



REPUBLIC OF TRINIDAD AND TOBAGO

Debates of the House of Representatives

4th Session – 10th Parliament (Rep.) – Volume 20 – Number 3

**OFFICIAL REPORT
(HANSARD)**

THE HONOURABLE WADE MARK
SPEAKER

THE HONOURABLE NELA KHAN
DEPUTY SPEAKER

Monday 9th September, 2013

CLERK OF THE HOUSE: JACQUI SAMPSON-MEIGUEL

EDITOR: KATHLEEN MOHAMMED
Telephone: 623-4494

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CONTENTS

	Page
LEAVE OF ABSENCE	339
SESSIONAL SELECT COMMITTEES (Appointment of) [<i>Mr. Speaker</i>]	339
ANNOUNCEMENT BY THE SPEAKER [<i>Mr. Speaker</i>]	340
PAPERS LAID	340
APPROPRIATION (FINANCIAL YEAR 2014) BILL, 2013 [<i>Sen. The Hon. L. Howai</i>]	341
First Reading... ..	341
Second Reading	341
ADJOURNMENT [<i>Hon. Dr. R. Moonilal</i>]	386
Mr. Herbert Volney (Vacation of Seat) [<i>Mr. Speaker</i>]	386
Collection of Budget Documents [<i>Mr. Speaker</i>]	390

*Leave of Absence**Monday, September 09, 2013***HOUSE OF REPRESENTATIVES***Monday, September 09, 2013*

The House met at 1.30 p.m.

PRAYERS[MR. SPEAKER *in the Chair*]**LEAVE OF ABSENCE**

Mr. Speaker: Hon. Members, I have received communication from the following Members: the hon. Stacy Roopnarine, Member of Parliament for Oropouche West and the hon. Rodger Samuel, Member of Parliament for Arima. They are currently out of the country and have asked to be excused from today's sittings of the House. The leave which the Members seek is granted.

**SESSIONAL SELECT COMMITTEES
(APPOINTMENT OF)**

Mr. Speaker: Hon. Members, in accordance with Standing Order 71(2), I wish to announce the appointment of the following sessional select committees for the Fourth—2013/2014—Session of the Tenth Parliament.

Standing Orders Committee

Mr. Wade Mark	Chairman
Dr. Roodal Moonilal	Member
Mr. Collin Partap	Member
Dr. Delmon Baker	Member
Mr. Jairam Seemungal	Member
Mr. Colm Imbert	Member
Miss Marlene Mc Donald	Member

House Committee

Dr. Roodal Moonilal	Chairman
Mr. Anil Roberts	Member
Mrs. Vernella Alleyne-Toppin	Member

Special Select Committees
[MR. SPEAKER]

Monday, September 09, 2013

Mrs. Nela Khan	Member
Mr. Colm Imbert	Member
Mr. NiLeung Hypolite	Member

Committee of Privileges

Mr. Wade Mark	Chairman
Dr. Roodal Moonilal	Member
Mr. Prakash Ramadhar	Member
Mr. Chandresh Sharma	Member
Mr. Rodger Samuel	Member
Dr. Tim Gopeesingh	Member
Mr. Colm Imbert	Member
Miss Donna Cox	Member
Mrs. Paula Gopee-Scoon	Member

Regulations Committee

Mr. Wade Mark	Chairman
Mr. Rudranath Indarsingh	Member
Mr. Nizam Baksh	Member
Miss Ramona Ramdial	Member
Dr. Amery Browne	Member
Miss Alicia Hospedales	Member

ANNOUNCEMENT BY THE SPEAKER

Mr. Speaker: Members, I wish to inform this honourable House that I shall be making a statement under “Announcements” and in accordance with section 49A(1) of the Republican Constitution of Trinidad and Tobago before the adjournment of today’s sitting.

PAPERS LAID

1. Draft Estimates of Expenditure for the financial year 2014. [*The Minister of Finance and the Economy (Sen. The Hon. Larry Howai)*]

2. Details of Draft Estimates of Recurrent Expenditure for the financial year 2014. [*Sen. The Hon. L. Howai*]
3. Draft Estimates of Revenue and Expenditure of the Statutory Boards and Similar Bodies and of the Tobago House of Assembly for the financial year 2014. [*Sen. The Hon. L. Howai*]
4. Draft Estimates of Development Programme for the financial year 2014. [*Sen. The Hon. L. Howai*]
5. Draft Estimates of Revenue for the financial year 2014. [*Sen. The Hon. L. Howai*]
6. Public Sector Investment Programme (PSIP) 2014. [*Sen. The Hon. L. Howai*]
7. Public Sector Investment Programme (PSIP) 2014—Tobago. [*Sen. The Hon. L. Howai*]
8. Three-Year Public Sector Investment Programme (PSIP) 2014—2016. [*Sen. The Hon. L. Howai*]
9. Social Sector Investment Programme 2014. [*Sen. The Hon. L. Howai*]
10. State Enterprises' Investment Programme 2014. [*Sen. The Hon. L. Howai*]
11. Review of the Economy 2013. [*Sen. The Hon. L. Howai*]

APPROPRIATION (FINANCIAL YEAR 2014) BILL, 2013

Bill to provide for the service of Trinidad and Tobago for the financial year ending on the 30th day of September, 2014 [*The Minister of Finance and the Economy*]; read the first time.

APPROPRIATION (FINANCIAL YEAR 2014) BILL, 2013

The Minister of Finance and the Economy (Sen. The Hon. Larry Howai):
Mr. Speaker, I beg to move:

That a Bill to provide for the service of Trinidad and Tobago for the financial year ending on September 30, 2014, be read a second time.

Before I get into my presentation, Mr. Speaker, I would like to start by bringing good news to the House that the Soca Warriors, I am advised—
[*Interruption*]

Mr. Roberts: Are leading.

Sen. The Hon. L. Howai:—are leading right now in their match against Saudi Arabia, two goals to nothing. [*Desk thumping*] So we look forward to good news at end of the game. [*Laughter*] The budget, of course, has even better news.

Mr. Speaker, it gives me great pleasure to deliver this financial year, 2014, budget statement. This is the fourth since this administration assumed office in 2010 and it is being delivered under the auspices of the People's Partnership administration led by our Prime Minister, the hon. Kamla Persad-Bissessar. Our Prime Minister's leadership has been instrumental in charting a pathway towards the resumption of economic growth and optimism for the future, despite the challenges consequent on the global financial crisis of 2008—2009. Indeed, I acknowledge an immense debt of gratitude to the Prime Minister whose astute leadership distinguishes our public affairs and has created the conditions for higher levels of confidence in our economy and society. [*Desk thumping*]

I take this opportunity also to thank the hon. Vasant Bharath, Minister of Trade, Industry and Investment and Minister in the Ministry of Finance and the Economy, and the hon. Rudranath Indarsingh, Minister of State in the Ministry of Finance and the Economy. Their collective efforts have been instrumental in assisting me in ensuring that the economy was brought onto a growth path. [*Desk thumping*] My colleagues in the Government have all played key roles and I thank them for the trust and confidence placed in me. I also owe a debt of gratitude to the staff of the Ministry of Finance and the Economy whose reputation for providing independent advice, with sincerity and intelligence on matters of public policy, is well established in this country. [*Desk thumping*]

Mr. Speaker, I am very pleased to report that our economy has recorded positive economic growth in the last four consecutive quarters. [*Desk thumping*] With output in the energy sector being constrained by ongoing maintenance activity, the non-energy sector has risen to the challenge and has been driving the resumption of economic growth in Trinidad and Tobago. Indeed, just last month, August 2013, the executive Board of the International Monetary Fund, having concluded its 2013 Article IV consultations with Trinidad and Tobago, welcomed the signs of economic recovery and agreed that the authority's macroeconomic policies are appropriately supporting the recovery in the near term. [*Desk thumping*]

Building on the successes of the past year and heralding a new era of growth, this year's budget theme is "Sustaining Growth, Securing Prosperity", as we recognize these successes and focus on those measures not yet fully realized. I

caution, though, that the uncertainties in the global economy warrant circumspection if we are to progress to that degree of consistency in growth necessary to fulfil our development objectives.

It is requisite, too, that the public sector debt should remain at a sustainable level. Within this framework we must recognize that the transformation of our economy from its present commodity base to one which is fully diversified can only occur over time, but we have identified the growth sectors, assigned responsibility and developed the plans for achieving our objective.

Mr. Speaker, I am certain that the policies outlined in this budget will improve Trinidad and Tobago's macroeconomic stability by creating an environment conducive to sustained economic growth. This budget continues on a path of reducing the fiscal deficit while still funding adequately, economic and social programmes and investment in infrastructure.

Mr. Speaker, in the last fiscal year we had projected revenue of \$50.7 billion, expenditure of \$58.4 billion, with a deficit of \$7.7 billion. Despite our decision to effect payment of arrears of salaries to public servants amounting to \$1.8 billion for the period 2008—2010, we expect to end the year with a much lower deficit than was projected in our 2013 budget. [*Desk thumping*] This was brought about by higher than estimated revenues generated from both the energy and non-energy sectors and lower than expected expenditures.

The growth in non-oil revenues was particularly heartening as it pointed to the continuing expansion of the economy. [*Desk thumping*] In the case of capital expenditure, several projects, including the hospitals identified in our last budget, are still in the planning stage and this resulted in lower than expected expenditure. In addition, a restructuring and rationalization of the Programme for Upgrading Roads Efficiency (PURE) resulted in a temporary interruption of several highway projects, but the programme has since been resumed with the recommencement of several projects.

Mr. Speaker, I have also laid 11 documents in this Parliament. They are all available to the public and are online. They provide a full accounting of Government's expenditure and performance over the past year. I shall highlight a few of our achievements.

Mr. Speaker, we provided financial assistance to the elite athletes in the amount of \$6.6 million in preparation for their participation in regional and international championships. [*Desk thumping*] We have commenced development

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

works at the Hasely Crawford, Larry Gomes, Mannie Ramjohn and Dwight Yorke stadia. [*Desk thumping*] We have expanded the On-the-Job Training Programme to include culinary arts, environment, agriculture and media. [*Desk thumping*] We have completed 50 pipeline projects providing a new and more reliable supply of water to over 11,400 residents throughout Trinidad and Tobago at an estimated cost of \$47.2 million. [*Desk thumping*]

We have procured five potable water treatment plants for Talparo, Matura, Penal, Point Fortin and Fyzabad, increasing the potable water supply for approximately 11,500 persons. [*Desk thumping*] We have implemented 969 projects in local government, equipped 108 Early Childhood Care and Education Centres with resources and instructional materials. We have launched the Clico Investment Fund and commenced payments to the Hindu Credit Union depositors and shareholders.

We have commenced the construction of the UWI south campus and the Signal Hill UWI campus in Tobago; commenced construction of the Couva Children's Hospital; launched the University of Trinidad and Tobago Education Campus in Tobago; procured more than a dozen new ambulances for our national ambulance service; issued lands to 500 persons under the Land for the Landless Programme; increased a number of benefits: sickness, invalidity, special maternity, employment injury and grants under the National Insurance Board; commenced construction of the National Aquatic Centre, the National Tennis Centre and the National Cycle Centre; [*Desk thumping*] completed the first phase of the San Fernando to Point Fortin highway; [*Desk thumping*] removed VAT on over 7,000 food items; [*Desk thumping*] constructed a state-of-the-art water taxi terminal in San Fernando; refurbished seven markets and installed eight Bailey bridges across the country and refurbished the Scarborough inter-island ferry passenger terminal building. Mr. Speaker, these are just a few of our many achievements in the last fiscal year and we shall build on these as we move forward.

In the last budget we highlighted a number of policy initiatives which we are implementing. These initiatives were not as far as advanced as I had believed when I assumed office last year, but good progress has been made over the last 12 months. I shall enumerate our progress in these areas for the benefit of this honourable House and the national community.

Mr. Speaker, gambling is emerging as a substantial industry in Trinidad and Tobago with consistent growth in unlicensed and unregulated gaming. I wish to emphasize that under the current legislative framework prevailing in Trinidad and Tobago, all casino operations conducted by self-styled, private members' clubs

and all gaming machine operations in recreation clubs, in pubs, in arcades and in shopping malls, are illegal activities. Gambling has the potential to lead to criminal activity as well as to devastating consequences for a small minority of customers, including minors and compulsive gamblers. There is a clear public need for regulation.

Mr. Speaker, we have developed a comprehensive governance structure for this industry over the last year. It will entail the establishment of a regulatory commission with the power to license premises, operators, suppliers and key employees. The new legislation will control the operations of what will be referred to as registered casinos. Mr. Speaker, before moving forward with the legislation next year, we have commenced extensive consultations with various stakeholders, including inter-ministerial working committees and civil society groups. Many further consultations are scheduled. We expect full cooperation from the industry whose members have been proposing the need for regulation for a number of years.

1.45 p.m.

Mr. Speaker, in the interim and to ensure that everyone meets their full tax obligation, all pool betting shops will be required to computerize their operating systems to allow the Betting Levy Board, under its operating authority, to determine the taxes which are due from the bets being negotiated at those pool betting shops. In parallel, I propose to increase the licence fee for betting offices which conduct betting at fixed odds.

I turn to public/private partnerships. Much was expected of public/private partnerships in the last year but the procurement process to establish a transparent institutional framework took longer to complete than expected. We have since addressed this matter and are now comfortable that the private partners would deliver the infrastructure and/or related services in such a manner that the population at large receives value for money.

The Inter-American Development Bank, of which Trinidad and Tobago is a long-standing member, will advance one PPP project under the remit of the Ministry of Education comprising 20 primary schools and early childhood care centres and another under the Ministry of Health for a number of diagnostic centres. The IDB will lead the process for the selection and award of a contract to a transaction advisory service provider through a competitive and transparent bidding process. This process would be completed over the next 12 months.

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

We have also agreed that the International Finance Corporation, of which Trinidad and Tobago is also a longstanding member, will spearhead work on the airport concession for the Piarco International Airport.

CL Financial: Mr. Speaker, I turn now to the CL Financial Group. We have developed a comprehensive strategy for recovering the funds expended by Government in the recapitalization, resolution and restructuring of Clico, British American Insurance Company Limited, Caribbean Money Market Brokers Limited and Clico Investment Bank.

The principal element of this strategy will involve a new Shareholders' Agreement, which is being proposed by the Government of Trinidad and Tobago to CL Financial Limited. This will provide the Government with formal collateral arrangements over the assets of the group and a sales strategy, which will maximize the value to be received from these assets to facilitate the full liquidation of all advances made to the group. The Government has engaged a reputable firm of international consultants to review the plan and make appropriate recommendations. In the interim, a further extension of the Shareholders' Agreement has been negotiated.

Turning to the Hindu Credit Union, we have also made substantial headway in resolving the payments for the depositors and shareholders of the HCU. To date, we have been honouring our commitment to the 147,707 former HCU depositors and shareholders whose liability amount to approximately \$668 million.

Payments made to the under \$75,000 account holders amounted to approximately \$132 million. The processing of payments for the 1,502 eligible HCU depositors and shareholders with account balances over \$75,000 commenced some time ago. We have also agreed to create a compassionate relief window to assist special needy cases.

Mr. Speaker, in the wake of the financial crisis, there is a compelling case for ensuring that the financial sector maintains its stability. We must ensure that the financial sector continues to play a critical role in enabling economic growth. Consequently, over the past year, we have taken steps to strengthen our financial system infrastructure:

- the Financial Intelligence Unit Act expanded the capability of the Financial Intelligence Unit and in November 2012, Trinidad and Tobago was removed from the grey list;
- the Securities Act, 2012, was implemented with best practice international standards in securities market regulation. Consequently, the country has

become a signatory to the multilateral memorandum of understanding as advanced by the International Organization of Securities Commissions. This facilitates exchange of important and critical information among securities regulators, which represent a key regulatory tool in the global money and capital market. We have also become a member of the Egmont Group;

- a new Insurance Bill, based on best international practice in insurance supervision, was laid in Parliament;
- substantial progress has been made on a new Credit Union Bill, which we intend to lay in Parliament in 2014; and
- towards the end of next year, we intend to lay an Occupational Pension Bill in Parliament to support the changes which we propose to make in the overall pension system for the country.

Mr. Speaker, I turn now to our public offerings programme. While our financial system has become much more modern and sophisticated, both in terms of its institutional mix and the range of available financial institutions, activities in the domestic capital market component have been less than encouraging. The number of listed companies had stagnated at about 34 between the period 2003 and 2008.

Mr. Speaker, in January 2013, we commenced our efforts to galvanize the local stock exchange with the launch of the Clico Investment Fund. New investors were introduced into the domestic stock market with the opening of 4,500 brokerage accounts. The initial public offer of First Citizens Bank Limited, in August 2013, continued the expansionary process. Indeed, the offer has been an outstanding success, with the entire issue of 19.3 per cent of the total issued share capital of the bank or \$48.5 million shares being 3.12 times oversubscribed.

The allocation of 15 per cent reserved for individual investors was six times oversubscribed. This allocation has since been increased to 26 per cent. The participation of individual investors continued as 12,000 new brokerage accounts were opened in 2013, pointing to the expansion in the domestic capital market.

Our capital market policy for generating high levels of savings and for promoting the efficient allocation of those savings is an ongoing activity. First, we will take steps as soon as it is appropriate to make an initial public offer of a newly established company into which the National Gas Company of Trinidad and Tobago will transfer the 39 per cent shareholding in Phoenix Park Gas Processors Company Limited, which it is now purchasing from ConocoPhillips.

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

Second, as soon as the technical work on the restructuring of the Home Mortgage Bank and the Trinidad and Tobago Mortgage Finance Company Limited is completed, we will make an initial public offering for the Trinidad and Tobago Mortgage Bank.

There are a number of state enterprises whose requirements for expanding trade and for securing specialist skills, technology and finance can be met by the private sector. Those enterprises with scale and technology intensive activities needing capital to expand, would be exposed to strategic investors. To that end, Government has identified four state enterprises with commercial remits which operate under market conditions, have become mature and can now transition to another stage of development.

During the course of the coming year, we will begin the process of seeking investors for: the Vehicle Maintenance Company of Trinidad and Tobago, the National Helicopter Services Limited, the National Flour Mills Limited and the Point Lisas Industrial Port Development Corporation Limited.

Mr. Speaker, we have taken difficult decisions to stabilize the economy. We have ensured that our debt remains at sustainable levels. We have adopted a complementary strategy for building new sources of growth and strengthening existing ones, including in the energy sector, and we are now moving to simplify the regulatory system for doing business in Trinidad and Tobago.

My colleague, the Minister of Trade, Industry and Investment, would outline to this honourable House the steps he has taken to alleviate the cost and to facilitate the ease of doing business in Trinidad and Tobago. But suffice it to say that it has become substantially easier to do business here.

According to the World Bank annual *Doing Business* report, our world ranking has improved from 76 in 2011 to 69 in 2013. [*Desk thumping*] We expect an even better ranking in 2014, as there have been significant efficiency improvements through rapid responses for starting businesses, registering for NIS and VAT, obtaining work permits and certificates of origin, protecting investors, paying taxes and trading across borders, including cargo clearance.

Mr. Speaker, we are facilitating the development of the non-energy sector by improving the business climate through the creation of business clusters. Over the years, we have developed a cluster of globally competitive companies servicing the energy sector. The future growth and expansion of these companies will not

now depend solely on our domestic energy sector. This represents a new and viable source of growth generating jobs and substantial foreign exchange earnings for the country.

Our trade policy has as its primary goal the expansion and diversification of the exports of our goods and services. We have instituted an aggressive agenda. To this end, we have negotiated a trade agreement with the Republic of Panama. In addition, we have concluded a partial scope trade agreement with the Republic of Guatemala, which will enable our exporters more favourable market access for agricultural products. In this context, I intend to continue to support the International Trade Negotiations Unit of the Trinidad and Tobago Chamber of Industry and Commerce by providing a larger allocation to the unit in the next fiscal year.

Mr. Speaker, I turn to give an update on the growth poles. During the course of the last fiscal year, we advanced technical and analytical work relating to the development of the five growth poles. The overall planning exercise is still to be completed, although loan financing had been identified some time ago.

During the last year, the cluster mapping pilot study for the central growth pole was completed. This study has identified six areas of business concentration for central Trinidad, business services, retail trade, agri- business, downstream energy services, cultural and heritage tourism sites and trade and logistics. The Government has already begun a similar study for the south-western peninsula to determine opportunities for growth, investment and regional clusters. This project is focused on urban development, agriculture, fishing and tourism. The east Port of Spain growth pole is focused on urban regeneration. Government is currently establishing the necessary organizational arrangements and executing agencies.

During the course of this year, 12 small projects were completed with a further 14 planned for the next fiscal year. The north coast growth pole is being developed with an emphasis on tourism and food sustainability and immediate emphasis being placed on the regeneration of five depressed fishing communities: Matelot, Toco, Blanchisseuse, Las Cuevas and Maracas. The north-east Tobago growth pole projects are now being developed with tourism and agriculture as the primary focus.

Mr. Speaker, the completion of these studies and the estimation of associated investments will be progressed in the coming year. My colleague, the Minister of Planning and Sustainable Development, will expand on these initiatives in the debate. There were other initiatives which we identified which we shall address as we proceed through this presentation.

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

I turn to the global economic environment. After a slowdown during 2012, the global economic prospects have improved again. However, the road to recovery varies for different economies. In advanced economies, activity improved gradually during the first half of 2013. The US economy continues to recover slowly. In the euro area, output fell by 0.6 per cent in the fourth quarter of 2012, as the sovereign debt crisis persists. The economic environment in Europe remains challenging and in the Middle East political upheaval continues to hamper the economic recovery of that region.

While emerging market economies continue to grow, they have not been immune to the effects of Europe's debt crisis. Growth has fallen in the Indian economy and that country is facing substantial challenges. Brazil, Russia and China are facing similar challenges to resume the level of growth that their economies recorded during the last five years.

The global outlook beyond 2014 envisages a Euro-area with considerable downside risks, although some recent signs are indicating a mild recovery. While these developments can certainly be expected to pose continuing challenges to global growth and employment, I expect that policy actions would be stepped up to ensure that the world economy returns to robust activity.

2.00 p.m.

Mr. Speaker, the Caribbean region has also had its fair share of challenges. The region, for the most part, has been buffeted by the effects of the global financial crisis and most economies are entering a phase of stringent austerity. The International Monetary Fund has forecast that high debt and weak competitiveness would continue to constrain growth in the region during 2013.

Mr. Speaker, Trinidad and Tobago's economy has performed significantly better than most of our Caribbean neighbours, and, in many cases, better than many developed economies. I wish to re-emphasize that on a year-on-year basis, our economy has recorded positive economic growth in the last four consecutive quarters driven in the main by the non-energy sector. [*Desk thumping*]

Our economy is growing in the context of stable inflationary conditions; inflation of 5.6 per cent is down from 2012 mainly as a result of lower food prices, a matter which was impacted this year by the removal of the VAT on food and by the Government's drive for food security. [*Desk thumping*] The economy continues to generate jobs as the unemployment rate has fallen and now hovers near full employment levels at 5 per cent. [*Desk thumping*]

The Government is successfully containing the fiscal deficit in accordance with its policy objectives and is on course to bring the fiscal accounts into balance by 2016. The current account of the balance of payments remains buoyant—generating consistent surpluses. The country is experiencing significant inward flows of private direct investment which rose substantially in 2012 from US \$1.8 billion to US \$2.5 billion. [*Desk thumping*]

The sound balance of payments position has been generating buoyant economic and financial buffers. The build-up in gross official reserves has been estimated in 2013 at \$9.4 billion, the equivalent of 12 months of import cover. The Heritage and Stabilisation Fund, with its consistent and strong earnings, now amounts to US \$5 billion. [*Desk thumping*]

The net public sector debt stock, which stands at 44.7 per cent of GDP in 2013, will be positively impacted by the projected cash flows from the structured sale of assets of the CL Financial Group. The capital market is enjoying a Renaissance with two recent listings on the Trinidad and Tobago Stock Exchange: Clico Investment Fund, which has been monetizing the debt owed to holders of short-term investment products of Clico, and First Citizens, which has made a successful initial public offer, which was significantly oversubscribed.

Mr. Speaker, having recognized these successes, we must also identify those areas where much more work is required. The non-energy fiscal deficit remains an issue. Much still needs to be done to build the competitiveness of the economy. The diversification of the economy needs to be accelerated and the fiscal accounts need to be brought into balance, but we recognize these challenges and are moving rapidly to address them.

Mr. Speaker, I turn now to our medium-term framework. This administration is committed to achieving the medium-term objective of a balanced budget by 2016. This budget begins the movement towards that objective with a projected reduction of the deficit from 4.6 per cent of GDP in 2013 to 3.6 per cent in the next fiscal year. We envisage with the completion of most of the maintenance work in the energy sector and our continuing stimulus programme that the emerging growth will be consolidated and strengthened. Annual minimum output levels of 2.5 per cent over the medium-term are being projected. This continuing expansion of the economy, coupled with current initiatives to strengthen the collection efforts of the Board of Inland Revenue, will result in increased revenues. However, the full achievement of this fiscal objective will require a programme for streamlining expenditure.

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

The Ministry of Public Administration is managing a programme to eliminate the waste, inefficiency and duplication which exists in our social services programmes. This must be accelerated. We propose to engage civil society in the conceptualization and implementation of programmes to achieve this objective.

Mr. Speaker, small and medium-sized enterprises have been playing an important role in generating output and employment and, in the process, supporting our economic transformation. In fact, small and medium-sized enterprises constitute over 85 per cent of all registered businesses in Trinidad and Tobago, and we are very mindful that during the recent economic difficulties, they acted as shock absorbers and assisted in the maintenance of employment levels.

Public economic policy has been focusing on the funding requirements of this group of enterprises with the creation of tax incentives in 2012 for a small and medium-sized market on the Trinidad and Tobago Stock Exchange, but the absence of listings since then has reflected the restrictive factors associated with the tax incentive framework. I propose to amend this framework by redefining the qualifying capital base for these incentives as well as the shareholding requirement.

Mr. Speaker, while access to the Trinidad and Tobago Stock Exchange allows these small and medium-sized enterprises to connect with investors who wish to participate in the equity of such companies, we are also ensuring that small and micro-businesses are able to participate in the national economy in a consistent and sustainable manner.

In the coming year, the Ministry of Labour and Small and Micro Enterprise Development will review the Fair Share Programme and will hold its first Fair Share Expo to increase the visibility of certified SMEs. The Ministry will also implement a number of initiatives, including a web portal, to add further impetus to this programme. Mr. Speaker, we will continue our dialogue with the trade union sector as we forge a consensual framework that meets the developmental needs of the country and the requirements of the trade union movement.

I turn now to the Exim Bank. Mr. Speaker, as we diversify our economy towards a buoyant export manufacturing and industrial sector, our Exim Bank must become relevant to our objective of export-led growth. The Exim Bank, as it does in all advanced and emerging and developing countries, must focus on the financing of exports and turn export opportunities into real sales which will create good quality jobs in an expanding national economy.

The World Trade Organization estimates that 80—90 per cent of world trade is crucially dependent on trade finance, largely of a short-term nature in the form of trade credit and insurance and guarantees. The restructuring of the Exim Bank is urgent. It must play a developmental role. Mr. Speaker, I propose to recapitalize the Exim Bank with equity injections over the next four years to allow the bank to finance exports into extra-regional markets at a reduced cost of funds to facilitate the process of developing our export manufacturing sector.

Turning to the state enterprise sector, we must raise the bar as far as the performance of the sector is concerned. In advanced, emerging and developing countries, ratings assessed by credit rating agencies are critical requirements for accessing capital, whether that capital emanates from the stock market or from financial institutions.

Indeed, regular assessments of the financial and operational status of public companies are required by all stakeholders if private confidence and trust is to reside in the operations of those companies. Our state enterprise sector should do no less as they disengage themselves from borrowing with Government guarantees. I propose to make allocations over the next three years to selected state enterprises to undertake independent credit ratings which would prepare those enterprises for accessing the debt markets based on their own creditworthiness. I expect that the requirements to improve their ratings and the regular evaluations by an independent entity on an annual basis will assist in enhancing the quality of governance and performance within the sector.

Mr. Speaker, Caribbean Airlines must move towards the adoption of a financially sound business model for positioning the airline in targeted segments of the global tourism market. The new Board of Caribbean Airlines Limited has completed the first phase of a revised business plan for the airline to achieve financial viability. To this end, effective October 01, 2013, I propose to discontinue the fuel subsidy which the airline currently enjoys. The subsidy for the Tobago airlift will remain. These factors have been incorporated into the business plan which I shall receive on September 17. I have been assured by the Board of Caribbean Airlines Limited that the removal of the fuel subsidy will not impact the ticket pricing policy. [*Continuous crosstalk*]

Mr. Speaker, I turn now to our reform agenda. Constitution Commission: in 2010, a promise was made to review our constitutional arrangements. Over the past year, we engaged in a wide consultative process. Our citizens in all walks of life participated in this process. [*Continuous crosstalk*] Guided by this feedback and by the need for effective representation, transparency and accountability in all

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

activities, and participation in matters which relate to our governance, the Constitution Commission will provide, within the next two months, a framework of principles and recommendations. This report will form the basis of our dialogue with all parties on our future constitutional arrangements. While this is proceeding, we propose to accelerate two issues on our Constitution reform agenda. These are: term limits for Prime Ministers and the right to recall of legislators.

Dr. Rowley: That in the budget too?

Sen. The Hon. L. Howai: “Yeah”. Mr. Speaker, we have also provided citizens and communities, through a consultation process over the past year, with a forum for voicing their views on local government transformation. A White Paper on local government reform has been prepared. It outlines the local government framework which will ensure that a more responsive, customer-centred local government system will be realized.

In the interim, we have tabled proposals for proportional representation on which debate has commenced and we have instituted a number of measures to improve the function of these bodies which resulted in the corporations implementing 969 projects [*Desk thumping*] in financial year 2013. The corporations and the Ministry of Local Government have paved approximately 1,147 local roads covering 200 kilometres. [*Desk thumping*] This, as I understand, is the largest number of roads paved or rehabilitated by local government in a single year [*Desk thumping*] and the Unemployment Relief Programme assisted in delivering 550 projects, each of which was valued below 500,000. [*Desk thumping*] The small contracting sector was given an opportunity to participate in the infrastructural developmental activities, especially in the rural areas.

Mr. Speaker, the issue of Government’s procurement mechanism has been outstanding for too long. On completion of the budget debate, the Procurement Bill will be laid in Parliament. However, structured discussions will continue until the Bill comes up for debate. Regulations to support the Bill have also been prepared. The Bill emphasizes the commitment of the Government to establish a transparent as well as a developmental procurement process. The Bill is the result of a joint select committee process which involved consultations with public service institutions and private interest, and was informed by multilateral institutional thinking on the subjects.

Campaign finance reform: campaign finance reform had become of heightened importance to the population. A Green Paper for the public’s

comments will be made available before the end of this year with legislation targeted for next year. In this context, the legislative requirements for the constituency development fund will also receive attention and allocations made once appropriate legislation is in place. Subject to the approval of the Legislature, the reporting and accountability requirements will be subject to a detailed review by Parliament and by an independent watchdog body.

I now turn to the Government's accounting and reporting systems. The Auditor General's Report 2012 identified a number of weaknesses in the accounting, reporting and compliance systems in Ministries. Many of these were not new, but as part of the process for strengthening the institutional framework of Government, we launched several initiatives aimed at addressing these weaknesses. I wish to express my satisfaction with the responses of the public service to these initiatives and in the quality of follow-up to correct errors and omissions identified in the Auditor General's report. While some of the changes would have been implemented too late to change the report for the 2013 financial year, I expect to see continuing improvements when the report for 2014 is produced.

Mr. Speaker, in the last fiscal year, we began implementing a series of structural reforms aimed at the modernization of the State, particularly in the areas of public administration and public finance management. The implementation of the programme covers a range of activities including the strengthening of the budgeting process and treasury management, the early introduction of an integrated financial management information system and subsequently, the full introduction of performance informed budgeting.

Mr. Speaker, the Government is also developing gender responsive budgeting guidelines for institutionalizing gender equality and gender mainstreaming practices in government Ministries. [*Desk thumping*]

2.15 p.m.

The guidelines will be drafted to capture the unique needs and vision of the people of Trinidad and Tobago. The guidelines will make the case for the need to allocate sufficient financial resources to achieve gender equality, equity and women's empowerment in all economic and social sectors of Trinidad and Tobago.

Mr. Speaker, over the past year, and with the help of international consultants, we started work on the technical infrastructure for the phased introduction of a growth-oriented tax system over the period 2014—2016. This revised tax system

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

will be regionally and internationally competitive; encourage savings and investments, reduce the dependency on tax incentives for encouraging investment, will be in line with international best practice, will promote stability and predictability and encourage compliance and enforcement.

Mr. Speaker, technical work is also going on for the rationalization of excises so that by fiscal year 2015 excises will be aligned and different taxes on excisable goods streamlined; for the introduction of transfer pricing legislation along the OECD guidelines; and for the establishment of a fair system of taxation for life insurance companies in light of the removal of the statutory fund in the proposed insurance legislation.

Mr. Speaker, the leakage from the tax system is unacceptable. I intend to address this immediately by revisiting the relevant sections of the Corporation Tax Act and by strengthening the capabilities of the Board of Inland Revenue, in particular, in the area of enforcement and compliance in business and individual taxpayers' assessments

VAT Refunds: Mr. Speaker, we have recognized that the delay in processing VAT refunds has been impeding the growth of exports and private sector development in light of the fact that such delays could represent an increase in the cost of production. I propose to simplify the VAT refund process for the manufacturing sector. As an initial step, I shall increase the allocation for all VAT refunds with a view to ensuring that all VAT refunds are made, at minimum, within the legal time frame. [*Desk thumping*] To ensure that this is achieved, I propose to allocate \$1. billion in the first month of the new fiscal year for clearing the backlog. [*Desk thumping*]

The Land and Building Tax: Mr. Speaker—[*Interruption*]

Hon. Member: Um-hmm.

Sen. The Hon. L. Howai:—a land and building tax regime is a key pillar [*Crosstalk*] in all modern tax systems. Recurrent land and building taxes meet all the conditions of a good and fair tax. The backbone of a successful land and building tax is the proper valuation of properties within a transparent framework. [*Crosstalk*] This will require the property rolls being brought up to date. I propose to phase in these taxes over the period 2014 – 2017 [*Crosstalk*] during which time the properties will be valued [*Crosstalk*] and consultations will be held with all stakeholders.

Hon. Members: Axe the tax. Axe the tax.

Sen. The Hon. L. Howai: In phase 1, and effective immediately, we shall commence valuations of all industrial land, including plant and machinery, whether housed or unhoused, with a view to implement this tax by July 01, 2014. In phase 2, we will impose a tax on commercial properties and in phase 3 we will impose a tax on agricultural lands and on residential properties with a deductible allowance to provide relief to certain agricultural landowners and low-income homeowners. [*Desk thumping and crosstalk*]

Hon. Member: Axe the tax. Axe the tax. [*Crosstalk*]

Sen. The Hon. L. Howai: Mr. Speaker, I turn now—[*Interruption*]

Hon. Member: [*Inaudible*] land and building tax.

Sen. The Hon. L. Howai:—to an area that forms a critical component of our social safety net for the aged—the pension system. We are well aware that a considerable number of our citizens are not covered by formal pension arrangements. Over the past year, we have sought to accelerate the work of the Ministry of Finance and the Economy on this issue. [*Crosstalk*]

We are now well advanced with a draft of the Occupational Pension Plan Bill and have re-engaged consultants to undertake technical work for:

- increasing survivors' benefits;
- removing the cap of 33 1/3 years of service on pension accruals;
- reducing the vesting period from five to two years;
- improving portability within the public service;
- introducing contributions to public sector pensions; and
- introducing pensions for daily-paid employees of Government.

A critical aspect of the pension reform is the strengthening of the existing ICT system. In recognition of the need for prospective retirees to plan their financial futures, we have set, as a primary objective, immediate payment of retirement benefits in the public sector service—retire today, pension tomorrow. [*Desk thumping and crosstalk*]

In parallel with this technical and analytical work and in order to ensure that all citizens are prepared adequately for retirement, the Government will bring new legislation next year to include the self-employed in the National Insurance System. [*Desk thumping*]

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

Mr. Speaker, the 2009 failure of the financial institutions of the CL Financial Group, the region's largest conglomerate, has raised questions on whether or not the existing structure and operations of the financial regulatory regime in Trinidad and Tobago are adequate to withstand global financial crises. In the next fiscal year, we will establish a task force to undertake research and consultation to determine whether a single financial regulatory authority is the most feasible model for integrating and strengthening financial regulation and supervision in Trinidad and Tobago. This task force will comprise representation from the Central Bank of Trinidad and Tobago, the Securities and Exchange Commission, the Ministry of Finance and the Economy and other stakeholders in the financial services sector.

Mr. Speaker, I turn now to the progress made over the last year with respect to the diversification of the economy. Since our last budget statement, we have made positive strides in undertaking the necessary work for building those sectors identified for growth and investment.

Mr. Speaker, over the past year, we have advanced the building of a financial institution shared-support services industry. In our 2013 Budget, we committed to creating 3,000 jobs in the sector within the next five years. Following the tax incentive framework put in place in the Finance Act, 2013, I have signed the Order for developing shared service centres in Trinidad and Tobago. With the tax incentive framework in place, Trinidad and Tobago can now position itself as an attractive destination for locating back and middle office processing for financial companies.

In fact, during this year, close to 1,000 high-quality jobs were created in this sector. [*Desk thumping*] Scotiabank Trinidad and Tobago Limited has already employed close to 400 persons with another 40 to be engaged in 2014. RBC Royal Bank has employed 465 persons with another 135 to be employed in 2014. [*Desk thumping*]

RBC Royal Bank, which has been in the process of streamlining its business model, has been able to save the jobs of approximately 400 additional employees who were transferred to their shared services activities. In the coming year, we intend to build on these successes and will commence discussions with companies providing services within the European Union to facilitate the movement of similar shared services facilities to Trinidad and Tobago.

The maritime sector: we are also leveraging our facilities and assets in the north-west peninsula in our quest to develop the maritime industry. The

requirements for maintaining the range of naval and maritime assets owned by the Government of Trinidad and Tobago will represent an initial catalyst for the roll-out of the maritime industry. Our focus will be initially on niche markets such as the construction of tugs, workboats, small luxury craft, platform supply vessels, launches and barges.

Efficient port and dry-docking facilities are key components for a buoyant maritime industry. The Ministry of Trade, Industry and Investment will execute a memorandum of understanding with China Harbour Engineering Company Limited for the development of additional port and dry-docking facilities in Trinidad.

The Ministry will also sign a memorandum of agreement with Trinidad Dry Dock Company Limited for the establishment of comprehensive dry-docking facilities and services which would open new economic space in the Gulf of Paria, near the city of Port of Spain. The materialization of these facilities would not only support economic development in Trinidad and Tobago, but also in the region as a whole.

Mr. Speaker, in our marketing efforts for the maritime sector, we will ensure that all investors are aware of the incentives which are available under the Trinidad and Tobago Free Zones Act.

Tourism: Mr. Speaker, over the past year, we have been making steady progress with our initiatives in the tourism sector.

Hon. Member: Which are? [*Desk thumping and laughter*]

Sen. The Hon. L. Howai: We have been promoting [*Desk thumping and laughter*] the country, not only as a place to do business, but also as a leisure destination. [*Laughter and crosstalk*] The Government is focusing on two main priorities: developing airlift and enhancing room stock. [*Laughter*] We are collaborating with the major airlines, as well as with airport and cargo operators with a view to expanding the opportunities for increasing direct travel [*Laughter*] and air cargo to Trinidad and Tobago.

From July 2014, Jet Blue, a low-cost American-based airline, will commence flights to Trinidad and a new charter, Apollo Airlines, a Greece-based company, will soon launch flights from selected cities in Europe to Tobago. These new airline arrangements will complement West Jet's current service between Toronto and Port of Spain and Caribbean Airlines' operations between Port of Spain and destinations in North America and Europe.

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

The country's room stock is being expanded to accommodate the growth in business travellers in Trinidad and Tobago. The soon-to-be opened Radisson Luxury Apartments in Port of Spain will add another 100 rooms providing more home-like amenities.

The cruise industry is being expanded. The Southern Caribbean Cruise initiative is now at an advanced stage of conceptualization with visits to five destinations: Trinidad, Tobago, St. Lucia, St. Vincent and Grenada. The intention is to make Trinidad and Tobago the home port for cruise ships in the southern Caribbean. [*Desk thumping and crosstalk*]

Mr. Speaker, we have identified the year 2018 to transition Trinidad and Tobago to the [*Crosstalk and laughter*] top 30 countries out of the 148 in the Global Competitiveness Index prepared by the World Economic Forum. [*Crosstalk and desk thumping*] Mr. Speaker, I think what I have said may have been lost so perhaps I could repeat it. [*Laughter*] We have identified the year 2018 to transition Trinidad and Tobago—it is a five-year plan—[*Interruption*]

Hon. Member: But you would not be here.

Sen. The Hon. L. Howai:—to the top 30 countries [*Laughter*] out of 148—[*Interruption*]

Hon. Member: But I would still be here.

Sen. The Hon. L. Howai:—in a Global Competitiveness Index prepared by the World Economic Forum. [*Crosstalk*] The Global Competitiveness Index is an internationally well-established mechanism to assess the competitiveness of the countries in the basket.

We are marketing this objective to signal to the world our readiness as a technologically sound and viable environment for attracting foreign direct investment. We are collaborating with the World Bank Group to fashion supply-side and demand-side initiatives to build an e-ready society, to increase the availability and affordability of technologies, to expand the accessibility of telecommunications and broadband networks and to improve government efficiency in its delivery service.

Gasoline vehicles conversion to CNG: Mr. Speaker, the technical work for accelerating the use of compressed natural gas as a major alternative fuel in the country is now ready to commence, with the recent decision by the National Gas Company to undertake a phased investment over a five-year period at a cost of \$2.07 billion through the establishment of a new company.

Phase 1 would involve an expenditure of \$500 million over a two-year period which will result in the construction of 22 new CNG stations and for the conversion of 17,500 vehicles. Phase 2 would involve an expenditure of \$1.57 billion with the construction of the remaining stations and the continuing conversion of vehicles. It is the intention to list this new company eventually on the local stock exchange.

Very importantly, the greater use of this more environmentally friendly fuel will reduce our greenhouse gas emissions and make a contribution to the lessening of the threat of climate change. [*Desk thumping*] We will also reap substantial financial and economic benefits as this new CNG industry becomes a significant driver of non-energy growth, ensuring, in the process, major budgetary savings arising from the reduction of the petroleum subsidy on transportation fuels as well as additional export revenues from the availability of the redirected fuel for export markets.

Mr. Speaker, we have provided a tax incentive framework to promote a range of alternative fuels, including CNG, and, when available, LNG and DME, dimethyl ether. As this process evolves, the Government will sequence gradual reductions in the fuel subsidy.

2.30 p.m.

Creative industries: the fiscal incentive framework for enhancing the creative sector has been expanded with the removal of customs duty and value added tax on commodities imported to serve as inputs into the production of final goods and services for the creative industry.

Moreover, the institutional framework has been strengthened with the establishment of the Trinidad and Tobago Creative Industries Limited which, with its appropriately focused subsidiaries, the Trinidad and Tobago Film Company Limited, the Trinidad and Tobago Music Company Limited and the Trinidad and Tobago Fashion Company Limited, will spearhead the growth and business development of the creative industries in Trinidad and Tobago.

This governance model will allow for significant synergies and stakeholder involvement for branding Trinidad and Tobago in the areas of film, music and fashion. We are already witnessing substantial advancements in these areas and likewise in other areas where festivals, heritage and dance and theatre are being developed.

Agriculture: Mr. Speaker, we are continuing to give priority to the agriculture sector in our efforts to enhance the national income and to ensure food security.

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

We are sustaining food security through a number of initiatives, in particular, the distribution of state lands to our farmers:

- 4,111 acres of land formerly owned by Caroni (1975) Limited and 100 acres of state lands at Tucker Valley have been divided into six small and eight large farms for distribution to farmers. Three of the large farms are already in operation; and
- 5,800 acres of agricultural lands leased to the former employees of Caroni are being brought into production through the GREEN Initiative—Growers Responsible for Evolving and Enriching the Environment—which is managed by Caroni.

Yes, and it is a different green, Mr. Warner. [*Laughter*]

Cultivation and harvesting have already begun and members of the public are benefiting from the farm-fresh produce cultivated through environmentally-friendly methods. [*Desk thumping*] At full capacity, 5,800 acres will be under cultivation, providing the national community with a wide range of freshly harvested produce at affordable prices.

Mr. Speaker, we have already increased investment through the Agricultural Development Bank with approval of over 1,066 new loan applications and disbursement of over 1,400 loans valued at approximately \$150 million. [*Desk thumping*]

The shared value business model represents a novel approach to farming as we have combined unutilized lands, capital from private farmers and Caroni, together with best-practice techniques from the various learning institutions into a profitable food enterprise. In 2014, we are targeting a further increase in local agricultural production.

Mr. Speaker, we are moving ahead with a food security facility with the Government of Guyana. We have executed a memorandum of understanding with the Guyanese Government which will provide in Berbice initially 10,000 acres of land for immediate agricultural production and subsequently a further 90,000 acres. The Government of Trinidad and Tobago will invite private sector investment in agricultural production in Guyana, and will work with the Government of Guyana to provide a facilitating environment and the necessary support to attract such investments. We have requested of the Government of Guyana that investors from Trinidad and Tobago be eligible to access incentives currently available to Guyanese farmers and be allowed to repatriate profits.

National sports: Mr. Speaker, consultancy and design work are advancing rapidly on establishing a transparent framework for sport tourism in the areas of swimming, cycling and tennis. Three facilities will be outfitted for international competition and will comply with specific building and sporting requirements: the national aquatic centre, the national tennis centre and the national cycle centre. These three facilities will be supported by three national multipurpose sport facilities, which will provide athletes and residents in various communities with amenities for sport and physical recreation.

Plans for major sectors: Mr. Speaker, I turn now to the plans of selected Ministries for the next year. During the debate, individual Ministers will amplify and speak in more detail on the plans and programmes for each Ministry.

I start with the energy sector. Mr. Speaker, the energy sector has suffered output disruptions in natural gas supplies which began in late 2010 as a consequence of maintenance works being conducted by major natural gas suppliers. Over the past year, and in the context of increasing levels of investor confidence, the sector has returned to growth with an upsurge in drilling activity. In 2012, foreign direct investment in the sector was approximately US \$2 billion. [*Desk thumping*]

It is expected that proven natural gas reserves will increase in the upcoming years. Recently, the Government executed six deep-water production sharing contracts and signed a new license agreement with the Petroleum Company of Trinidad and Tobago Limited which mandated the company to refocus its strategy on the upstream sector. The Ministry of Energy and Energy Affairs is at present managing two parallel bid rounds, one onshore, the other in deep water.

There has been an upsurge in drilling activity in the last 12 months. At present, six rigs are drilling offshore with a seventh due in the last quarter of this year—this compares with one rig in operation in mid-2010—[*Desk thumping*] and the Government is currently negotiating an agreement with the Government of Venezuela to monetize the gas resources in the Loran Manatee field after 10 years. [*Desk thumping*]

Mr. Speaker, exploration activities have been reaping dividends under the influence of the fiscal incentives of the last three years. The Ryder Scott Report underlines that in 2012 our proven natural gas reserves recorded the smallest decline in over a decade.

Energy exploration and production are becoming increasingly competitive, globally. Shale gas production, the expansion of the Panama Canal and natural

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

gas reserves in East Africa are quickly changing the dynamics of the global energy business. We must remain competitive if we are to attract new investments, in particular from existing long established players. We propose to expand the energy incentive taxation regime in this year's budget.

Mr. Speaker, I turn now to highway infrastructure. This Government is ensuring that it opens up economic space in this country. A modern highway network is critical to the achievement of this objective. We are according high priority to the development and maintenance of our highway network. In some cases, we are expanding the capacity, and in others we are overcoming persistent problems through major engineering solutions. The extension of the Solomon Hochoy Highway to Point Fortin represents a key addition to this critical infrastructure. The Golconda to Debe section was opened on August 30, 2013. [*Desk thumping*]

This critical infrastructure will benefit thousands of individuals in the southern peninsula. It will cost approximately \$7.5 billion and it is within budget. Both phases 1 and 2 will entail work from Golconda to Debe and from Debe to the Mon Desir interchange. We have funded work done to date from operating cash flows, but conscious of the concern to ensure full transparency and accountability, we have instituted regular reviews using a firm of independent auditors.

Mr. Speaker, Government has been working assiduously towards improving our road network through systematic rehabilitation and upgrade to provide relief to our citizens. In that connection, we have completed substantial road rehabilitation and stabilization works to several roads and highways. Among these projects, the Tarouba link road has been completed, the Southern Main Road upgraded and an access route to the St. Barbara's Spiritual Shouter Baptist Primary School was created.

We are now taking steps to construct a pedestrian walkover on the Audrey Jeffers Highway in the vicinity of MovieTowne and the Hasely Crawford Stadium; to construct two bridges over the Aripo and Valencia Rivers; to upgrade the Arouca River bridges on the Churchill Roosevelt Highway to accommodate three standard lanes; and construct an additional overpass in Chaguanas to ease the congestion in what is one of the fastest growing city centres in the English-speaking Caribbean. Construction work has been advancing on the Churchill Roosevelt/Uriah Butler Highway and the next month will witness the decommissioning of the traffic lights at that interchange. [*Desk thumping*]

Mr. Speaker, two additional highway projects will commence in the new fiscal year. First, near the Kay Donna Cinema, an overpass will be constructed at

the intersection of the Churchill Roosevelt Highway and Southern Main Road leading to the removal of the existing traffic lights. [*Desk thumping*] Second, the Valencia Bye-Pass which was scheduled to start this year but which was delayed as a result of the review of the PURE Programme will commence in the new fiscal year. [*Desk thumping*] An overpass between the Lady Young Road and the Priority Bus Route is in the early stage of evaluation.

Mr. Speaker, this administration has been promoting education as the main agenda of our country. It is one of the fundamental pillars of our economic development. We are convinced that investment in knowledge, information and human capital development is a pre-requisite for the prosperity and well-being of our citizens.

We are moving rapidly to improve our education system. We are creating a technologically-based education system. Laptops have been provided to 70,000 students, [*Desk thumping*] 4,000 teachers and over 650 principals, vice-principals and supervisors. Wi-Fi connectivity is being installed and, to utilize the technology, the competency and quality of teachers are being improved. We are rolling out early childhood centres to accommodate 35,000 students, ages three to four. By 2015, we would have achieved universal early childhood education. [*Desk thumping*]

We are now focusing on the special needs of those differently-abled students. They represent 30 per cent of the school population. We are enhancing the skills of teachers through continuous teacher training and development, and we are improving and maintaining our schools. Over the past three years, 700 schools have undergone repairs and maintenance at a cost of \$500 million, utilizing over 500 small, medium and large contractors. [*Desk thumping*] Mr. Speaker, yet we face significant challenges.

Over the school vacation period, repairs were undertaken on 212 schools. Of these, 196 were completed on time. [*Desk thumping*] This represented a 92 per cent completion rate. By the middle of this fiscal year, over 80 Early Childhood Care and Education Centres would have been constructed in different parts of Trinidad and Tobago and another 50 by the end of the fiscal year. Eleven primary schools have been completed; 14 are under construction and 47 are planned for construction in the new fiscal year. [*Desk thumping*] Six secondary schools have been completed and nine are under construction. Science administrative blocks will be built in another seven secondary schools this year.

Mr. Speaker, this Government is proud of our education system. It is a leader within the region and has international recognition for excellence. We have

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

achieved the millennium development goals outlined by the United Nations in education. We have achieved universal primary and secondary education. The GATE Programme has been instrumental in providing universal access to tertiary education. By 2015, we would have achieved universal early childhood education, [*Desk thumping*] becoming in the process one of few countries in the world to achieve that distinction. [*Desk thumping*]

Tertiary education: Mr. Speaker, in the Ministry of Tertiary Education and Skills Training, we are facilitating the transformation of our economy towards technology and innovation. Our programmes and activities are centred on knowledge and creativity, and these programmes and activities are being made pervasive in all sectors and segments of our society.

2.45 p.m.

The Ministry, in collaboration with our institutions of higher learning, is driving this process. In fact, we are witnessing a rapid expansion of our tertiary educational and vocational facilities. [*Desk thumping*] The UWI south campus at Debe, the COSTAATT Chaguanas campus and the COSTAATT Tobago integrated campus are at advanced stages of establishment. [*Desk thumping*] Skills technology centres in Penal and in Mayaro as well as a training facility in Chaguanas are being constructed. The YTEPP Waterloo training facility is being expanded. The La Brea—

Hon. Member: La Brea!

Sen. The Hon. L. Howai:—Technology Centre is being expanded and upgraded.

Hon. Member: What La Brea? [*Crosstalk and desk thumping*]

Sen. The Hon. L. Howai: A training facility for nurses is being constructed at El Dorado. [*Desk thumping*] A Caterpillar automotive centre is being established at Woodford Lodge, Chaguanas. A drilling school spearheaded by the National Energy Skills Centre is in the planning process and an aviation institute has already commenced operations.

Mr. Speaker, this Government has been focusing on the development of our country's human resources. We have been addressing the labour force needs across all industries. We are moving now to involve the private sector in our efforts for a more efficient and effective means of pairing prospective employees with employers so as to facilitate job creation and economic growth. We are encouraging the private sector to utilize the existing incentives attached to the

Trinidad and Tobago industry scholarship programme. This programme offers opportunities to our young citizens to access postgraduate technical and vocational training at tertiary learning institutions.

Mr. Speaker, I turn to the health sector. We are working to transform the sector in order to deliver first-class health care to the people of Trinidad and Tobago. In fiscal year 2012, we successfully completed the tendering process for construction of the long-awaited national oncology centre and entered into negotiations to build and outfit the centre, to advance and improve clinical cancer care for the people of Trinidad and Tobago. In September 2013, this month, construction will commence on the national oncology centre [*Desk thumping*] with a scheduled completion date of January 2016. The estimated cost for the construction and outfitting of the centre is \$891 million.

We have also put in place an appropriate infrastructure with best practice standards for the delivery of quality services for dialysis patients. This venture has been long overdue. With effect from November 01, 2013, only those private health care institutions which meet best practice standards will provide, at Government's expense, dialysis services to the citizens of Trinidad and Tobago. [*Desk thumping*] This initial arrangement will last for two years and will allow for the delivery of 12 sessions per month at a maximum sum of \$950 per session. [*Desk thumping*]

Mr. Speaker, we have a number of health facilities earmarked for construction or expansion, these include: the Penal hospital and rehabilitation centre; [*Desk thumping*] the Sangre Grande Hospital and health centre; the Rio Claro Hospital; the Chaguanas District Health Facility; the Point Fortin hospital; [*Desk thumping*] the Chancery Lane teaching facility and the Couva children's hospital. [*Desk thumping*] We shall also expand and upgrade the Arima District Health Facility; the Couva District Health Facility; the Toco Health Centre; the Palo Seco Health Centre and the Carenage Health Centre. Additionally, Government will soon announce plans for infrastructure improvements to the Port of Spain General Hospital.

Mr. Speaker, in order to make the CDAP system more efficient and to eliminate abuse, we will commence implementation of a health card system in the new fiscal year. [*Crosstalk*] The health card will be electronic [*Crosstalk*] and will serve as a means to access health care services. The health card system will ensure that we have a register of all patients accessing the health services. [*Crosstalk*]

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

Let me repeat that, Mr. Speaker. The health card system will ensure that we have a register of all patients accessing the health services. [*Crosstalk*] This will enhance our ability to monitor and improve health services being delivered to our citizens. The information captured and managed by this system will provide the basis for the development and implementation of a national health insurance system. [*Desk thumping*]

Mr. Speaker, we will continue to provide adequate and affordable housing to our citizens and first-class accommodation for public servants. We are advancing work in a coordinated manner along a number of fronts. Home construction will commence on three new sites to yield 2,575 housing units over a period of three years, at a cost of \$858 million at Trestrail Lands, Eden Gardens and Pineapple Smith Lands.

Miss Mc Donald: “Yeah, wha bout East Port of Spain?”

Sen. The Hon. L. Howai: Full construction phase—[*Interruption*]

Miss Mc Donald: “Wha bout East Port of Spain?”

Sen. The Hon. L. Howai:—will commence on seven sites [*Crosstalk*] under the Inter-American Development Bank assisted Squatter Regularization Programme, yielding 1,500 upgraded lots at a cost of \$60 million.

Full construction phase will commence on seven land settlement agency sites to deliver upgraded lots at a cost of \$60 million annually under the Land for the Landless Programme. [*Desk thumping*] The 2 per cent mortgage programme is being extended to all citizens with access to residential service lots, whose incomes do not exceed \$8,000 per month and the value of whose properties does not exceed \$450,000; and finally, the completion and outfitting of the Government Campus Plaza, a long-awaited development.

Hon. Member: Long-awaited?

Sen. The Hon. L. Howai: Mr. Speaker, I now move to the sensitive areas of defence, security and safety. Let me put our national security situation in perspective. [*Crosstalk*] It is no secret that Trinidad and Tobago has an expansive outreach in the field of education, from early childhood to primary to tertiary level. In fact, Trinidad and Tobago is one of the few developing countries in the world in which education is essentially free from early childhood to tertiary level.

Miss Mc Donald: Thanks to the PNM.

Sen. The Hon. L. Howai: The taxpayers of this country are paying heavily.

The education sector received the highest allocation in 2013/14. We are committed to fund and sustain an education system which is designed to provide our youths with a sound education at all levels. Based on student performance in the CAPE exams, some 400 scholarships are provided annually for entry into universities both locally and abroad. In addition, in the case of Bachelor of Science students who achieve first-class honours degrees, full scholarships are provided for progress towards their study in a Masters or PhD programme at any recognized university anywhere in the world.

Miss Mc Donald: PNM policy. [*Crosstalk*]

Sen. The Hon. L. Howai: For our young citizens who are—[*Interruption*]

Mr. Speaker: Members. [*Crosstalk*]

Miss Mc Donald: That was PNM policy. [*Crosstalk*]

Mr. Roberts: “Ah will call de President fuh yuh.”

Mr. Speaker: Minister of Finance and the Economy, please! Members, I have been exercising extreme patience and I ask Members—I know you are anxious to debate, but that is coming up. But please, please allow the Minister to speak in silence, particularly the Member for Port of Spain South, please? Continue, hon. Minister of Finance and the Economy. Please?

Hon. Member: PNM policy. [*Crosstalk*]

Sen. The Hon. L. Howai: Thank you, Mr. Speaker. For our young citizens who are more inclined towards sport, the Government has several initiatives including the LifeSport and Hoop of Life Programmes which offer incentives for participation. The Government has initiated an Elite Athlete Assistance Programme which offers dedicated funding and training for our youth who show ambition and promise in this area. These sporting programmes cost taxpayers millions of dollars a year.

We can add the millions spent on our young people on the Multi-Sector Skills Training; the Military-Led Youth Programme of Apprenticeship and Reorientation Training; the Military-Led Academic Training; On-the-Job Training; the Civilian Conservation Corps; Helping Youth Prepare for Employment; the National Youth Council of Trinidad and Tobago; Tobago Youth Development Network; Youth Apprenticeship in Agriculture; Youth Development Apprenticeship Centres and the Youth Training and Employment Partnership Programme, among others.

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

Mr. Speaker, it is instructive that these outreach programmes have spanned several administrations. The unemployment rate remains near to what economists call the natural rate of unemployment. To put it simply, there are sustainable jobs for those who wish to engage in an honest day's day work for an honest day's pay and this is supported by the number of businesses of varying sizes which have complained consistently that they are unable to staff sufficiently their operations throughout Trinidad and Tobago.

In essence, the problems witnessed in the recent upsurge in crime are created by those who have made deliberate life decisions to reject society's offerings and instead fall into a life of crime. I wish to assure the population that the Government will respond firmly. The irony of the situation, Mr. Speaker, is that the same Trinidad and Tobago taxpayers who are spending billions of dollars to ensure that all our young people are well educated, are now also spending billions of dollars to protect themselves from a deviant group of citizens determined to engage in violent criminal activity.

Mr. Speaker, why should a country of 1,980 square miles or 5,128 square kilometres, with a population of 1.3 million spend on average \$5 billion annually, and this year it is going to be higher, or 3.3 per cent of our GDP on national security? This money could be spent on new hospitals, schools and roads. As far as I am aware, Trinidad and Tobago is not at war with another sovereign state. In this context, the Government will continue to adopt a zero-tolerance approach to crime.

Gone are the days when our young people can use the excuse that the system is working against them. To whom much is given, much is expected and this Government will ensure that our streets are safe from the scourge of violent crime. In fulfilling this mandate, the Government has adopted a multidimensional approach with emphasis on operational and preventative interventions. These initiatives entail short-, medium- and long-term measures.

Mr. Speaker, in the short term, measures will include increased police presence generally as well as in targeted areas. This will be accomplished initially through the continuation of the joint army/police patrols deployed in hot spots to target gun-related homicides throughout these areas. Joint army/police patrols will be intensified in these hot spots through an operation labelled Operation HOPE—Harmony, Opportunity, Peace and Enforcement—which is ongoing.

Reintroduction of dedicated police highway patrols: in response to the high number of vehicular and fatal accidents on the highways, the Highway Patrol Unit

Appropriation Bill, 2013

Monday, September 09, 2013

has been restructured with the main operation centres at Freeport, Debe, La Horquetta and Aranguez. In addition, the Government will deploy additional officers to highway patrol duties to man the surveillance bays, lengthening the reach of the law and decreasing response time to serious incidents. We will also introduce radar speed guns in view of the carnage on our nation's roads and highways.

Building capacity within law enforcement: the Government will continue to increase staff levels and training to boost detection rates. We will recruit an additional 1,000 regular police officers. We will also recruit 5,000 Special Reserve Police with 1,500 expected to be trained by the end of 2013. [*Desk thumping*]

We are training officers in scientific methods for solving crime in evidence-based policing and crime scene investigation techniques. Coupled with the computerization of police charge rooms and the deployment of GPS technology in police vehicles, the approach to law enforcement will be accurate, reliable and efficient.

Border strengthening: in fiscal 2013, the Government acquired the final two of four AW 139 multi-mission helicopters to address safety and illicit drug trafficking. [*Crosstalk*] They are able to conduct a range of air operations in Trinidad and Tobago and in the wider Caribbean region. In the coming year, the Government will build upon these efforts by focusing on securing our nation's ports as targets for arson, sabotage, vandalism, piracy, tampering with cargo, unauthorized access, smuggling of weapons and drug trafficking.

Mr. Speaker, the Government has continued to roll out its own CCTV network to bolster existing capacity. Two hundred and forty-five CCTV cameras have been installed at Beetham, Sea Lots, Dundonald Street, Aranguez, El Socorro, Morvant, San Juan and Santa Cruz. Additionally, 118 cameras have been installed at various [*Crosstalk and laughter*] locations in Tobago. As at August 2013— [*Interruption*]

Hon. Members: When!

Dr. Rowley: Answer the question.

Sen. The Hon. L. Howai:—873 CCTV cameras have been installed in East Port of Spain— [*Interruption*]

Hon. Member: What!

Sen. The Hon. L. Howai:—and in Tobago. [*Desk thumping*]

Hon. Member: “Eh-heh!”

Hon. Member: Installation is scheduled to continue in the central, southern and western divisions.

3.00 p.m.

Community outreach: the Government will continue to spearhead programmes such as the Hoop of Life Community Basketball League, community policing, police youth clubs and anti-bullying camps aimed at strengthening police/public relationships within communities and fostering cohesiveness among members of the community.

Mr. Speaker, similarly, the Government will implement a number of medium-term security measures. These policies will provide improved access to social services and deepen law enforcement community relations. Some of the measures entail:

- full implementation of the National Security Operations Centre which will be the communications platform of all law enforcement agencies;
- enhanced E999 rapid response service to provide real time responses to all emergency calls with linkages to all police vehicles outfitted with GPS tracking technology;
- institution of unmanned aerial vehicles. These vehicles will improve the level of surveillance and intelligence within our maritime borders;
- establishment of a Counter-Trafficking Unit, which will be tasked with the responsibility for investigating and prosecuting traffickers. The CTU will also rescue, rehabilitate and repatriate victims as necessary;
- expansion of preventative programmes such as the National Mentorship Programme and the Trinidad and Tobago Cadet Force, with units in every secondary school in Trinidad and Tobago;
- establishment of the National Security Training Agency to provide safety and security training. The agency will deliver a minimum of 204 training sessions in 15 core courses to the national security community in fiscal 2014. It is expected that this training will benefit an estimated 8,916 personnel from the various divisions within the national security and law enforcement sector; and

- expansion of the Citizens Security Programme, which will continue to focus on addressing the risk factors associated with crime and violence, utilizing community action as a primary strategy. We will expand the programme from 22 communities now to 30 communities during the first quarter of the new fiscal year.

Our long-term programmes are aimed at engendering social and economic development. It will provide a holistic environment with a satisfied community and an enhanced quality of life. Among the key long-term measures are:

- construction of police stations, which will continue with eight police stations being built throughout Trinidad and Tobago. This project is aimed at building capacity and improving the physical security infrastructure and the work environment of police officers, as well as enhancing the delivery of service to these communities;
- acquisition of two launches, which will provide harbour patrol for suspicious activities, including human smuggling and trafficking; and
- improved legislation to address a number of areas such as gang-related crime and human trafficking with priority being accorded to legislation dealing with the private security industry and amendments to the Evidence Act and the Defence Act.

Mr. Speaker, in the coming year and beyond, the Government will continue to focus on strengthening the capacity of our existing national security institutions through the introduction of modern technology, upgrading physical infrastructure, strengthening its human resource base and expanding the legal framework.

Social Care and Community Advancement: Mr. Speaker, the Government continues to place great emphasis on easing the social challenges posed by poverty, social inequality and social exclusion. We have in place a comprehensive network of programmes and services which protect and assist vulnerable and marginalized groups in our society:

- over 40,000 households continue to benefit from the targeted conditional cash transfer programme;
- in December 2012, the Elderly and Differently-abled Mobile Service was launched with a fleet of 27 buses to cater to the transportation needs of the elderly and differently-abled members of our society;
- in January 2013, a direct deposit service was launched to provide a more convenient and safer way for senior citizens to access their pensions;

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

- in February 2013, the Disability Assistance Grant was increased from \$1,300 to \$1,500 per month providing more purchasing power to over 24,100 differently-abled citizens; [*Desk thumping*]
- in February 2013, the Special Child Grant was also increased from \$800 to \$1,000 per month. Approximately 2,336 special children benefit from this grant. [*Desk thumping*]

Mr. Speaker, in the next fiscal year, we will continue to provide social support to vulnerable groups so as to sustainably enhance their well-being. We shall complete the National Development Centre in Carlsen Field, Chaguanas, for persons with physical disabilities. There will be therapy rooms, fitness centre, day care centre space, occupational therapy kitchen and rehabilitative services provision; and we will establish a day activity centre for persons with physical disabilities in Gasparillo.

Mr. Speaker, the mobilization and engagement of communities throughout Trinidad and Tobago is making positive contributions to our nation's sustainable development and success.

The community centre construction and refurbishment programme—
[*Interruption*]

Miss Cox: “I want to hear bout dat.”

Sen. The Hon. L. Howai:—is a catalyst for social change. It is creating and enabling a focal point in the community where citizens can meet, plan and execute programmes to generate growth and community development. Five new centres have been commissioned and construction works are near complete on an additional 19 community centres.

Mr. Speaker, in respect of road transportation, we have already expanded the coach service to accommodate passengers in Sangre Grande and we are extending this service to Couva and Chaguanas with the addition of 35 new buses to the existing fleet.

In respect of sea transportation, in July 2013 we launched a chartered ferry service between Port of Spain and Chaguaramas. Initially, until September 2013, the service will be limited to weekends and thereafter we will introduce three daily round trip sailings.

The Water Taxi Service also undertook its first service to Venezuela and Grenada under a charter arrangement and plans are being formulated for

developing these routes as lucrative ventures. Consideration is also being given to a water taxi service between Chaguanas and Port of Spain.

Mr. Speaker, we have been devoting substantial effort to managing the production and distribution of our water resources. We are well within reach of our objective of ensuring that our citizens, both in Trinidad and Tobago, all have consistent access to potable water. In fact, Trinidad is making significant progress towards achieving water for all.

In 2010, 18 per cent of the population received water service 24 hours a day, seven days per week. By August 2013, last month, this level of service was approaching 49 per cent. [*Desk thumping*]

Hon. Member: That is service!

Sen. The Hon. L. Howai: In 2010, 38 per cent of the population received water service 24 hours a day, five days per week. By August 2013, again last month, this level of service was approaching 71 per cent. [*Desk thumping*]

Hon. Member: You need some water for that.

Sen. The Hon. L. Howai: “Yeah”, I need some water.

Tobago is well within achieving water for all. In 2010, 23 per cent of the population received water service 24 hours a day, seven days a week. As at last month, this level of service was approaching 67 per cent. [*Desk thumping*] In 2010, 29 per cent of the population received water service 24 hours a day, five days a week in Tobago. By August 2013, this level of service was approaching 83 per cent.

Mr. Speaker, not only are the needs of our citizenry for potable water being addressed, but also sanitation requirements. We are expanding and improving wastewater treatment, collection and disposal systems in Malabar, San Fernando, Maloney, Cunupia and Scarborough, Tobago. [*Desk thumping*] On completion of these works, 45 per cent of the population would benefit from centralized sewer treatment. The current level is 30 per cent.

In the coming year, the Ministry of the Environment and Water Resources will undertake a comprehensive review of the fines applicable to a range of illicit activities which impact on our flora and fauna. As a first step, we shall increase the fines for littering.

Mr. Speaker, I wish now to turn to Tobago. I am pleased to acknowledge that consistent with the provisions of the Tobago House of Assembly Act, the required

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

budget documents were transmitted once again, by the Tobago House of Assembly, within the time frame specified under the Act. I must congratulate the Chief Secretary and the Secretary of Finance for their efforts.

I am also pleased to report that subsequent to our receipt of the submissions, two consultative meetings and other discussions were held with Assembly officials in Tobago, as well as in Trinidad, regarding the Assembly's budget proposals for fiscal 2014. We also addressed the development challenges facing Tobago over the short- to medium-term period.

Mr. Speaker, as far as the Government is concerned, the significance attached to the tourism sector in the Assembly's proposals is not surprising, given that sector's importance to the Tobago economy. We are heartened by the recent indication of some recovery in the tourism sector with respect to both domestic and foreign tourist arrivals even though we would have been much more satisfied with a faster and more widespread turnaround in the sector.

We are holding strongly to the view, however, that the central government's recent initiative to provide additional support to the hotel and guest house subsector in the form of loan guarantees will soon begin to bear fruit. This will increase the size and quality of the room stock on the island and protect local investors from some of the volatility that is so characteristic of the tourism sector.

We shall support the revitalization of the Tobago economy through a broad-based approach involving the resuscitation of the tourism sector through the allocation of a further \$50 million to the Loan Guarantee Fund, which had an initial capitalization of \$100,000 million. [*Desk thumping*]

We shall also designate the Cove Industrial Estate as a free zone for an initial period of five years. The designation of the Crown Point area as a special development area in order to attract foreign direct investment will also be done this year; and the development and expansion of the ANR Robinson International Airport in the context of a public/private partnership is also under consideration.

Mr. Speaker, Caribbean Airlines Limited and the Tobago House of Assembly are in collaboration towards ensuring that the special airlift requirements of Tobago are met in a structured and efficient manner.

The budgetary allocation for the Tobago House of Assembly for fiscal 2014 is \$2.4 billion, of which \$2.1 billion would be for recurrent expenditure; \$363 million for capital expenditure; and \$19 million for the Unemployment Relief Programme. Furthermore, under the various other heads of expenditure, Tobago

will receive another \$831.2 million. Mr. Speaker, in total, Tobago would receive \$3.3 billion, or the equivalent of 5.39 per cent of the national budget. [*Desk thumping*]

I am pleased to say that this represents more than the minimum 4.03 per cent of the national budget as recommended by the Dispute Resolution Commission and is very much in keeping with the proposals made by this Government earlier in the year regarding an appropriate share of the budget to be allocated to Tobago.

Mr. Speaker, I shall now present my tax proposals. In order to encourage small and medium-sized enterprises to raise capital through the Trinidad and Tobago Stock Exchange, I propose, with effect from October 01, 2013, to amend section 3, Part XV of the Corporation Tax Act by redefining the qualifying capital base for these incentives by excluding retained earnings and reserves, and in terms of the new issued capital raised, the 30 per cent to be owned by 25 unrelated shareholders, which will now become 30 per cent of the new capital issued.

3.15 p.m.

In respect of the establishment of a motor vehicle accident fund, I propose with effect from January 01, 2014 to establish by legislation a motor vehicle accident fund, using the funds from the 6 per cent tax on insurance premiums. The fund will be used to compensate victims sustaining bodily injuries from accidents involving vehicles driven by uninsured drivers. [*Desk thumping*]

In respect of preventing tax leakages, I propose to revisit the relevant sections in the Corporation Tax Act to address certain tax leakages. I propose in respect of those leakages derived through the transfer or sale of assets between branches and parent companies which are not at arm's length, to clarify the computation of the wear and tear allowance, by establishing the value of any plant or machinery, new or used, which was brought into the business from a related foreign entity and is presumed not to be at arm's length through the utilization of either the notional written down value of the asset or the fair market value, whichever is the lesser.

The notional written down value will be obtained by using the cost of acquisition and writing down those costs with the appropriate wear and tear rates in accordance with the Income Tax Act as if the asset was in use in Trinidad and Tobago from the date of acquisition to the year of assessment. The fair market value will be defined as a price which asset might reasonably be expected to fetch on a sale in the open market. These measures will take effect from January 01, 2014.

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

In respect of energy incentives: I propose to introduce a number of new incentives with effect from January 01, 2014 which will stimulate further exploration and development-related investments in the energy sector. Under the Supplemental Petroleum Tax regime, an investment tax credit was introduced by Act 13 of 2010 and took effect from January 01, 2011. This incentive allows companies to claim 20 per cent of the expenditure on development activity from mature fields and enhanced oil recovery projects a credit against their supplemental petroleum tax liability. The credit is only available for use in the financial year in which the expense is incurred and any unused tax credits cannot be carried forward or backward for offset from the tax liabilities of any other financial year. To ensure continuity of these activities and increase new investments, I propose that the unused tax credits be allowed to be carried forward for one year.

Capital allowances: capital allowance reliefs provide a mechanism that de-risks and allows for earlier recovery of investments. I propose that capital allowances for the upstream energy sector be simplified and accelerated in order to encourage further investments.

For exploration, the existing initial and annual allowances be replaced by a new allowance of 100 per cent of exploration costs to be written off in the year the expenditure is incurred. This incentive will be applicable over the period 2014—2017, and from 2018 an allowance of 50 per cent in the first year of expenditure, an allowance of 30 per cent in the second year of expenditure and an allowance of 20 per cent in the third year will be applicable.

For development of offshore fields in place of existing initial and annual allowances, I propose to grant an allowance of 50 per cent in the first year of the expenditure, an allowance of 30 per cent in the second year of the expenditure and an allowance of 20 per cent in the third year. This will be applicable to both plant and machinery and the drilling of wells or intangible expenses.

For workovers and qualifying sidetracks, I propose to allow 100 per cent of the total cost of workovers and qualifying sidetracks in the year incurred. This will have an impact of attracting investment in already producing idle wells.

Gas compression facilities: I propose that with respect to the midstream natural gas sector, where deliverability is a key concern, the wear and tear allowance for compression facilities be increased from 25 per cent to 33 $\frac{1}{3}$ per cent under the relevant legislation.

In respect of the promotion of alternative fuels: compressed natural gas, I propose to replace the existing incentives of tax credit of 25 per cent and wear and tear allowance for fleet operators with a simple tax allowance of 100 per cent on the cost of converting motor vehicles of either individuals or companies to use CNG up to a maximum expenditure of \$40,000 per vehicle. This would allow a benefit identical to the tax credit incentive which would now extend to both individuals and companies who file annual income tax returns. This measure will come into effect on January 01, 2014.

In respect of improving energy efficiency and discouraging the illegal export of subsidized fuel, I propose to waive the existing 20 per cent custom duties payable on compact fluorescent lamps, the CFLs, and I propose to treat with the illegal export of subsidized fuel by creating indictable offences under the Customs Act and the Excise (General Provisions) Act. These offences will carry fines up to \$500,000. In addition to the goods being forfeited, the vessel involved shall also be forfeited.

I propose also to amend section 6 of the Petroleum Act to provide an increase in the fines for the illegal export of subsidized fuels from \$30,000 and \$1,500 per day for a continuing offence to \$500,000 and \$50,000 per day. These measures will take effect from January 01, 2014.

In respect of illegal quarrying, I propose to increase the penalties for illegal quarrying on private lands as provided for in section 45 of the Minerals Act:

- (i) for anyone engaged in illegal quarrying, the fine on summary conviction will be increased from \$200,000 to \$500,000 [*Desk thumping*] and the fines for subsequent convictions will be increased from \$300,000 to \$700,000;
- (ii) for anyone who purchases any mineral from an illegal operator, the fine on summary conviction will be increased from \$100,000 to \$500,000; [*Desk thumping*]
- (iii) for any legal operator who fails to notify the Director of Minerals of the discovery of any minerals not authorized by the licence, fails to maintain proper books or records, obstructs the director in the exercise of his power, or pollutes any watercourse in the exercise of his operations, the fine would be increased from \$100,000 to \$500,000; and [*Desk thumping*]

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

- (iv) for anyone who commits breaches of the Act or the regulations and where no punishment is specified, the fine will be increased from \$50,000 to \$200,000.

I propose to increase the penalties for illegal quarrying of asphalt or other material on state lands as provided for under the State Lands Act as amended:

- (i) for anyone engaged in the removal of asphalt, the fine on summary conviction will be increased from \$120,000 to \$300,000 and the fines for subsequent convictions would be increased from \$250,000 to \$500,000; and
- (ii) for anyone engaged in the removal of material other than asphalt, the fine on summary conviction will be increased from \$60,000 to \$120,000 and the fines for subsequent conviction will be increased from \$120,000 to \$300,000.

In respect of the importation of new and foreign used cars over 2,499 cc, I propose to increase customs duty by 25 per cent with effect from October 01, 2013 on new and foreign used cars over 2,499 ccs excluding T-vehicles and vehicles registered for use as maxi-taxis.

In respect of the environment, the Government will take a more proactive approach to protect the environment and will implement a number of measures including increased fines and penalties. As an initial measure, I propose to increase by 100 per cent all fines for littering with effect from January 01, 2014 in accordance with the provisions of the Litter Act and, pursuant to that, the fine for offences in respect of individuals would be increased from \$2,000 to \$4,000 and in respect of body corporates from \$4,000 to \$8,000. [*Desk thumping*]

In respect of developers for land and houses, I propose to extend the time frame for developers to receive tax exemptions to develop residential house sites being part of a land development project. In the Finance Act, 2013, the incentive was given up to the period ending December 31, 2015. I shall extend the deadline date to December 31, 2018.

In respect of the Betting Levy Board operations, I propose to increase the licence fee from \$100,000 to \$200,000 payable by all betting offices which negotiate bets at fixed odds. This measure will take effect from January 01, 2014.

I turn now to estimates of revenue and expenditure for 2013/2014. Mr. Speaker, let me turn now to our estimates of revenue and expenditure for fiscal year 2014. Government expenditure is calibrated on the basis of revenue

projections which are predicated on oil and gas price assumptions of US \$80 per barrel and US \$2.75 per MMBtu respectively. We have also made provision in the estimates for clearing a number of long outstanding balances due to creditors of the Government.

Mr. Speaker, we are projecting the following:

- Total revenue - \$55 billion
- Oil revenue - \$23.3 billion
- Non-oil revenue - \$32.6 billion
- Total expenditure net of capital repayments and sinking fund contributions - \$61.3 billion.

Mr. Speaker, in the next fiscal year, I am projecting a fiscal deficit of \$6.3 billion or 3.6 per cent of GDP, down from the 4.6 per cent in the financial year 2013 budget [*Desk thumping*] thereby fulfilling our commitment to the citizens of Trinidad and Tobago. [*Interruption*]

Mr. Speaker: Members.

Sen. The Hon. L. Howai: Mr. Speaker, I have ensured that our expenditure profile not only reflects prudence, but also maintains a public socio-economic agenda of this administration. In addition to promote increased employment and investment, I have increased our capital programme by over \$500 million in this fiscal year, bringing the total amount to \$8 billion or 4.5 per cent of GDP, the largest in our nation's history. [*Desk thumping*]

Pursuant to our public policy agenda, the allocations to the various Ministries are as follows:

- Education and training - \$9.8 billion
- National Security - \$6.5 billion
- Health - \$5 billion
- Public Utilities - \$3.8 billion
- Housing - \$2.7 billion
- Local Government - \$2.4 billion
- Works and Infrastructure - \$2.4 billion

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

- Transport - \$2.3 billion
- Agriculture - \$1.3 billion

Mr. Speaker, our public policy agenda remains as relevant and as credible as it was in 2010 when the citizens of this country provided the People's Partnership administration with an overwhelming mandate. Under the astute and proactive leadership of our Prime Minister, the hon. Kamla Persad-Bissessar, we have kept our economy shielded from the hurricane-like winds emanating from the 2008/2009 global financial crisis. We have taken bold action. We are moving towards a return to balanced budgets while keeping our debt burden within sustainable levels. We have put jobs at the core of our agenda and we have protected the vulnerable. We have rolled out productivity-enhancing infrastructure to catalyze growth and development.

Mr. Speaker, there is mounting evidence that the economic and financial indicators are moving in the right direction. Illustratively, in 2013 the GDP expanded by 1.6 per cent, and in 2014 it will expand by 2.5 per cent. [*Desk thumping*] Importantly, the non-energy GDP has been expanding at a moderate pace for some time; but there is much that can go wrong; but this is a proactive Government. We are taking steps on two broad fronts.

First, we are ensuring that the framework conditions remain conducive for generating growth and development. At the heart of this policy is the pursuit of low and stable rates of inflation and interest rates as well as a stable exchange rate. Second, we are ensuring that, as far as possible, the recovery takes root and secures enormous gains by generating new and broader sources of growth.

Investment is required. We are putting in place a growth-oriented tax system, and we are improving the efficiency of our regulatory framework. With this investment and the consistent and growing current account surpluses, our recovery will be sustained and new sources of growth created, thereby emphasizing the theme of our budget: Sustaining Growth, Securing Prosperity.

Mr. Speaker, this is responsible economic leadership. We recognize that our Government is not without fault; but I urge our citizens to judge us on our records.

Hon. Member: What! [*Crosstalk*]

Sen. The Hon. L. Howai: We have made tremendous progress in achieving—
[*Interruption*]

Mr. Speaker: Order, order.

Sen. The Hon. L. Howai:—our mandate. We are truly proud of these achievements. [*Crosstalk*] I wish to enumerate—[*Interruption*]

Mr. Imbert: Yeah, for you.

Sen. The Hon. L. Howai:—particularly for Members on the other side, more of the achievements since this administration assumed office.

Dr. Rowley: Less houses.

3.30 p.m.

Sen. The Hon. L. Howai: We have refurbished, upgraded and reopened the Magdalena Grand Beach Resort in Tobago [*Desk thumping*] to add 200 high quality rooms. We have expanded the GATE Programme to include [*Desk thumping*] technical and vocational training; 59,476 students are now in the GATE Programme. [*Desk thumping*] We have distributed laptops to over [*Desk thumping*] 70,000 Form I students. We have introduced the Land for the Landless Programme. [*Desk thumping*] We have distributed home improvement subsidies totalling over \$22 million; 1,241 households have benefited.

We have increased the minimum wage from \$9—\$12.50 an hour. [*Desk thumping*] We have brought calm to the industrial relations climate; 66 salary and wage negotiations [*Desk thumping*] involving 20 trade unions have been settled—[*Interruption*] 68 salary and wage negotiations I am corrected by the hon. Minister—involving 20 trade unions have been settled, enhanced law enforcement and strengthen the legislative framework through the enactment of the Interception of Communications Act, the Firearms Act, the Anti-Gang Act, the Bail Act, the Trafficking in Persons Act and the Anti-terrorism Act. [*Desk thumping*]

We have launched a Utilities Assistance Programme for WASA and T&TEC; 11,421 low-income customers are benefiting. [*Desk thumping*] We have increased the Medical Equipment Grant from \$6,000—\$7,500; 1,596 citizens have accessed this grant. [*Desk thumping*] We have increased the Funeral Grant from \$3,450—\$7,000; 1,206 families have received this grant. We have increased the Education Grant from \$300 per child to \$500 per child; 1,535 students have received this grant. [*Desk thumping*]

We have increased the Housing Assistance Grant for damage done by natural and manmade disasters from \$10,000—\$15,000; 1,093 families have benefited.

Appropriation Bill, 2013
[SEN. THE HON. L. HOWAI]

Monday, September 09, 2013

[*Desk thumping*] We have increased the National Insurance Retirement Benefit from \$2,000—\$3,000 per month; 113,173 citizens are benefiting from this pension. [*Desk thumping*] We have introduced a rapid bus transit system on the East-West Corridor, providing a bus every 15 minutes; 18,000 persons are now benefiting from this experience. [*Desk thumping*]

We have introduced a Curepe to San Fernando bus service with 46 daily trips; 2,000 passengers are now benefiting from this improved service. [*Desk thumping*] We have opened a COSTAATT campus in Sangre Grande to service over 800 students in Sangre Grande and neighbouring environs. [*Desk thumping*] We have launched a new state-of-the-art eye theatre and ward in the San Fernando General Hospital. [*Desk thumping*] We have established a cardiology unit and oncology department at the San Fernando General Hospital. [*Desk thumping*] We have commissioned the Navet trunk line which delivered a 24/7 water supply to over 250,000 citizens. [*Desk thumping*]

Hon. Member: Repeat that.

Sen. The Hon. L. Howai: “Yeah”, I need to repeat that.

Hon. Member: Two hundred and fifty thousand?

Sen. The Hon. L. Howai: Two hundred and fifty thousand citizens are benefiting from a 24/7 water supply with the commissioning of the Navet trunk line. [*Desk thumping*]

We have introduced a minimum pension of \$3,000 per month for all retired public servants; 34,000 retired public servants are receiving the increased pension. [*Desk thumping*] We have increased the Senior Citizens Grant to \$3,000 per month; 82,509 citizens are now benefiting from the grant. [*Desk thumping*] And, Mr. Speaker, we have returned the country once again to positive economic growth. [*Desk thumping*]

Hon. Members: Oooooo!

Hon. Member: “Yeah”!

Mr. Roberts: “Dat vex all-yuh, eh? All-yuh vex now.”

Sen. The Hon. L. Howai: Mr. Speaker, as [*Crosstalk*] we continue—
[*Interruption*]

Hon. Member: [*Inaudible*] going Chaguanas West.

Appropriation Bill, 2013

Monday, September 09, 2013

Sen. The Hon. L. Howai:—as we continue to expand our economy—
[*Interruption*]

Mr. Roberts: “Green is not all-yuh fren.”

Sen. The Hon. L. Howai:—we shall ensure that the fruits of these benefits are equitably spread throughout our population.

Mr. Roberts: “Da not here.”

Mr. Speaker: Order! Order, please!

Sen. The Hon. L. Howai: Mr. Speaker, in a multi-ethnic and multiracial society, governing is as complex as it is challenging, yet in this country those in need receive help and the elderly are valued. Very importantly, those with potential will continue to be provided with a wide spectrum of opportunities.

In closing, Mr. Speaker, I close as I opened. I would like to extend my congratulations—[*Interruption*]

Hon. Member: Aww!

Sen. The Hon. L. Howai:—to the Soca Warriors—[*Interruption*]

Mr. Roberts: Yes! We won.

Sen. The Hon. L. Howai:—who have won the match against [*Continuous Desk thumping*] Saudi Arabia—[*Interruption*]

Mr. Roberts: Yeah!

Sen. The Hon. L. Howai:—three goals to one. So I want to extend congratulations to the Soca Warriors, to the team and to everyone who has participated in getting us this far.

Mr. Speaker, I commend this budget to this honourable House, and I beg to move. [*Continuous desk thumping*]

Mr. Speaker: Minister of Finance.

Hon. Member: “All-yuh mash-up the desk.”

Mr. Speaker: He has to give a date.

Dr. Rowley: “All-yuh mash-up the country and mash-up the desk like that.”

Mr. Speaker: No, no, the Minister of Finance and the Economy. Please! Please! Order! Order!

Appropriation Bill, 2013

Monday, September 09, 2013

Dr. Moonilal: What are you saying?

Sen. The Hon. L. Howai: Mr. Speaker, in accordance with Standing Order 63(4), I wish do advise that the debate on the budget will resume on Friday, September 13, at 10.00 a.m.

Mr. Speaker: The hon. Leader of the House.

ADJOURNMENT

The Minister of Housing and Urban Development (Hon. Dr. Roodal Moonilal): Mr. Speaker, appropriately, I beg to move that this House do now adjourn to Friday 13, 2013 at 10.00 a.m., when we will hear the Leader of the Opposition and continue debate on the Appropriation Bill, 2013.

**Mr. Herbert Volney
(Vacation of Seat)**

Mr. Speaker: Hon. Members, may I have your attention. I did indicate at the start of the sitting of this honourable House that under “Announcements” I have an announcement to make under the Constitution of the Republic of Trinidad and Tobago, section 49A(1).

Hon. Members, on July 31, 2013, I received a letter of the exact date from the hon. Member for St. Joseph, which I now read into the record.

“July 31, 2013.

The Honourable Wade Mark MP,
Speaker of the House of Representatives,
Office of the Parliament
Tower D, International Waterfront Complex
Wrightson Rd.
Port of Spain
Honourable Speaker,

I am to advise of my resignation from the United National Congress with effect from July 30, 2013.

Hon. Speaker is to be guided accordingly.

/s/ Herbert Volney MP

Member for St. Joseph”

Mr. Herbert Volney (Vacation of Seat)

Monday, September 09, 2013

Subsequently, on Monday, September 03, 2013, I received a letter from the hon. Kamla Persad-Bissessar SC, MP, dated August 26, 2013, in accordance with section 49A(1) of the Constitution, in her capacity of Leader in the House of Representatives of the United National Congress. In her letter, Mrs. Kamla Persad-Bissessar informed me that by letter to her dated July 30, 2013, Mr. Herbert Volney, MP for St. Joseph, having been a candidate of the United National Congress and elected to the House, had advised her that he had resigned from the United National Congress with immediate effect.

Mrs. Kamla Persad-Bissessar attached a copy of the July 30 letter sent to her from Mr. Volney. Hon. Members, section 49(2)(e) of the Constitution states:

“A member of the House of Representatives shall also vacate his seat in the House where—

(e) having been a candidate of a party and elected to the House, he resigns from or”—has been—“expelled by that party.”

Further, hon. Members, section 49A of the Constitution states, and I quote:

“Where circumstances such as are referred to in section 49(2)(e) arise, the Leader of the House of Representatives of the party as a candidate of which the member was elected, shall so inform the Speaker in writing of those circumstances and the Speaker shall, at the sitting of the House of Representatives next after he is so informed, make a declaration that the member has resigned from or has been expelled by the party, as the case may be.”

It continues:

“Where within a period of fourteen days of the declaration by the Speaker the member does not institute legal proceedings to challenge the allegation that he has resigned or to challenge his expulsion, he shall vacate his seat at the end of the said period of fourteen days.

Where within fourteen days of the declaration by the Speaker, the member institutes legal proceedings as aforesaid he shall not vacate his seat unless and until either the proceedings are withdrawn or the proceedings are finally determined by a decision upholding the resignation or expulsion, the decision being one that is not open to appeal or in respect of which the time allowed for an appeal has expired without an appeal being filed.”

Mr. Herbert Volney (Vacation of Seat)
[MR. SPEAKER]

Monday, September 09, 2013

It continues:

“From the date of the declaration by the Speaker under subsection (1) the member shall cease to perform his functions as a member of the House of Representatives and he shall resume the performance of such functions only if and when the legal proceedings referred to in subsection (3) are finally determined within the meaning of that subsection in favour of such member.”

And finally, that section 49A says:

“Standing Orders shall make provision for the identification and recognition of the leader in the House of Representatives of every party and for otherwise giving effect to this section.”

Hon. Members, the issue of whether section 49(2)(e) is effectual has arisen, because section 49A(5) which I just quoted, states, and I repeat, that:

“Standing Orders shall make provision for the identification and recognition of the leader in the House of Representatives of every party and for otherwise giving effect to this section.”

It is a fact that to date no such Standing Orders have been made. Hon. Members, to my mind, the fundamental questions which arise are:

- (1) whether section 49A provides a procedural code in relation to section 49(1)(e) which requires a member to vacate his seat upon resignation or expulsion, and if it does;
- (2) whether it was the intention of Parliament that the making of Standing Orders should be a condition precedent to the Speaker invoking the procedure set out in section 49A; or
- (3) whether any procedural gaps exist because of the failure to make such Standing Orders, and, if so, can these gaps be filled in some other legitimate way?

It is my view, hon. Members, that section 49A is an almost complete procedural code. Also, hon. Members, I am of the view, after due consideration, that the absence of Standing Orders is not a bar of the Speaker of his powers or jurisdiction in relation to 49A of the Constitution.

3.45 p.m.

The Speaker’s power to declare that a Member has resigned or has been expelled from a party is not defined by the procedural manner of notification but

by the fact of resignation or expulsion. Therefore, in those circumstances, the sole area of uncertainty that exists because of the absence of Standing Orders is in respect of the identification and recognition of the Leader in the House of every party.

Hon. Members, Standing Order 92, under the rubric “General Authority of the Speaker”, provides at paragraph (1), and I quote:

“The Speaker shall have power to regulate the conduct of business in all matters not provided for in these Standing Orders.”

And by paragraph (2), I quote:

“The decision in all cases for which these Standing Orders do not provide, shall lie within the discretion of the Speaker, and shall not be open to challenge.”

Consequently, it is my view that it is within the power of the Speaker to determine, for the purposes of section 49A, who is the Leader in the House of any party in respect of which section 49(2)(e) relates, such power not to be exercised arbitrarily.

In the instant case, hon. Members, I have considered Chapter 5 of the Constitution, specifically section 76(1) which provides for the appointment of a Prime Minister and which states, and I quote:

“Where there is occasion for the appointment of a Prime Minister, the President shall appoint as Prime Minister—

- (a) a member of the House of Representatives who is the Leader in that House of the party which commands the support of the majority of members of that House; or
- (b) where it appears to him that that party does not have an undisputed Leader in that House or that no party commands the support of such a majority, the member of the House of Representatives who, in his judgment, is most likely to command the support of the majority of members of that House...”

Hon. Members, it is a matter of record that Mrs. Kamla Persad-Bissessar SC, MP, was appointed under section 76(1)(a) of the Constitution. Hon. Members, it is in my view inconceivable that Mrs. Kamla Persad-Bissessar SC, MP, can be recognized in Chapter 5 to be the Leader in the House of the United National Congress, but not identifiable and recognizable as the Leader in the House of the United National Congress for purposes of section 49A of the Constitution.

Mr. Herbert Volney (Vacation of Seat)
[MR. SPEAKER]

Monday, September 09, 2013

Hon. Members, I am therefore of the view that:

- (1) section 49(2)(e) of the Constitution mandates that a Member who has resigned from the party of which he was a candidate when elected to the House is required to vacate his seat;
- (2) the hon. Member for St. Joseph has himself in writing notified me, as Speaker of the House, of his resignation from the United National Congress;
- (3) the failure to make Standing Orders mentioned in section 49A(5) does not render ineffectual section 49(2)(e) of the Constitution or impede the procedure prescribed by section 49A of the Constitution; and
- (4) notwithstanding the absence of Standing Orders required under section 49A(5), the Speaker is empowered to ascertain who is the Leader in the House of any political party for the purpose of giving effect to section 49(2)(e) of the Constitution; and
- (5) the hon. Kamla Persad-Bissessar SC, MP, is unquestionably the Leader in the House of the United National Congress and it was appropriate and correct for her to inform me, as Speaker of the House, of the resignation from the party of Mr. Herbert Volney MP, Member for St. Joseph.

Therefore, hon. Members, I hereby declare that Mr. Herbert Volney MP, the Member for St. Joseph, having been a candidate of the United National Congress and elected to the House, has resigned from the United National Congress. Further and accordingly, the hon. Member is required under section 49A(4) of the Constitution to cease to perform his functions as a Member of the House of Representatives with immediate effect. The hon. Member shall be entitled to resume the performance of such functions, only if and when the legal proceedings referred to in subsection 49A(3) are finally determined within the meaning of that subsection in favour of the hon. Member.

Collection of Budget Documents

Mr. Speaker: Hon. Members, I am also to advise that your packages containing the budget documents are now available for collection. [*Laughter*] The packages are being dispatched from the J. Hamilton Maurice room located adjacent to this Chamber. Hon. Senators who are present here are also invited to collect their packages from that room. [*Interruption*]

[Mr. Volney waves and exits Chamber]

Question put and agreed to.

House adjourned accordingly.

Adjourned at 3.53 p.m.