



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO
MINISTRY OF FINANCE

Budget Interaction
Large Organizations
July 27, 2010
La Lune Room

Review of Budget 2009/2010

- ▣ No Incentives for local manufacturing to aid Diversification
- ▣ No positive impact on **CRIME**
- ▣ Lack of Focus on Tourism
- ▣ Lack of Focus on Productivity Initiatives with Med/Long term ROI (non energy)
- ▣ No government procurement policy for Construction industry
- ▣ Regulation reform... Created more confusion than solution
 - Property tax
 - Customs and Excise re structure
- ▣ Increase on Excise tax (Alcohol/Tobacco)
 - This tactic fuels the Illicit Trade and black market trade; which results in an increase in crime as well as loss in Gov Revenue from Tax evasion.

Current Budget Allocation

Key Sector Allocations

Social Development	18%
Education	17%
National Security	11%
Health	9%
Interest Payments (Dom & Int)	10%
Personal Expenditure	16%
Capital Program	16%
Other (incld Tourism)	3%

This Allocation can not support an Environment of Sustainability and must be re allocated in manner to drive Productivity and ROI

Current Situation

- ▣ Financial Community is risk adverse
 - There is low consumer spending/Low Borrowing
- ▣ Low productivity and also poor work ethic
- ▣ Weak partnership between Private and Public Sector
- ▣ Lack of accountability and transparency
- ▣ No respect for law as enforcement is not consistent (infrastructure not inline with Legislation)
- ▣ Poor information technology infrastructure

There is a wait and see approach for 2010/11 Budget

Looking forward

2010/2011 Budget Expectations

- Attitude and Change
 - Strong Leadership...needs to start here
 - Sets the tone for middle management and others to follow
- Zero Based Budgeting
 - There will be no over estimations. Monies will be accounted for and issued on a Business case basis. Objectives measured.
- Zero tolerance for failure to **Deliver**
- Paradigm shift
 - Waste Management.... Focus on being more efficient.
 - There needs to be a change in Culture to a Performance Driven Culture
 - Public sector reform... to contribute positively to GDP and not expect subsidies and handouts
 - Thinking out of the Box in terms of Revenue Collection

“Power, Politics.....and PERFORMANCE”

Top 5 Priority Areas for 2010/2011 Budget

- ▣ National Security
- ▣ Social Development
- ▣ Capital Programs
- ▣ National Branding
- ▣ Good Governance

National Security

Zero Tolerance for Crime

- ▣ Crime Reduction = Improved Business Environment
- ▣ Crime Reduction = Increase in GDP
- ▣ Crime Reduction = More International Investment
- ▣ Need Greater Police Presence and Enforcement
- ▣ More/Effective Camera surveillance to act as deterrent
- ▣ Be Mindful of Domino Effect
 - Higher Trade Barriers/Taxes = more opportunity for Black market Activities which fuels career criminals and results in a reduction of Government Revenue

Social Development

Social Programs

We recognize that these Programs are needed.... BUT

- ▣ Must Positively contribute to Society in terms of Revenue/value/service
- ▣ Must be in line with “local” needs
- ▣ Program participants must be validated
- ▣ Programs need to be rationalised in line with Zero Budgeting
- ▣ Programs should be stepping stone for Participants giving him/her value added training/tools to allow them opportunity to move into the Private Sector

Capital Programs

Investing in our FUTURE

- Improve and Modernise Agriculture
- Infrastructure Improvement (increase Productivity)
- Greater Participation of Local Content in Energy Sector
- Economy Diversification
 - Manufacturing (SME)
 - Services (Fin & Tourism)
 - Technological Infrastructure
- Environment Legislation for Foreign Investment
- Decrease Tax rates for Small Business Enterprises
- Incentives for Savings
- Research & Development Fund

National Branding

Enhance T&T Global Competitiveness

Placed 37th in 2002

Placed 86th in 2009

- T&T Branding Globally = National Pride
 - T&T as a destination for Investment
- T&T as a Destination for Tourism (every Hotel room booked means 14 jobs created)
- Get critical Stakeholders involved as a cohesive team and not individual associations
- Encourage Export promotion (outside of Caricom)
- Improve our Human Resource Capabilities as a platform for economic diversification

▣ Good Governance

Government needs Performance management

- ▣ Waste Reduction/Inefficiencies in system if even 10% (conservative) = \$4 Billion
- ▣ Stronger Procurement Procedures to ensure “arms length” transactions
- ▣ More Balanced Governments Boards (private/public sector participation)
- ▣ Government Boards accountable for non performance.... Same as Private Sector
- ▣ Increase Transparency of Gov run companies (publish half year/year end results)
- ▣ Put measures in place to avoid another CLICO