advancements in communication technology within the electricity transmission and distribution sector will also be made with the replacement of the obsolete microwave radio communication system with a modern Fibre Optic Cable Network and the completion of the Advanced Metering Infrastructure System.

To ensure a reliable supply of electricity to customers T&TEC will install a National Geographic Information System (GIS) Map to more accurately and swiftly locate faults on the system. The system's database will be shared with relevant stakeholders.

T&TEC will strengthen both its Transmission and Distributions Systems by constructing or upgrading its substations in Pt. Cumana, Diego Martin, Barataria, Charlieville, Corinth, St. Mary, Mayaro, Otaheite, Reform and Macoya as well as substations for the Academies for the Performing Arts. Work will also continue on the installation of the Santa Cruz/Maracas/St. Joseph 33 kilovolts line, installation of new transformers and switchgear at the St. Augustine Substation and upgrade of the Trincity substation.

Water and Sewerage

Mr. Speaker, in last year's Budget Statement in this Honourable House we outlined the Strategic Water Supplies Plan which included the construction of 4 large desalination plants, the upgrade of the Point Lisas desalination plant and the construction of another desalination plant at Point Lisas using energy from the PowerGen simple-cycle power generation plants. In the first half of the next fiscal year, we will concentrate on site selection, preliminary site investigations, topographic and geotechnical surveys and award contracts for the construction of facilities.

Under the Water Supplies Plan, WASA will upgrade the country's water and transmission system. Pilot surveys for universal metering which are to be completed at year's end are now in progress in communities in Central Park in Couva, Bon Air in Arouca and Palmiste in San Fernando. The replacement of the Navet Trunk Main and critical segments of the transmission and distribution networks to alleviate the water problems of approximately 75,000 customers who reside in communities from Rio Claro to San Fernando, will continue in 2010.

Mr. Speaker, Government is of the view that for WASA to concentrate on effectively and efficiently providing a consistent and reliable water supply to the nation, its time and manpower resources

should not be diverted from that mandate. The Government therefore took the decision to remove the responsibility for sewerage from WASA and reassign that sub-sector to the Solid Waste Management Company (SWMCOL). The process of transition between the two enterprises is to be mapped out by a Committee of stakeholders established for that purpose.

Information and Communication Technology (ICT)

Mr. Speaker, the effective use of Information and Communication Technology (ICT) initiatives can facilitate cooperation between any combination of governments, businesses and individuals. Countries without natural resources, perhaps the most notable of which is Singapore, have used ICT as a successful platform to build strong and resilient economies; to improve and preserve quality of life, develop and maximize human potential and increase productivity and competitiveness. Critical to the achievement of our Vision 2020 goals is the development of a first world ICT infrastructure. We will therefore continue with the initiatives for telecommunications liberalization, infrastructure and development; e-Government; e-Commerce; e-Health; e-Procurement; e-Justice and ICT related policy development and regulation.

To enhance citizen access to Government information and services, **ttconnect** has been expanded to include four new centres in Arima, Chaguanas, Tunapuna and Tobago, to complement the existing locations at Princess Town and St. James. Over the next fiscal year, Government will expand this service to the Piarco International Airport and to malls across the country. Through **ttconnect**, citizens may apply for employment, training or even scholarships.

Mr. Speaker, during the last fiscal year, Government has transformed its online Micro Small and Medium Enterprises Business to Business Marketplace project, **EnterpriseNeTT**, from a pilot project to full implementation. It will provide a common space where buyers, sellers, investors, venture capitalists and their stakeholders can post and exchange products and intellectual capital in real time, and where substantial opportunities for business growth can be obtained. **EnterpriseNeTT** was launched in 2006, and to date, in excess of 1,500 businesses have been registered.

ENVIRONMENT

Mr. Speaker, the Government will like to reiterate its responsibility to the environment - a national asset to be conserved for the benefit of this generation as well as future generations. Our efforts are an integral part of our commitment to sound environmental management.

During the last fiscal year, the Government, in conjunction with the Environmental Management Authority, replanted 15 acres of the Nariva Swamp as part of the Nariva Swamp Restoration and Carbon Sequestration Initiative. This initiative will protect the wetlands in the Nariva Swamp, reduce the incidence of forest fires, aid in the reduction of greenhouse gases and conserve endemic species in the area. The project also created short-term employment for citizens and community groups. Over the next two years the Government will focus reforestation efforts on the Sustainable Community Reforestation Initiative in St. Ann's.

Over the next fiscal year, Government will also develop and maintain a National Waste Inventory for Trinidad and Tobago. This project will collect information on the generation, movement and disposal of hazardous wastes and enable the Government to better inform the development of national policy and legislation to effectively protect the environment and the present and future generations of our nation from the deleterious effects of hazardous wastes.

Mr. Speaker, we will prevent, reduce or wherever possible, recycle all forms of waste. In partnership with Government, the Solid Waste Management Company Limited, (SWMCOL) will commence construction of an Integrated Biological Waste Collection facility in 2010, the site for which, has already been identified. The design of this facility will be informed by a Biomedical Waste Study, which is in its final stage of completion.

EDUCATION

Mr. Speaker, this fiscal year marked eight years of sustained, comprehensive reform of our education system. This furthers our Vision 2020 Strategic Plan of "*Developing Innovative People*". The Government has continued its investment in education to create a seamless, self-renewing, high quality education system and develop highly skilled, well-educated people, aspiring to a culture of excellence that is driven by equal access to learning opportunities.

Mr. Speaker, a well trained human resource base is the solid foundation upon which a competitive, developed-nation economy is built. This Government's policy is to direct resources to the education sector to ensure that there is alignment of human resource skill sets to the requirements of our labour market, while promoting scholarship, research and efficiency in the delivery of education through the rationalization of programmes to avoid duplication at our educational institutions.

Mr. Speaker our policies for education in Trinidad and Tobago have enabled our secondary school students to exceed the region's average in most subject areas in the Caribbean Secondary Education Certificate Examination (CSEC) and the Caribbean Advanced Proficiency Examination (CAPE). In fact, Mr. Speaker, our students have been able to maintain an upward trend in passes in Grades 1 to 3 over 2007 and 2008.

Mr. Speaker there are several major programmes and projects that we have promoted to support and maintain the growth and development of our education sector. These include the rebuilding of several primary and secondary schools; the construction of Early Childhood Care and Education centres (ECCE); the implementation of a revised curriculum at the secondary level; continued work to implement the Support for Seamless Education Programme; the decentralisation of the operations of the Ministry of Education and the shift to school based management.

Mr. Speaker, the Government has been engaged in the institutional strengthening of the early childhood to secondary school sectors. This involves process review and capacity building support to ensure that staff are equipped to respond and support the reformed education sector.

Today Mr. Speaker, Trinidad and Tobago can boast of full time schooling for all secondary school children. We will soon achieve a close to 100 percent enrolment rate for Early Childhood schooling and a school curriculum that prepares our graduates for the demands of the 21st century. There has also been a qualitative improvement in the management and delivery of education as we continue to promote efficiency, modernise curricula and employ technology-enabled systems at all levels.

In the new fiscal year we will complete the construction of the 50 ECCE centres, and commence the construction of a further 50 ECCE centres and continue the construction of 15 primary and 12 secondary schools. In addition the ECCE curriculum guide shall also be reviewed, and deployed for use at all ECCE centres.

We will implement the National Certificate of Secondary Education (NCSE) in Forms 1-5 in 135 secondary schools; introduce a literacy plan, at the primary level and in Forms 1-3 at the secondary

level, to help improve students' performance at the Secondary Entrance Assessment (SEA) and at the Caribbean Secondary Education Certificate (CSEC) Examinations; introduce the Caribbean Vocational Qualification (CVQ) level II at 11 secondary schools; implement the Health and Family Life Education programme (HFLE) at primary and secondary levels and ensure that the Information and Communication Technology (ICT) led curricula are implemented at our primary schools.

Mr. Speaker the Caribbean Vocational Qualification (CVQ) is a competency based qualification for CARICOM Approved Occupational Standards developed by practitioners and employers. It is an award that represents the achievement of a set of competencies that define the core work practices of an occupational area consistent with the levels articulated within the regional qualification framework. The implementation of the CVQ curriculum will be done in tandem with the academic subjects in our nation's schools, thus facilitating the establishment of a seamless system of academic and vocational education.

Mr. Speaker, we shall provide for students with special needs through the Inclusive Education Model Project in 16 Demonstration schools, 8 ECCE Centres and 8 Primary schools. There will be physical and technological upgrades to support diverse learning needs as well as screening, diagnostic and intervention services for these students. Teaching and support personnel who work with these students will also receive special training. In addition specialized support services such as speech therapy and clinical psychology will be available to students. The Inclusive Education Model Project will also introduce the Violence Prevention Academy in an additional 25 Secondary schools and continue the HIV/AIDS awareness programmes in 21 primary and secondary schools. We will continue to engage the NGOs to partner with the Government to establish Time Out and After-school Study Centres.

Mr. Speaker we are well on our way towards a more efficient management and delivery of education to our nation's peoples, preparing them to be productive participants in nation building.

Tertiary Education

Mr. Speaker, the Government continues to forge ahead with its Vision 2020 goals to further strengthen the tertiary education sector. We are committed to increasing access to quality tertiary education, to further human capital development and to promote science and technology in Trinidad and Tobago. Thousands of our citizens have benefited under this Government from high quality and free tertiary and technical vocational education and training, which provide a solid resource base for our labour market and foster innovation-driven growth and development.

Mr. Speaker, over the past year, the Government has increased the efficiency of delivery of education and activities to increase growth and innovation in spite of the economic challenges that the international financial crisis has brought to bear on our nation.

Mr. Speaker, the Government recognizes that it is essential to maintain education and skills training notwithstanding a period of slowdown in the economy and we are committed to continuing our investment in the Government Assistance for Tuition Expenses (GATE), Higher Education Loan Programme (HELP), the Helping You Prepare for Employment (HYPE) programme, On-the-Job Training (OJT) and the Multi-sector Skills Training (MuST) Programmes. Since its inception in 2004, a total of 262,924 applicants have obtained approval for the Government Assistance for Tuition Expenses (GATE) Programme. In addition, 7,455 applications were approved for the Higher Education Loan Programme (HELP) since 2006.

There will also be renewed emphasis on the rationalization of the technical and vocational education and training sector to remove any duplication as we work to reduce costs. Similarly there

will be a greater focus on partnerships with NGOs and the community to develop meaningful community based projects in which trainees can practice skills learnt.

Mr. Speaker, the impetus continues for the development and upgrade of Technology Centre Projects through the Metal Industries Company Limited (MIC) and the National Energy Skills Centre (NESC). The trainees graduating from these programmes are performing at a high standard both in private and public sectors.

Mr. Speaker these are some of the many initiatives that this Government will continue to deploy as we work towards our Vision 2020 goal of developing a highly-skilled, talented and knowledgeable workforce which will stimulate innovation-driven growth and development.

HEALTH

Mr. Speaker, the global financial crisis may have impacted negatively on Government's revenue but not on its resolve to develop a first world health care and delivery system. We will continue to protect investments in health, fully cognizant of the positive correlation between health and economic development.

This Government is committed to the development of a robust, effective and accessible health care system to ensure that our citizens enjoy long, healthy and productive lives. Over the next fiscal year the Government will continue to promote efficiency in the health sector to optimize the use of resources and while further strengthening systems of governance, monitoring, evaluation and accountability. We will also develop programmes to identify and assess the nation's health needs and further the training of our medical health personnel to adequately serve the population.

Mr. Speaker, the Government continues its integrated approach to promoting healthy lifestyles: focusing on disease screening and prevention, health promotion, improved management and access to health services. Health risk factors for our population include tobacco use, abuse of alcohol, lack of physical activity, inappropriate diet and obesity which are common to several chronic diseases. The introduction of the Tobacco Control Bill is an important element of our public health policy.

Mr. Speaker, over the period October 2007 to December 2008, 1,205 patients benefited from the Adult Cardiac Programme which offers angiograms, angioplasty procedures and cardiac surgery free of charge through a Government/private sector arrangement. This Programme has a short waiting period and has greatly reduced the mortality statistics relating to cardiac disease.

Mr. Speaker, we continue with our fight against HIV/AIDS in keeping with our goal of reducing the rate of infection and deaths in Trinidad and Tobago through a variety of programmes to promote safe and healthy sexual behaviour; reduce Mother to Child transmission of the virus; mitigate the negative impact of HIV/AIDS on persons infected and affected and to integrate the treatment of HIV/AIDS into the health care system. In the coming fiscal year, we will be incorporating Sexual and Reproductive Health (SRH) programmes into the curricula at all levels of education. Other important initiatives include the development of an HIV awareness and prevention plan for the prison services; the development of the Sexually Transmitted Infections (STI) Policy and Guidelines; the implementation of STDs prevention intervention strategies among the youth and the development of an integrated Tuberculosis /HIV plan.

The construction and upgrade of Primary Care Facilities is another initiative aimed at improving the health delivery system and facilitating the Government's preventive and primary care approach to

health. Today there are 103 health centres, strategically located to ensure increased public access to what today is an expanded range of primary care services. This also reduces the number of patients at our nation's hospitals, thus securing better care services at all institutions and cost savings through more efficient use of resources. In addition, District Health Facilities in St. James and Siparia will be completed in two months' time, and Health Centres in St. Joseph, Sangre Grande, San Juan and Morvant will be refurbished.

Mr. Speaker, approximately 500 beds will be available upon the completion of the Point Fortin, Arima, Sangre Grande and Scarborough hospitals which will be constructed on a phased basis. These facilities will significantly ease the burden on the Eric Williams Medical Sciences Complex and increase the number and quality of services available to our people. In the coming fiscal year the Government will begin construction of two additional Renal Dialysis Centres at the San Fernando Hospital and at the Eric Williams Medical Sciences Complex. This will be done in partnership with the private sector.

The National Oncology Project is a comprehensive cancer care strategy that involves the Government, the private sector and civil society. The Project commenced in 2009 and is expected to be completed in 2011. Its aim is to make quality cancer care services accessible by the people of Trinidad and Tobago. The Project comprises: the National Oncology Programme; the National Oncology Centre; Clinical services upgrade; an Oncology Inpatient Unit at Eric Williams Medical Sciences Complex and the development of a Cancer Registry.

Mr. Speaker, with a view to creating a more efficient health sector, the Government will continue the implementation of the National Health Information System. Improved Health Information Management through the computerization of medical records and the implementation of the e-card for the health sector, will provide improved services, enable the highest standards to be maintained at all health facilities and promote client privacy and confidentiality. This facility will be accessible at all public health care facilities by 2012.

The Government continues to strengthen the synergies between the Ministry of Health and the National Insurance Board of Trinidad and Tobago and has developed a draft policy framework for a National Health Service. The main objectives of the exercise are to: develop the best National Health Service Model for our nation; determine the value of a basket of essential services which may be offered under a National Health Service; ensure that sufficient resources are dedicated to our national and regional health authorities; create incentives for a more efficient supply and use of health services; develop a stable and dedicated financing model for health services and guarantee equitable access to quality health services to all citizens. The National Health Service is expected to be fully functional in 2013.

SOCIAL PROTECTION

Mr. Speaker, this Government is committed to securing our Vision 2020 goal of creating a caring and nurturing society by developing a first-world, social sector: one which guarantees a decent standard of living to all our citizens especially to the most vulnerable. We will strengthen relationships with external agencies; improve delivery through the decentralization of social services; promote programmes for social justice, harmony and mediation in communities and foster participatory development initiatives.

The Government's investment in the social sector is targeted to reduce the incidence of poverty; strengthen families and promote sound values. We are committed to providing greater opportunities to persons with disabilities; to promoting the well being of the elderly and children; to

reducing the number of socially displaced persons and to the eradication of the scourge of substance abuse.

In the coming fiscal year, the Government will intensify efforts to ensure that our vulnerable citizens do not descend into indigence and other difficult socio-economic or psycho-social conditions. We will insist on greater efficiency, effectiveness, quality customer service, increased access and targeting to ensure that appropriate services are made available to a greater number of persons.

Mr. Speaker, the Government's Framework Document for Decentralisation of the Delivery of Social Services and the commissioning of a new Social Services Delivery Agency will eliminate duplication of services as well as the frustration experienced by some clients, by providing a 'one stop shop' approach where the majority of client needs are dealt with at an office in their region and where important decisions, relating for example to social welfare grants and interventions, are made without lengthy time delays. Centres will be established in the twelve regions and the first centre would become operational in Sangre Grande in the next fiscal year.

The Government is in the final stages of contracting a provider to develop an Integrated Social Enterprise Management System (ISEM). This System will employ a strategic technological approach to manage the range of social programmes and services. The objective of ISEM is to automate and re-engineer the Government's core business processes to allow for the smooth administration of social services, data and information collaboration amongst Government Ministries and Agencies. Ultimately, the ISEM system will:

- Increase availability and accessibility of information and data;
- Improve accuracy of data/information;
- Promote effective monitoring, evaluation and reporting of social programmes and
- Provide direct linkages with other key stakeholders and agencies.

These developments also foster dignity and respect to the recipients of social services.

Mr. Speaker in the coming fiscal year the Government will be developing programmes and strategies through a more focused, efficient and coordinated approach to directly and indirectly strengthen the family unit.

This Government is mindful of the plight of our nation's children and has tasked the Children's Authority with the sensitive role of being the guardian of the welfare of children, working to eradicate the incidence of neglect and abuse, while fostering the holistic development of children. In 2010 assessment centres for the initial assessment and referral of children coming to the attention of the Authority will be established. The Authority will where necessary liaise with support services and agencies for counselling, investigation and the continued management of cases.

Mr. Speaker, this year the Government provided food assistance to more than 32,000 beneficiaries through the Conditional Cash Transfer Programme, to enhance the health and dignity of households facing poverty. This Programme offers skills training to recipients of food aid, to empower them to lift themselves out of poverty through employment. The Government's Poverty Reduction Programme continues to work towards the goal of reducing the incidence of poverty and reducing the number of persons living below the poverty line. Fourteen Regional Social and Human Development Councils have been established to operate the Poverty Reduction Programme.

Mr. Speaker, the Government has also implemented its Socially Displaced Strategy which includes short, medium and long-term measures for the removal, relocation and treatment of socially displaced persons. Living conditions of the residents at the Centre-for-Socially-Displaced-Persons (CSDP) at Riverside Plaza have been improved; twenty socially displaced elderly persons were

relocated to homes for the elderly and a centre for social displaced persons has been established in Piparo.

In addition, a Cabinet-appointed Inter-ministerial Committee has identified the critical elements of a strategy for the removal, assessment, treatment and rehabilitation of street dwellers. Furthermore the Government will strengthen its relationship with the community of NGOs and has requested letters of interest for the operation of facilities for socially displaced persons. Over the next fiscal year, the Government proposes to establish additional rehabilitation facilities and transitional housing for the socially displaced in various parts of the country.

NATIONAL SECURITY

Mr. Speaker, National Security is one of the fundamental responsibilities of any Government. The Government acknowledges that the current level of lawlessness in our society is unacceptable. We will not waiver from our zero-tolerance posture towards criminal activity: from the traffic violator to the kidnapper, from the white-collar criminal to the drug trafficker, the message to the criminals is simple: you will be found and brought to justice and you will feel the full brunt of the law. The Government will act to eliminate criminal activity at all levels, especially gang related activity and the threat posed by international drug syndicates and their attendants, the money launderers, who threaten not only the physical well being of our citizens but our economic and social fabric.

Mr. Speaker, in 2008 the National Security Council agreed to the engagement of the services of Retired Major General Cameron H Ross, a 35 year veteran of the Canadian Military and Strategic Security Review Expert, to conduct a review of the national security sector of Trinidad and Tobago. The review was conducted from September 2008 to February 2009 and there were in excess of 300 recommendations accepted by the Government which will assist in the transformation of the sector. Mr. Speaker, the Minister of National Security will address these recommendations in his contribution to the Budget debate.

Mr. Speaker, the delivery of the Offshore Patrol Vessels and the six Fast Patrol Crafts will assist in our drug interdiction and anti-smuggling operations and will also be effective in assisting in disaster relief operations within the region. The Offshore Patrol Vessels will be able to accommodate high speed interceptors and helicopters. The Government will also acquire four helicopters which will complement the fleet of naval assets involved in missions of national defence and security, the enforcement of maritime law and safety.

We have expanded the CCTV Network to provide more extensive coverage throughout Trinidad and Tobago. The Government has also purchased and refurbished a number of vehicles to increase the mobility of the Protective Services. We continue to invest in the upgrade of the infrastructure of the Special Anti-Crime Unit of Trinidad and Tobago (SAUTT), the Police Service, the Defence Force and the Prison Service.

Mr. Speaker we will strengthen our efforts to transform the organizational culture, operations, management systems and human resources of our protective services to enable the Trinidad and Tobago Police Service to increase efficiency and effectiveness in the discharge of its functions. Our Police Service will be more professional in its crime fighting capabilities, technology-driven and service oriented.

Mr. Speaker, the goal of the Citizen Security Programme (CSP) is to reduce levels of violence and prevent, counteract and control factors associated with criminal acts and violence with special

attention to “at risk” youth, as well as to strengthen crime management capabilities and encourage community interventions. The broad and systemic nature of the problem of crime and violence in Trinidad and Tobago calls for a comprehensive, long-term and sustained effort.

In April 2007 the Government launched the three year Military Youth Programme of Apprenticeship and Re-orientation Training (MYPART) and the Military Led Academic Training (MILAT) at the Military Training Facility at Mausica. The objective Mr. Speaker is to certify young persons between the ages of 16 to 25 years in technical and vocational skills and to reduce violence and anti-social behaviour among youth by helping them to transform attitudes and change their values. The programmes were launched in April 2007 and to date have benefited some 256 young men.

INSTITUTIONAL REFORM

Mr. Speaker, a central pillar in this Government's Vision 2020 Strategic Plan is the promotion of effective government. Included therein is the commitment to good governance principles and practices, to the highest levels of performance and professionalism at all our public institutions to effectively and efficiently meet the needs of our citizens.

Local Government Reform

The Local Government Reform Programme, which was initiated in 2004, is a key component of our Vision 2020 National Strategic Plan. Local Government is an integral element of the country's governance structure, institutional and democratic systems. The underlying philosophy that guided our policy prescriptions for transforming and modernizing the Local Government system is to improve efficiency in the delivery of services, while building sustainable communities within a participative democratic framework. This is consistent with international best practices.

Mr. Speaker, the enactment of the new Local Government Legislation will herald a new era in Local Governance and participatory democracy in Trinidad and Tobago and will facilitate:

- Efficient and effective corporate and Municipal Management;
- Expanded coverage and enhanced quality of service delivery;
- Easier access to services through a robust interactive e- government platform;
- Human resource development and institutional restructuring;
- The realignment of boundaries in accordance with changes in natural geographic configuration, population growth, regional and urban migration trends, new settlements patterns and industrial and commercial activities;
- The reconfiguration of the local government boundary and geographic profile for balanced sustainable development and easier access to services through the establishment of four cities, one borough and seven regions;
- Safe, secure and peaceful communities through effective community policing;
- The establishment and development of a Municipal police service that can ensure safe, secure and peaceful neighbourhoods and communities;
- The introduction of an Executive Council system in Local Government Corporations and mechanisms for greater citizen engagement and participation in the decision making process;
- The reorganization of the Municipal Corporations structure with the establishment of six functional Divisions and
- The restructuring of the Ministry of Local Government to focus on its new roles of developing policy, setting standards and monitoring the operations of Municipal corporations.

Property Tax Reform

Mr. Speaker, the present system of property taxation as applied in the 9 Regional Corporations and Tobago is still governed by the Land and Building Taxes Act of 1920 where the last global assessment of property values was conducted in 1948. In the Municipal Corporations, dates for property reassessments range from 1975 in Port of Spain, to 2008 in Point Fortin. This Mr. Speaker, clearly demonstrates that the valuations for properties throughout Trinidad and Tobago are outdated and the lists of assessed properties are incomplete. There is also a wide disparity in the rate of tax charged from region to region. Properties located in the 9 Regional Corporations and Tobago pay a rate of tax of between \$10 and \$20 per acre of land with 7½ percent tax on the annual rental value of the building- with the last assessments dating from 1945. In the Municipal Corporations however, property tax rates for residential, commercial, industrial and agricultural lands range from 10 percent in Port of Spain, to 2 percent in Point Fortin. The existing property tax regime is thus antiquated, inefficient and inequitable.

Mr. Speaker the Government is developing a system to employ modern technology using a single platform that will assess all properties and collect taxes throughout Trinidad and Tobago with a harmonised tax regime. We are committed to providing an efficient, equitable and user friendly property tax system on January 1, 2010.

The new Property Tax Information System will improve and streamline the systems of assessment, management and collection of property taxes throughout the country through a single assessment agency- the Valuation Division- and a single collection agency -the Board of Inland Revenue.

Under the new property tax system, the Valuation Division will assess properties in accordance with international standards to ensure that they are valued in an equitable manner. In addition there will be an efficient and transparent system of objections, appeals and queries for all assessment and valuation matters.

The District Revenue Offices will be equipped with information technology and infrastructure to expedite and simplify the payment process. In addition to District Revenue Offices, citizens will be able pay their property tax at banks, TTPOST centres, VIA agents, T&TEC or WASA offices with cash, debit, credit card or cheque, regardless of property location. Mr. Speaker increasing the number of payment centres will significantly reduce congestion at District Revenue Offices and guarantee convenience for property owners.

Under this new system, citizens will be able to access their property and tax information over the internet with the use of a unique user ID and password. Assessment and financial data such as property characteristics, sketches, arrears, tax due and payable, payment history and penalties can be viewed securely online. Bar coded bills will be mailed to property owners and sent electronically over the internet to secure accounts; property owners will be able to print online bills on request giving them the option of paying taxes well before receiving the bill by mail.

The system will adopt the rental value appraisal method. This method of calculation of taxes is modern, suitable for Trinidad and Tobago and was arrived at after substantial consultation with valuers and experts in the field. We propose to implement a new four-tiered property tax regime based on present market values of properties. In the case of residential, commercial and agricultural properties the tax will be 3 percent, 5 percent and 1 percent respectively. In the case of industrial properties, the tax will be 6 percent of the annual taxable value which is based on 6 percent of the installed cost of plant, machinery and associated buildings.

Legislation to give effect to the new Property Tax system will be brought to Parliament this year and a communication campaign to inform the public of the Property Tax System will be launched this month.

To facilitate payment by the taxpayer it is also proposed to increase the time before which the first penalties may be applied for non-payment of taxes from the present June 30th to the last day of the fiscal year September 30th. The new system will provide for part payments as well as prepayments of property taxes.

Pension Reform

Mr. Speaker, the Government is committed to modernizing the existing pension regime for monthly paid public sector officers, Members of Parliament and daily rated public sector employees.

In the first phase of the pension reform process, the Government commissioned a study to determine the pension obligations under the existing pension arrangements for monthly paid officers and the projected future pension payments under various economic and demographic scenarios.

The second phase of the project was to tailor a modern and improved plan. In this phase, the current plans were assessed against the needs and constraints of various stakeholders, including those of current and retired public servants. Various plan design options were evaluated on the basis of affordability, long term sustainability and impact on plan members.

The Government has now approved an optimum plan design which will modernize the present plan provisions. The main changes in the plan design are:

- **Improved survivor benefits.** Benefits will now be paid to survivors, spouse and/or eligible children of both male and female public servants and the level of spousal survivor benefits has been improved. The benefits payable under the Widows and Orphans Fund will be replaced by the greater of:
 - 60 percent of the pension in payment prior to the spouse's death, or
 - the minimum public sector pension benefit.
- **The elimination of the 2/3rds limit on pension accruals.** This will allow long service public servants to continue to accrue a pension past their thirty three and a third years of their service with the Government.
- **Improved pension portability for employees who leave the public service, or transfer within the public service.** In addition to enabling the transfer of service credits within the Government, this new portability feature will also allow employees to transfer the value of their pension entitlement to a personal pension arrangement of their choice.
- **Shorter vesting periods.** Pension benefits will be fully vested after 2 years instead of the present 5 years, providing more equity in the system by allowing employees to gain entitlement to a pension benefit at an earlier stage.

In addition to these plan design changes, the Government is in the process of streamlining public sector pension legislation. Legislation that governs public sector pensions in Trinidad and Tobago spans multiple acts, many of which are antiquated. The Government will harmonize and consolidate the various pieces of legislation, simplify the legislative process for modifying pension provisions in the future and modernize the many dated statutes in keeping with international best practice. The revised pension legislation that includes the new plan provisions is expected to be completed by the middle of fiscal year 2010.

The Government will also implement a state of the art pension administration system which will fully automate benefit calculations; improve data management and integration with payroll; centralize pension administration for the public service; reduce waiting times for processing pension payments and enable enhanced employee communication. By way of illustration Mr. Speaker, a public service employee will be able to securely access his records online and determine his future pension benefits. Long delays in the calculation and receipt of benefits will be a thing of the past.

In the case of Parliamentarians, the Government will review pension plan design options and it is expected that necessary changes will be implemented at the same time as those for monthly paid public sector employees.

In addition, the Government is undertaking an actuarial valuation of the daily rated public sector pension gratuity benefit. Upon completion, a stakeholder assessment will occur and plan design options will be developed for consideration. The review is expected to be completed in the new fiscal year.

Trinidad and Tobago Revenue Authority

Mr. Speaker, Government is pressing ahead with the modernization of the revenue collection administration to effectively facilitate the country's rapid pace of economic growth and development through the establishment of the Trinidad and Tobago Revenue Authority (TTRA). This will involve the merger of the Inland Revenue and Customs and Excise Divisions- two agencies which together account for approximately 95 percent of Government's revenue collection.

The Trinidad and Tobago Revenue Authority will streamline and re-structure tax and customs administration; provide enhanced customer service and ultimately increase Government's revenue. This will enhance the speed in processing taxpayers' transactions; ensure greater accuracy in data; reduce compliance costs to taxpayers and the cost of collection on the part of the Government. The system will also result in a reduction of integrity challenges.

The draft legislation to give effect to the establishment of the TTRA is in the final stage of review and it is expected to be laid in Parliament early in the new fiscal year. Mr. Speaker, in recognition of the complexity of the reform, Government established the Trinidad and Tobago Revenue Authority Management Company to guide the transition process.

Work is progressing apace on several critical areas. The layout of the two buildings on the Government Campus which will house the TTRA is being designed and plans for fit out are being prepared. The TTRA will provide for greater efficiency by avoiding duplication of services common to both tax administration and collection such as human resource management, audit, legal services, communications and information technology.

Mr. Speaker the TTRA will have a modern organization structure and apply international best-practice in its human resource and financial policies as well as in the development of staff job descriptions and compensation packages.

The Government Mr. Speaker continues to work to ensure a smooth transition - that staff are treated equitably and that benefits are paid promptly after the date of separation. Discussions are also ongoing with the Service Commissions Department to resolve matters relating to appointments and promotions of existing staff at the Inland Revenue and Customs and Excise Divisions. Staff have the opportunity to engage in change management and counselling sessions to help manage the transformation. Mr. Speaker, we are confident that the Trinidad and Tobago Revenue Authority would be fully operational in 2010.

CULTURE AND COMMUNITY DEVELOPMENT

Mr. Speaker, the first pillar of our 2007-2010 Operational Plan for Vision 2020 is *“Developing Innovative People”*. Our nation is renowned for our rainbow culture, a heritage in which we all share and must protect and promote for future generations. We have had to look more closely at spending and engage in creative means to increase productivity and efficiency in the use of resources as we develop our cultural patrimony.

Mr. Speaker, work will continue on the construction of the Academies for the Performing Arts which will provide high quality, state of the art facilities for our artistes and will be used mainly for performances and for the teaching and training of persons in the performing arts. The North Academy is expected to be completed in time to host the opening ceremony of the Commonwealth Heads of Governments Meeting. The South Academy is scheduled for completion before the end of the new fiscal year.

Mr. Speaker, work which began in 2005 on the Refurbishment of Queen’s Hall, will be completed in the next fiscal year. We will also continue construction work for Community Centres begun in 2005. These facilities provide common meeting grounds for individuals, groups and the community and are critical to education, social interaction and to communities’ growth, empowerment and enrichment.

We will also Mr. Speaker continue with the refurbishment of the Export Centres to revitalize the craft industry in Trinidad and Tobago. This step is tied to the strategy to develop the country’s export capability utilizing local skills and raw materials indigenous to Trinidad and Tobago. In addition, these Centres will provide opportunities for training of skilled and semi-skilled persons in craft activities, empowering our people to be self-sufficient and will assist in the diversification through small business initiatives.

Work on the National Cultural Centre will begin shortly. This Centre will replace the existing Grand Stand and will seat between 14,000 and 18,000 persons. It will also hold a number of administrative offices and a variety of additional support facilities to promote cultural shows and programmes.

Mr. Speaker we will also continue to develop our museums that store our cultural history and the many projects underway for cultural promotion as well as the restoration and refurbishment of centres for cultural activity and expression. Mr. Speaker, we will also engage the community in the establishment of Community Museums throughout the country.

SPORT AND YOUTH

Mr. Speaker, this Government’s policy for our youth is to proactively focus on preventative measures, promoting positive values that are easily fostered through sport. This is in keeping with our Vision 2020 developmental plan to nurture a caring society - it is in this context that our National Youth Policy is being implemented. Our citizens and sports professionals deserve the variety and quality of sporting infrastructure that facilitates the development of minds and bodies.

We have raised the bar, by promoting higher performance goals, by demanding higher standards of transparency and accountability in sport administration, by maximizing the use of existing facilities and programmes and by upgrading our sport infrastructure for our nation’s athletes, youth and the general population.

The Government will continue to invest in the construction and upgrade of sport and youth facilities to encourage indoor court games and other sport structures for the disciplines of tennis, cycling and swimming. In fiscal 2010, we will commence work on a National Aquatic Centre; upgrade the Diego Martin, Siparia, Sangre Grande, La Horquetta and Couva Swimming Pools and the National Tennis Centre and commence construction of the Mayaro Youth Facility.

We will establish a National Cycling Centre and Velodrome, upgrade Corporation Grounds, the Dwight Yorke Stadium and other multi-purpose stadia. We will also upgrade and rehabilitate the former Caroni Sport Facilities at Sevilla Club and Gilbert Park.

Mr. Speaker, we have established a pathway to take our promising athletes from the primary to the elite level and will invest in improving the quality of our coaches as we prepare for regional and international competitions. We will also continue the Elite Athletes Assistance Programme to allow our high performance athletes with international ranking to benefit from financial assistance while they focus on their training for competition.

Mr. Speaker in fiscal 2010 we will further the Total Participation in Sport mandate through Sport Camps and group-specific programmes to engender healthy lifestyles through physical recreation and sport for every member of our population. Approximately 400,000 persons in the Youth Cohort, as well as approximately 800 registered youth organizations will benefit from an improved youth sport administration.

Mr. Speaker, the Government will continue programmes to protect our more vulnerable youth. The Save the Youth in Marginalized Communities programme will continue and emphasis will also be placed on the Youth Health Programme to help deal with the incidence of HIV/AIDS through 3 Adolescent Friendly Information Centres and 25 Youth Health Caravans and Eduvans.

The establishment of the Sport Commission of Trinidad and Tobago, to replace the Sport Company of Trinidad and Tobago, is closer to finalization with the preparation of a Draft Act which will be taken to Parliament before the end of this year.

ECONOMIC INTEGRATION

Mr. Speaker, the Government is well aware of the economic constraints faced by our CARICOM counterparts. It is a priority of this Government to reduce the economic disparity that exists between Trinidad and Tobago and our neighbours, specifically the Organisation of Eastern Caribbean States (OECS) countries, since they play an integral role in our export industry. The Government has initially identified four projects which will provide considerable mutual benefits for Trinidad and Tobago, Grenada, St. Vincent and the Grenadines and Dominica.

Mr. Speaker, Caribbean Airlines is reviewing the possibility of expanding its business into aircraft maintenance services since this industry had proven to be a tremendous success under BWIA. The Government is of the opinion that this project has the greatest prospect for success if the maintenance facility is located in Grenada. This will generate employment and foreign exchange earnings and provide significant international exposure to boost Grenada's tourism industry.

Mr. Speaker with the acquisition of our naval assets including the fast ferry boats to Tobago, water taxis and military vessels we are creating a major opportunity for the procurement of a ship building and maintenance facility. There is a small ship maintenance facility located in St. Vincent and the Grenadines which may be used to service our naval assets as an initial step thus providing an area of economic development and revenue generation for that country.

Another initiative under review is the possibility of collaborating with an efficient regional quarry operator to provide aggregates for the construction sector. Today our country imports aggregates from as far as Canada since domestic demand outstrips domestic supply. With the commencement of the infrastructural road networks project, which includes the construction of highways and freeways, it is clear that importation of aggregates would be required. The Government proposes to collaborate with the Government of Dominica to investing in quarrying facilities in that country. This switch from international suppliers to regional suppliers would facilitate increased business support to a fellow CARICOM member state.

THE BUDGET ARITHMETIC

Mr. Speaker I will now like to share with this Honourable House a brief review of the Central Government's operations for the 2009 fiscal year.

The Honourable House will recall that the budget for 2009 was based on an assumed oil price of US\$70 per barrel and US\$4.00 per million cubic feet for gas with a projected total revenue of \$49,465.2 million. Parliament approved the 2009 Appropriation Act authorising expenditure of \$44,206.3 million; when added to the direct charges to the Consolidated Fund of \$6,750.8. million, which is largely made up of debt servicing, as well as expenditure under the Unemployment Levy Fund and Green Fund it implied a total budget expenditure of \$51,453.1 million. Mr. Speaker this expenditure adjusted for repayment of capital and contributions to sinking fund was \$49,445.7 resulting in a projected surplus of \$19.5 million.

Mr. Speaker, early in the fiscal 2009 the Budget assumptions were revised due to falling energy prices. As a result the Budget was recalibrated based on an oil price of US\$55 per barrel and a gas price of US\$3.25 for the 1st and 2nd quarters and US\$3.50 for the 3rd and 4th quarters per million cubic feet. At that time the total projected revenues were revised downward from \$49,465.2 million to \$44,153.7 million. However energy prices continued their downward trend and in January this year the Budget assumptions were further revised at an oil price of US\$45.00 per barrel and a gas price of US\$3.25 per million cubic feet, resulting in a further downward revision in revenue to \$42,200 million.

During fiscal 2009 the revenue shortfall was not limited to the decline in oil and gas prices but also extended to other petrochemicals, including urea, methanol and ammonia as well as other commodities such as iron and steel. There has also been a spill over effect into the non-energy sector revenues which resulted in a revised projected revenue outturn of \$37,947.5 million, a shortfall of approximately \$11,515.7 million from the original budget.

Mr. Speaker, the expenditure outturn projected for 2009 is \$46,403.0 million, \$3,042.7 million lower than originally budgeted.

For fiscal 2009 this translates to a projected deficit of \$8,455.5 million. However, this is based on our projected estimate of the outturn using actual numbers as at July 31st 2009. Given the experience of the past we believe that this outturn could be in the region of \$7,500.0 million and we await the closing of the account when all revenue and expenditure are brought to account to determine what the actual outturn would be.

Mr. Speaker, the Budget for 2010 is crafted in the context of projected real GDP growth of 2 percent and a projected average inflation rate of 7 percent in 2009. The Budget is predicated on very conservative oil and gas price assumptions of US\$55 per barrel for oil and a gas price of

US\$2.75 per million cubic feet. Based on these assumptions, total revenue is forecasted at \$36,663.6 million.

On the expenditure side, we intend to appropriate \$36,915.4 million from the Consolidated Fund while we estimate \$9,049.2 million in direct charges on the Consolidated Fund and expenditure under the Unemployment Levy Fund and Green Fund of \$476 million. After adjusting for repayment of capital and contributions to the Sinking Fund the total budgeted expenditure for 2010 is \$44,366 million.

For fiscal 2010 the projected deficit is \$7,702.6 million or 5.3 percent of GDP.

FISCAL MEASURES

Mr. Speaker I now turn to the Fiscal measures.

Stimulus package for contractors

Mr. Speaker, the Government continues to promote the productivity and competitiveness of Small and Medium Enterprises which will support employment and production levels and foster national economic growth. The Government will stimulate the construction sector by subcontracting its infrastructure works to small contractors for building and refurbishment of Community Centres, Schools, Early Childhood Care Centres, Police Stations, Recreation Centres, Health Centres and City/Borough sidewalks. A 30 percent mobilization fee up from 10 percent will be paid to contractors from the Infrastructure Development Fund to assist contractors in the initial purchase of materials and services.

Expansion of the National Entrepreneurship Development Company's Financing

Mr. Speaker, the Small and Micro Enterprises sector continues to attract new entrepreneurs. The National Entrepreneurship Development Company promotes the development of our Small and Micro Enterprises by providing advice on financial independence, sustainability and competitiveness while offering cutting edge financial products and developmental support services in a customer focused environment.

At present, there are approximately 9,000 registered applicants. First time applicants are now entitled to up to \$100,000 while returning applicants who have repaid their previous loans can access up to \$250,000.

The Government proposes to increase this support with the following three tier financing structure:

Applicant Status	Loan Amount
1 st time applicants	up to \$250,000
2 nd time applicants	\$250,001 - \$350,000
3 rd time applicants	\$350,001 - \$500,000

This measure will take effect from October 1, 2009.

Expansion of Fair Share Programme

Mr. Speaker, the Fair Share Programme awards contracts to small entrepreneurs to stimulate our small and micro enterprise sector. The Government proposes to expand the value of public sector contracts accessible to the Small and Micro Enterprise sector from \$1 million to \$5 million dollars. This increase will take effect from October 1, 2009.

Retooling 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. This rate was increased from 60 percent to 75 percent through the Finance Act of 2007.

The Income Tax (In Aid of Industry) Act provides for an accelerated capital allowance for all manufacturing trades. For example Mr. Speaker, where a person carries on a trade and incurs capital expenditure for machinery or plant for the purposes of that trade, he will be entitled to an initial allowance equal to 75 percent of the expenditure for the year of income in which the expenditure is incurred.

Mr. Speaker, the Government with increase retooling incentives for the manufacturing sector, to further strengthen the efficiency and competitiveness of our local industry through the acquisition of state of the art technology and the improvement of existing plant capacity. It is proposed therefore to increase the initial allowance relating to machinery and plant from 75 percent to 90 percent.

Mr. Speaker, when combined with the applicable 25 percent Wear and Tear Allowance for subsequent years of asset utilization, this measure would provide an additional benefit to manufacturers by reducing their chargeable tax liability. This measure will take effect from January 1, 2010 and will require an amendment to the Income Tax (In Aid of Industry) Act.

Construction: Approved Property Development Allowance

Mr. Speaker, the Approved Property Development Allowance has been an effective incentive in the past in encouraging the expansion of activity in the construction sector, thereby assisting in the creation and maintaining of jobs. This allowance was re-introduced in the Finance Act 2007, but only in respect of projects that commenced after 2005 and which were completed on or before 31st December 2007.

It is proposed that the Corporation Tax Act, be amended to allow approved property development companies to claim as a deduction 15 percent of the capital expenditure incurred in the construction of commercial or industrial buildings which commenced on or after October 1st 2009 but are completed on or before December 31, 2014.

This measure will require an amendment the Corporation Tax Act and will take effect from October 1, 2009.

Motor Vehicles Penalties and Fees

(I) Motor Vehicles and Road Traffic Act, Chap. 48:52 (Enforcement and Administration)

Mr. Speaker, in an effort to maintain order and safety on our nation's roads and to deter road traffic offenders, the Government will significantly increase the penalties under the First Schedule of the

Motor Vehicles and Road Traffic Act Chapter 48:52 (Enforcement and Administration) for offenses with fixed penalties and to introduce new penalties.

Mr. Speaker I would like to enumerate some examples to the proposed amendments to these penalties. Use of a vehicle without park lights; improper overtaking on the left side of the road; overtaking traffic at a place dangerous to do so; exceeding the specified speed limit will each face an increase from a fixed penalty of \$200 to \$1,000. The use of the Priority Bus Route by unauthorized vehicles will face an increase from a fixed penalty of \$200 to \$2,000. Mr. Speaker in the case of installing illegal tints on vehicles we propose to apply a fixed penalty of \$2,000. In addition, Mr. Speaker a fixed penalty of \$2,000 will be applied to motor vehicles that are not fitted with seatbelts. Mr. Speaker, the Government will bring legislation to this Honourable House to make the use of child restraints mandatory for children five years of age and under.

This measure is expected to contribute an additional \$40 Million to Government's revenue and will take place from January 1, 2010.

(ii) Motor Vehicles and Road Traffic Act, Chap. 48:50 (Fees and Duties).

Mr. Speaker, to harmonize the fees and duties under the Motor Vehicles and Road Traffic Act Chapter 48:50 (Fees and Duties) the Government proposes the following amendments:

- i. Amend the cost of the renewal of drivers' licences from \$200 every three years to \$500 every five years;
- ii. Increase all other fees and duties under the First Schedule by 75 percent.

This measure is expected to contribute an additional \$35 Million to Government's revenue and will take place from January 1, 2010.

(iii) Motor Vehicles and Road Traffic Act, Chap. 48:50

Mr. Speaker, it is proposed that the Motor Vehicles Transfer Tax be increased by 50 percent as follows:

Particulars		Existing		Proposed
Used motor vehicles (other than motorcycles) over ten years old	from	\$100.00	To	\$150.00
Used motor vehicles over seven years old, but not more than ten years old	from	\$900.00	To	\$1350.00
Used motor vehicles over five years old but not more than seven years old	from	\$2000.00	To	\$3000.00
Used motor vehicle over two years old but not more than five years old	from	\$3000.00	To	\$4500.00
Used motorcycles not exceeding 250cc	from	\$100.00	To	\$150.00
Used motorcycles exceeding 250cc	from	\$200.00	To	\$300.00

This measure is expected to contribute an additional \$10 Million to Government's revenue and will take effect from October 1, 2009.

Promoting and Ensuring Healthy Lifestyles

Cigarettes and Tobacco

The Government remains committed to the promotion of healthy lifestyles and proposes to increase the excise and import duty on tobacco products of Common Market origin and the tobacco tax on extra-regional tobacco products, all by 15 percent. This measure is expected to contribute an additional \$30 million to Government's revenue and will take effect from September 8, 2009 and will require amendments to the Customs Act.

Alcohol and Spirits

Mr. Speaker, it is also proposed to increase the excise duty on locally manufactured rum, beer and other alcoholic products by 15 percent, while the import duty on rum, beer and other alcoholic products of Common Market origin will be increased by 15 percent. Import duties on rum, beer and other alcoholic products from extra regional sources will be increased by 30 percent. This measure will take effect from September 8, 2009 and will require amendments to the Customs Act. This measure is expected to contribute an additional \$50 million to Government's revenue.

CONCLUSION

Mr. Speaker, this Government's vision is for a nation built on the enduring attributes of self-reliance, respect, equity and integrity where every citizen has equal opportunities to achieve his fullest potential, where citizens enjoy a high quality of life, where quality healthcare is available to all and where safe, peaceful, environmentally friendly communities are maintained.

Mr. Speaker, our vision is for a country where all citizens are assured of a sound, relevant education system tailored to meet the human resource needs of a modern, progressive, technologically advancing nation; all with the objective of optimizing the resources of our beloved country.

Mr. Speaker, our vision is for a nation where the family as the foundation of the society contributes to growth, development and stability; where there is respect for the rule of law and human rights and the promotion of the principles of democracy; where the diversity and creativity of its people are valued and nurtured. The policies and programmes outlined in this year's Budget will support these objectives.

Mr. Speaker, we will continue on a path to strengthen the country's efficiency and capacity to successfully meet the challenges from the global economic downturn. We are under no illusions: we recognize that whilst our economy is strong and resilient and has withstood the worst effects of the global recession, this is no time for complacency.

At both the individual and national levels, we must balance the need for spending to stimulate growth with the thrust to earn and save to secure a sustainable future. We must prioritize and exercise discretion and discernment in the employment of limited resources as we chart a course for our nation's future. We must improve efficiency and productivity at every level to enhance our competitiveness in the global arena.

We will continue our focus on trade, investment, economic diversification and the improvement of the country's physical and economic infrastructure. We recognize that at this time the State is the principal agent of economic and social development and will intensify the process of public service transformation where we have already recorded significant success in higher levels of efficiency and productivity.

The road to true success is never easy. A country's mettle is always tested when striving towards laudable and enduring goals. Today's global circumstance will test our resolve as we journey

towards transforming Trinidad and Tobago into a developed nation. Mr. Speaker, inspired by our Vision, we will overcome obstacles and keep our goals in sight for the benefit of present and future generations.

Thank you, Mr. Speaker and may God bless our nation. I beg to move.