GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

Shaping a Brighter Future - A Blueprint for Transformation and Growth

RECOVERY, GROWTH, NEW DIRECTIONS, PROGRESS, RECOVERY, GROWTH, NEW DIRECTIONS, PROGRESS

BUDGET STATEMENT

2017

Presented by

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Introduction

Madam Speaker, the Peoples' National Movement Government led by our Prime Minister, the Honourable Dr. Keith Rowley, assumed office just over one year ago.

However, on assuming office in September 2015, our Government was confronted by a series of major challenges arising both from external shocks and from ill-advised policy decisions of the previous administration. In particular, the growth in annual government expenditure under the former administration, from $47 billion in 2010 to $63 billion in 2014, which resulted in an unsustainable increase in annual expenditure of almost 35 percent, or an additional $16 billion per year, created grave difficulties for cash flow and limited the availability of funds for critical items of expenditure.

Consequently, over the last year, the new PNM Government has been faced with a number of financial challenges and difficult policy decisions, coupled with the pressing need to re-establish economic stability and to set the stage for growth and economic transformation, in an environment of increasing uncertainty in the energy sector.

The fact that we have survived 2016, without any major financial trauma, while meeting our commitments, in the face of the price of oil dropping to the hitherto unthinkable level of $27 per barrel in January 2016 is testimony to the capacity, capability and resilience of this new PNM Government.

To put things in their proper perspective, we need to understand that in 2014, the revenues from petroleum alone, as measured using the formula in the Heritage and Stabilisation Act, were $19.3 billion. However, in 2016, as a result of the double whammy of depressed oil and gas prices and changes in the fiscal regime for the energy sector, which came into effect in 2014, and allowed for the write off of 100 percent of capital expenditure on exploration in the first year, among other concessions and declining predictions, the revenues from petroleum dropped to just $1.7 billion. This represents a decrease between 2014 and 2016 in annual revenues from petroleum of $17.6 billion of, or 92 percent.

Looking at government revenues as a whole, the reduction in current revenue, that is to say revenue from taxation, royalties on oil, and profits from state enterprises, over the last two years, is of the order of $20 billion! From $57 billion in 2014 to $37 billion in 2016, a decrease of 35 percent! This is the reality that we in Trinidad and Tobago must get used to, i.e. because of the collapse in oil and gas prices, we have lost $20 billion in annual revenue since 2014. By no stretch of the imagination, therefore, can we continue to spend money that we do not have, without regard for the consequences. In these difficult times, it cannot be business as usual.

While the drastic reduction in Government revenues in 2016, as a result of the collapse of commodity prices, has caused us not to be able to accomplish all that we would have wished for, I am pleased to report that we have achieved considerable success in restructuring our public finances, establishing an appropriate level of sustainable revenue and expenditure, and setting the stage for economic growth and structural transformation of the economy of Trinidad and Tobago.

In particular, during our first year in office, notwithstanding a sharp reduction in available resources, we have stabilised the economy and we have brought our expenditure profile into better alignment with revenue. In the course of this process we have addressed several of the structural problems that, for several years, have impeded our efforts at fiscal sustainability.

In this our second budget, the adjustment process needs to be continued but at the same time the Government intends to accelerate its public sector investment programme, and to enhance and improve its collaboration with the private sector in order to stimulate economic recovery and transformation.

Madam Speaker, during this difficult first year, I have had the pleasure to interact with public officials in several government ministries and in particular with those at the Ministry of Finance. I wish now to place on record my deepest appreciation and that of the Government for their invaluable assistance in the management of the public finances and our international reputation, and their professionalism, commitment and high sense of public duty in the preparation of nine (9) documents which I have laid in this Parliament today. These are:

1. Draft Estimates of Expenditure for the Financial Year: 2017;
2. Draft Estimates: Details of Estimates of Recurrent Expenditure for the Financial Year: 2017;
3. Draft Estimates of the Revenue and Expenditure of the Statutory Boards and Similar Bodies and of the Tobago House of Assembly for the Financial Year: 2017;
4. Draft Estimates of Development Programme for the Financial Year: 2017;
5. Draft Estimates of Revenue for the Financial Year: 2017;
6. Public Sector Investment Programme (Trinidad): 2017;
7. Public Sector Investment Programme (Tobago): 2017;
8. State Enterprises' Investment Programme: 2017;
9. Review of the Economy 2016

Madam Speaker, even before assuming office, we recognised that our economic difficulties resulted from postponing tough policy decisions for several years. We were also very conscious of the fact that the previous five years of malfeasance, mismanagement and poor governance had exacerbated the economic situation and pushed our economy to the brink of crisis, and that we needed all hands on deck if we were to overcome these challenges. For this reason, we asked the national community to join us in restoring confidence and rebuilding trust, hence last year's theme of "let's do this together".

Madam Speaker, our citizens have risen to the occasion. The country is coming around to recognise and accept the changed global economic environment and its inevitable impact on our domestic economic fortunes. Our people are beginning to recognise the need for shared sacrifice in the short and medium term in order to restore and enhance our living standards in the long term.

All over the world commodity producers and particularly oil and gas-based economies are facing difficult economic challenges and have had to take drastic decisions.

Just this week, for example, one of the richest oil producing countries in the world, Saudi Arabia, announced wide ranging cuts in public expenditure, including cuts in public sector workers' salaries, in a country where two-thirds of the total labour force works for the Government. In fact, Saudi Arabia's budget deficit in 2015 was US$100 billion, or 100 times our budget deficit, although their population is only 24 times larger than Trinidad and Tobago. To cope with the oil shock and to reduce their fuel subsidy, Saudi Arabia has also raised the price of gasoline by 80 percent in the last year.

In contrast, we in Trinidad and Tobago have been fortunate that in 2016, not only have we not cut salaries, but we have even been able to pay some significant backpay!

We are more fortunate than many because we built up some buffers in the good times, but we are not immune from the current global situation.

Fortuitously, with the prudent financial management of the PNM, confidence is returning to the economy, evidenced by the increase in foreign direct investment in

2016, particularly in the energy sector, and the significant over-subscription of our recent successful US$1 billion international bond issue – the largest foreign bond issue in our country's history. And we are achieving these successes, in spite of the fact that we have to work in a political environment that is quite often unhelpful, to the point of being downright obstructive.

Our Budget for FY 2017 would seek to strengthen the underlying conditions for inclusive growth with a view to ensuring its sustainability with meaningful job creation. Macroeconomic and financial stability as well as investment in infrastructure and support for private sector development remain our core objectives; and this process is being supported by a high level of governance which has public accountability at the top of its agenda. Dealing with accountability, I wish to announce that it is the Government's intention to fully operationalise the new public procurement system in 2017.

We expect that the Procurement Regulator and the Board of Procurement Regulation will be appointed and all required public procurement units or procurement entities will be established within the next six months. By the end of March 2017, therefore, if not before, all public bodies, which according to the definition in the Public Procurement and Disposal of Public Property Act includes the Office of the President, the Parliament, the Judiciary, Ministries and Departments, the Tobago House of Assembly, Municipal Corporations, State Enterprises and Statutory Authorities, among others, will be required to carry out public procurement and the disposal of public property in a manner that is consistent with the Public Procurement Act.

We expect that with the implementation of the new procurement system, the bid-rigging, collusion, manipulation, overpricing and corruption that was endemic in the 2010 to 2015 period will be a thing of the past, and that taxpayers will now get value for money, cost effectiveness, transparency, fairness and accountability in public expenditure.

Madam Speaker, at this phase of our economic cycle we have selected as our theme for 2017: **"Shaping a Brighter Future: A Blueprint for Transformation and Growth".**

The Global Economy

I now turn to the global economy.

In 2016, economic policy management in Trinidad and Tobago was negatively impacted by the lacklustre performance of the global economy and in particular, by the turmoil in international energy markets – perhaps the most turbulent in several decades.

Madam Speaker, the global economy grew by a subdued 3.1 percent pace in 2015 and the original outlook was for a marked pick-up in 2016. In line with this outlook, economic activity in the advanced economies maintained a satisfactory clip in the first quarter of 2016, as strong growth in the Eurozone compensated for a weaker performance in the United States.

Indicators of real activity were also stronger than originally expected in China and in some major emerging market economies because of fiscal and monetary policy stimulus.

The United Kingdom's vote in favour of leaving the European Union (Brexit) surprised financial markets and introduced severe economic and political uncertainties which have heightened downside risks and put a damper on many economies. Accordingly, the International Monetary Fund (IMF) has revised its forecast for global economic growth down to 3 percent, slightly below the rate for 2015. This would make the pace of global activity in 2016, the lowest that it has been since the financial crisis of 2008.

Since Brexit, projected growth in the European Union (EU) has been revised downwards to 1.6 percent in light of the weakening of consumer confidence and business sentiment. The forecast for growth in the U.S. has been lowered to 2.2 percent, reflecting the slow first quarter and the impact of a strong dollar and a slumping energy sector. China is expected to grow by 6.6 percent in 2016, a big difference from the double digit growth rates from earlier in this decade. Further, depressed oil and commodity prices have negatively impacted Latin American economies and exacerbated ongoing political turmoil in Brazil, the region's largest economy.

Global Energy Markets

Madam Speaker, the turmoil in global oil markets over the past two years has surprised even the most experienced energy experts. After averaging US$93 per barrel (WTI) in 2014, oil prices fell by almost one-half to an average US$56 per barrel in the first half of 2015. By October 2015, when the 2016 budget was presented, oil prices were hovering at around US$47 per barrel and this was followed by an accelerated decline to US$27 per barrel in January 2016 – a twelve year low.

After this, global oil prices experienced a slow recovery to US$50 per barrel through June 2016, buoyed by supply disruptions mainly in Nigeria and in Canada. The rally was, however, interrupted in July by the Brexit uncertainties, the slowdown in global growth and recurring concerns about long-term over-supply.

As a result, the average monthly WTI price for the period October 2015 to July 2016 was US$40.63 per barrel. This compares with an average of US$58.95 per barrel for the comparable period of 2014-2015 and an average of US$85.80 per barrel in the comparable period of 2011-2015. In other words, the price of oil in 2016 has been less than half of the average period in the preceding four years.

The global natural gas market has followed a similar course. The monthly average Henry Hub gas price for the first eight months of calendar 2015 was US$2.02 per mmbtu. This price declined to US$1.73 per mmbtu in March 2016 before rallying to US$2.82 per mmbtu in August 2016.

Madam Speaker, these adverse price developments have had a debilitating impact on activity in the energy sector, on government revenues, and on our foreign exchange earnings with negative effects on growth and employment in the economy as a whole.

Domestic Economy

Economic Challenges

Madam Speaker, the impact of the external shocks in the price of oil, gas and petrochemicals was compounded by two adverse domestic developments, namely, the continuing decline in oil and gas production and the fiscal impact resulting from the carryover of significant unfunded liabilities (unpaid bills!) from the previous Administration. The urgent need to address these liabilities in an environment of declining revenues meant that many of the critical programmes of the incoming Government had to be scaled down or postponed.

Madam Speaker, let me elaborate. Oil and gas production has been on a downward trajectory for several years. From a level of 145,000 barrels per day in mid-2006, production was cut in half to 73,000 barrels per day by the end of 2015. And the latest bulletin from the Ministry of Energy shows production declining even further in 2016 to 66,000 barrels per day in July 2016! Similarly, the production of natural gas has declined from an average of 4.3 billion standard cubic feet per day in 2010 to 3.2 billion standard cubic feet per day in July 2016.

While the underlying reason has been the natural reduction in the rate of extraction from maturing oil and gas fields and maintenance and upgrade work in particular on our gas installations; the low prices over the last 18 months have eroded profit margins and led to a cutback in output of many small independent producers. Fortunately, a recovery in gas production is expected to begin in the last quarter of this calendar year when production from three of the major companies is expected to commence from new fields.

Madam Speaker, the decline in natural gas production which began in 2011 has meant serious shortages of feedstock for the petrochemical sector and billions of dollars in lost revenue.

As to the expenditure carryover from 2015, this Honourable House may recall that the payments for backpay arising from the public sector wage agreements covering the period 2011-2013 were earmarked to be completed in fiscal 2015. As it turned out, only $2 billion of an estimated $7 billion was paid before the September 2015 general election. This left backpay liabilities of an estimated $5 billion for us to pay in 2016 and as it turns out, the final figure will be significantly higher. Indeed, the backpay liabilities that the PNM Government has to finance could be as much as $6 billion, since we are discovering more and more liabilities and more and more unsettled wage agreements left for us by the previous Government, a parting gift from those opposite.

And it gets worse, Madam Speaker. The previous Administration had boasted of settling all of the wage negotiations outstanding since 2011. However, in reality, they left unresolved several key negotiations with several trade unions, including one particular major trade union, the Oilfield Workers Trade Union. They decided to leave those for us – so we now have to deal with 2011-2014 wage settlements for T&TEC, Petrotrin, Trinmar, NP, UWI and UTT, among several others. The cost of these settlements could be well over $1 billion, with hundreds of millions of dollars in increased annual expenditure. This will be in addition to the initial $5 billion in backpay that we were saddled with.

Moreover, in the period of irresponsible spending and excess consumption in the run-up to 2015 elections when scores of ill-conceived projects were started and left unfinished, there was a sizable accumulation of arrears of payments owed to contractors. So far, the quantum of legitimate arrears is still to be determined, and we have been settling contractors' bills throughout 2016, but by any calculation, this liability still exceeds $1 billion in unpaid bills.

Madam Speaker, the previous Administration could easily have gone to domestic capital markets to finance these expenditures but rather than seek parliamentary approval to increase the statutory loan ceilings, they sought to avoid the attendant scrutiny by maxing out the Central Bank overdraft and by having government companies and statutory authorities contract short-term credit lines, with Government guarantees.

This irresponsible approach left the new Government with the task of rescheduling or liquidating billions of dollars in short-term loans during this fiscal year, thus creating additional claims on the Government's scarce resources.

These were but some of the challenges faced by the new Administration, but we have managed to cope effectively, and we continue to manage the country in the best interest of all our citizens.

I will now review the economic performance during fiscal year 2016.

Main Economic Indicators

Madam Speaker, the Central Statistical Office has in 2016 made major revisions to the national accounts data for 2014 and 2015, and has revised the GDP figures downwards. It has also published a provisional estimate of GDP for 2016. These new figures are somewhat different from those published previously by the IMF, the Central Bank and the Ministry of Finance. However, according to our practice at this time, whatever some may think of the accuracy of its statistics, the CSO is the only official source for national accounts data and thus CSO's estimate will be used until the new Statistical Institute is established or the CSO makes further adjustments.

Based on the CSO's provisional estimates, real GDP is estimated to have declined by around 2.3 percent in 2016, the third consecutive year of decline in real economic activity. Not surprisingly, the major reason for the slump is a close to 10 percent contraction in value-added in the petroleum sector, with almost all branches of the petroleum industry showing declines. A 25 percent reduction in real economic activity in the petroleum services industry perhaps gives a good indication of the challenges faced by the petroleum sector in 2016.

With the sharp decline in energy sector revenues, government expenditure had to be restrained and this, along with the delay that all new administrations face in getting their investment programmes going, contributed to a 7.6 percent decline in construction activity.

In addition, with energy sector layoffs, the closure of ArcelorMittal and the decline in private consumption, manufacturing activity declined by an estimated 6 percent in 2016.

However, inflation has remained in check, during fiscal 2016. Notwithstanding the depreciation in the exchange rate of the TT dollar by 5 percent up to July 2016, the increase in fuel prices and the reduction in the number of zero–rated food items, there was only a small increase in the retail price index of 2.9 percent year-on-year as at end of July 2016, attributed in no small measure to the reduction in the overall rate of VAT from 15 percent to 12.5 percent.

In fact, as at July 2016, the year on year food inflation was 6.8 percent compared with 11.5 percent a year earlier, while core inflation remained low at 2 percent.

Although dated, the latest data available has the unemployment rate increasing from 3.4 percent to 3.8 percent in the fourth quarter of 2015, a relatively small change.

However, the dramatic decline in energy prices and in the volume of petroleum exports had a pronounced negative impact on the country's balance of payments. Accordingly, the preliminary data shows that the external current account of the balance of payments incurred a deficit of US$2.7 billion in 2016.

Fortunately, capital inflows by way of direct foreign investment into the energy sector and external loan financing (in particular, the US$ 1billion bond issue) served to bolster our foreign reserves, which currently stand at US$10 billion, a marginal decline from the US$10.3 billion in reserves at this time last year.

The Public Finances 2016

Madam Speaker, I would like to put the discussion of the 2016 budget and its outturn in the context of budget implementation of the recent past.

In the three years prior to 2016, central government revenues averaged $56 billion a year. Oil prices averaged $93 per barrel in the 2013 to 2014 period, before declining to an average of US$57 per barrel in 2015. In previous years, energy tax collections accounted for 55 percent of total revenue. Now, this figure is below 30 percent. Further, there were substantial one time revenues in previous years resulting from the drawdown of billions of dollars in accumulated savings from the NGC.

In the 2013 to 2014 period, government expenditure averaged $61 billion, with a high of $63 billion in 2014. For 2015, the cash accounts put expenditure at $59 billion, but this excludes the wage arrears of $5 billion and arrears to contractors of approximately $2 billion at that time, so that the actual expenditure and commitments for 2015 were actually of the order of $66 billion. And to finance the accumulating deficit, public sector borrowing rose to 51 percent of GDP by the end of fiscal year 2015. It is important to note that the outstanding debt on the books in 2015 did not take account of the use by the former Government of the Central Bank overdraft facility, which first went into overdraft in 2012/2013, and by 2015 amounted to a further 5.4 percent of GDP in debt.

It was against this background that the budget for 2016 was predicated on what at the time were conservative price assumptions of US$45 per barrel for oil, almost 22 percent below the average oil price for 2015.

However, as we all know now, oil prices collapsed in the first three months of calendar 2016, falling to as low as US$27 per barrel in January.

As a consequence, committed to fulfilling its manifesto promises but mindful of the prevailing uncertainty in energy markets, the Government introduced the following measures in 2016:

- an increase in the business and green fund levies;
- an increase in the cap on pensions to assist the elderly;
- reform of the value-added tax regime, involving a substantial reduction in the number of zero-rated items to only a small list of basic food items, consistent with the original 1990 philosophy of VAT exemptions, and in parallel a reduction in the VAT rate from 15 percent to 12.5 percent;
- an increase in personal income tax allowances from $60,000 to $72,000 in order to compensate for the impact of the value-added tax reform on lower-income wage earners;
- an increase in the prices of super gasoline and diesel to reduce the fuel subsidy.

We also gave notice that work was proceeding for the introduction of a Revenue Authority and the collection of property tax.

Further, in order to avoid a sudden and drastic cutback in government spending, the 2016 Budget provided for the receipt of significant one-off revenues in the form of privatisation proceeds and debt repayment from TGU.

Government expenditure was originally budgeted at $63 billion, of which $5 billion was to cover the public service arrears. Excluding these arrears, the 2016 Budget implied a small reduction – of $2 billion – compared with FY 2015 cash expenditure outturn, excluding liabilities.

Many commentators said at the time in October 2015 that there should be deeper cuts in expenditure but it was explained that the plan was to review budgeted expenditure at the time of the mid-term review, in light of developments in oil and gas prices and the overall revenue picture.

The Mid-Term Review

Madam Speaker, the economic environment in the first six months of the fiscal year deteriorated much more than had been envisaged by anyone. Oil and gas prices fell precipitously, with oil prices reaching as low as US$27 per barrel and averaging US$37 per barrel over the period. With the price-induced reduction in company earnings and the ability provided in the tax code to fully write-off exploration expenditures, tax and royalty payments by the oil companies were minimal, dropping by over $9 billion from the previous year. Non-energy tax revenues were also much lower than expected because the slowdown of the economy was sharper than envisaged, as a direct reaction to the contraction of the energy sector.

In addition, with the almost complete utilisation by the previous administration of the Government overdraft facilities at the Central Bank and without headroom under the statutory borrowing ceilings, the Government began to face liquidity pressures, even as a number of short-term loans contracted in the run-up to the September 2015 election were falling due. The liquidity squeeze caused much concern among public sector unions which were agitating for payment of their overdue salary arrears.

Accordingly, this PNM Government did what the previous Government should have done and went to Parliament in December 2015 to raise the borrowing ceilings, thus alleviating the liquidity squeeze.

In due course, the mid-term review of revenue and expenditure was completed, and in view of the stark financial realities, the Government came to the Parliament in April 2016, much earlier than the practise in the past, and took a range of measures:

- We recalibrated the revenue estimates on the basis of an oil price of US$35 per barrel and a gas price of US$2 per mmbtu;
- We increased the prices of super gasoline and diesel fuels by an additional 15 percent;
- We increased the customs duties and taxes on luxury vehicles by 50 percent; and
- We cut the recurrent budgetary allocations of all Ministries and Departments by 7 percent, except in some social sector programmes.

Madam Speaker, the Government also announced its intention to pay 50 percent of salary arrears owed in cash, to public officers at the end of June 2016 with the balance to be paid either in bonds at the end of September 2016 or in two further cash instalments in 2017.

Because of severe cash flow constraints, we have since told the public sector unions, in particular the associations that represent the protective services, that the remaining 50 percent of the arrears will be paid in cash by the end of March 2017. As a responsible Government, we will keep this deadline, in the same way that we met our commitment for the first 50 percent earlier this year.

After allowing for the proceeds of the new tax measures, the budgeted revenue for FY2016 was revised to $52.3 billion, down from the original $60 billion. With the expenditure cuts, budgeted expenditure was revised to $59 billion. This left a revised projected deficit of $6.7 billion which was to be financed by a draw-down from the Heritage and Stabilisation Fund (HSF) combined with local and foreign borrowing.

2016 Fiscal Outturn

However, revenues have continued to fall throughout the year as the full effect of the collapse in oil prices has begun to bite, and, based on preliminary data, the estimated overall fiscal deficit for FY 2016 will be now be of the order of $7.3 billion which is slightly higher than the target established at the mid-term review. However, revenue for fiscal 2016 is now estimated at $45 billion, $7 billion lower than the mid-term estimates and $15 billion lower than the original budget estimate. Total expenditure has also been tightly managed and is now estimated at $52.2 billion, $6.8 billion lower than the revised expenditure target and $11 billion lower than the original expenditure estimate in October 2015.

For those uninformed commentators, who keep saying that the PNM Government has not cut back sufficiently on expenditure, it is necessary to repeat these figures, to get their full import.

The revised revenue for 2016 is $15 billion lower that originally estimated and the revised expenditure for 2016 is $11 billion lower than originally estimated. We have, therefore, cut expenditure by 17 percent from the original October 2015 estimates.

Indeed, managing the country's finances successfully over the last year; ensuring that public sector workers and public officers got their salaries and wages on time every month; meeting commitments for good and services, transfers and subsidies; settling backpay; honouring our international obligations; meeting debt service payments, and successfully managing the myriad other financial commitments of the Government, with such drastic reductions in revenue and expenditure, without social unrest or disorder, has been a truly remarkable accomplishment!

For this, I thank all my Cabinet colleagues for their efforts at containing expenditure and controlling costs while at the same time ensuring that essential goods and services were provided.

Madam Speaker, let me share with this Honourable House some of the major highlights and issues relating to the fiscal outturn for FY 2016.

- Total energy sector revenues are estimated to be as much as $11 billion lower than in FY 2015; and $18 billion lower than in FY 2014;
- Further, based on legal advice with respect to the constitutionality of the proposal to collect the same quantum of land and building taxes collected in 2009, the Government was unable to collect property taxes in fiscal 2016. We were advised that it was unconstitutional to collect property taxes using the old rates, since different rates applied in different areas of Trinidad and Tobago. This was permissible under the old Land and Building Taxes act, but that Act was repealed, and without a special majority, the imposition of the old rates and amounts was considered to be inequitable. As such, the existing Property Tax Act, which has a flat rate of 3 percent, will now be put into full effect in fiscal 2017, with the population of the valuation rolls, minor amendments to the relevant legislation and the completion of the other measures required under the Property Tax Act. Collection of Property Tax will therefore commence in 2017;
- There was a sizeable shortfall in value-added tax collections, compared with the projections made at the time of 2016 Budget. The analysis by the Ministry of Finance suggests that apart from the downturn in the economy, tax evasion related to value-added taxes continues to be a major issue; and
- One-off capital revenues were about $3 billion lower than envisaged because of significantly lower dividend payments from the National Gas Company, reflecting the depressed gas prices.

As regards expenditure, Madam Speaker,

- a major reduction occurred in capital expenditure, from the proposed $7 billion to just under $5 billion. Delays in the preparation of new projects and the reluctance of some contractors to become engaged before receiving payments for outstanding arrears contributed to this;
- just under $2 billion of the outstanding arrears to public officers was paid, much less than envisaged, because of difficulties encountered by administrative departments with the processing of the wage arrears and cash flow constraints;
- the fuel subsidy was significantly lower than in 2016 because of depressed international oil prices and the increase in domestic fuel prices;
- the debt service paid in 2016 was approximately $6.6 billion, almost twice that of 2010, reflecting

the sharp build-up in debt over the 2010 to 2015 period. In addition, there was the restructuring of short-term loans contracted between 2010 to 2015;

- all the major government transfers and subsidies which, over the past five years, had risen to unsustainable levels, were subject to at least a 7 percent cut. Social programmes were explicitly excluded; however, and work began on a review of the existing social programmes with a view to reducing overlap, eliminating fraud and corruption and improving proper targeting and operating efficiency.

Following extensive public consultations, plans were formulated to deal with the reform of the Government Assistance for Tuition Expenses Programme (GATE). Additionally, a review of the Community-Based Environmental Protection and Enhancement Programme (CEPEP) and the Unemployment Relief Programme (URP) and the state enterprises sector is ongoing, with a number of reports and recommendations already submitted to Government.

Madam Speaker, based on the initial findings, I can tell you now that we as a country need to make serious decisions in respect of our state enterprise sector, as a matter of urgency. This sector has grown out of control over the last several years.

Several of state enterprises have been running large deficits for years and financing these by non-payment of bills, especially by state enterprises to T&TEC and WASA. T&TEC and WASA in turn are not paying some of their suppliers, with T&TEC in particular owing the NGC over $2 billion for the supply of natural gas to the independent power producers. This, along with other inefficiencies, has aggravated the financial situation of these state enterprises, making them more and more dependent on Government transfers. WASA, in particular, requires major continuing financial support from the Government, in the form of overdraft facilities, loan financing and subventions, since WASA's annual shortfall between revenue and expenditure is in excess of $1 billion and its financial condition is chronic.

The Regional Health Authorities also need to examine their systems, costs and efficiency to avoid the need to have recourse to Government bailouts and short term loans, which must be guaranteed by Government. In fiscal 2016, for example, the Government provided an additional $500 million in loan financing, outside of the national budget, to finance the operations of the RHAs, as well as an additional $225 million for critically needed medication.

And there is also the unsatisfactory financial situation at Petrotrin, about which I will say more later.

In all of this, the Central Government is saddled with billions of dollars in annual debt servicing to support loans taken out by state enterprises over the years, particularly in the 2011 to 2015 period.

Madam Speaker, the 2016 overall deficit of $7.3 billion was financed by the proceeds of a drawdown of $2.5 billion from the Heritage and Stabilisation Fund and by domestic and foreign borrowing. In the context of the 2016 financing plan, the Government was also able to significantly reduce its overdraft at the Central Bank and to earmark some of the proceeds of the US$1 billion international bond issue to contribute to the financing of the 2017 public sector investment programme. Indeed, for the first time in four years, because of our prudent financial management, after our highly successful Roadshow, the Government's cash balance at the Central Bank actually went into credit in August 2016! However, needless to say, the overdraft is creeping back up again because of the severely depressed revenue situation.

At present, our outstanding public debt stands at $88.9 billion, compared with $76.5 billion as at the end of FY 2015. This figure includes unforeseen and unbudgeted Government guarantees to Petrotrin's creditors of the order of $1.7 billion, which were unavoidable in 2016, because of the cash strapped position of the company, the additional $500 million loan financing for the RHAs, and so on.

The net public debt to GDP ratio, based on the revised GDP, which is now $30 billion lower than previously estimated (from $175 billion in 2015 and the previously estimated $165 billion in 2016, now revised downwards to $145 billion), now stands at 60.8 percent, compared with 50.9 percent at the end of 2015. It should be noted that if the 2015 and 2016 GDP figures had not been revised recently by the CSO, our debt to GDP ratio would have been much lower. In fact, as recently as June 2016, using the previous estimates of GDP, the Central Bank had calculated our debt to GDP ratio at just over 45 percent.

Capital Expenditure in 2016

Madam Speaker, as indicated earlier, there was a shortfall in the public sector investment programme because of financing shortfalls as well as delays in getting new projects started. As a responsible government, however, within the available spending capacity, we took steps to complete several ongoing projects.

Thus for example, the Government Campus Plaza, which was left to languish for more than five years, simply because it was in Port of Spain and was started by a PNM Government, is now being fully commissioned by another PNM Government! Two of the buildings are already occupied by the Ministry of Education and the Immigration Division, housing close to 1,400 persons. Further, the Ministry of the Attorney General and Legal Affairs and the Inland Revenue Division, Ministry of Finance will take occupation of their new buildings in FY2017. And Madam Speaker, we expect the occupation of these high-end structures to impact positively on worker morale and productivity.

The Government has allocated the necessary expenditure to complete major national sporting facilities (in Couva, Tunapuna and Sangre Grande) that were left unfinished when the previous Government left office, and we are well on our way to restarting the Diego Martin Sporting Complex project, which was abandoned for five years by the last Government.

In addition, Madam Speaker, as I will discuss later, we have done important preparatory work which will allow for the quick start to a number of projects in 2017.

To summarise, fiscal management in 2016 was a major challenge but, through it all we could point to several successes:

- We have reintroduced steps to broaden the non-energy tax base – something that, for years, was widely considered to be critical and which the previous Administration sought to undermine for political reasons;
- We now have a broad-based value-added tax;
- We have done much of the preparatory work needed to introduce a comprehensive property tax in 2017; and
- We have laid in Parliament legislation to bring into being an efficient betting and gaming tax regime and a modern insurance regulatory regime.

Madam Speaker, the weakening of energy tax collections and the need to boost domestic tax collections have exposed the weakness of our tax administration system. There is no avoiding the fact that there is considerable tax leakage in Trinidad and Tobago and the Board of Inland Revenue could be collecting far more tax than it does at present.

An urgent priority in 2017, therefore, will be the introduction of an integrated Revenue Authority as well as other measures, as needed, to improve tax administration. This will require Opposition support to pass the necessary legislation. Further, a CARTAC mission is scheduled to return to Port of Spain in October 2016 to finalise discussions on a strategy to improve tax administration and collections. We are moving full speed ahead with this, and we expect to introduce legislation for the establishment of a Revenue Authority in Parliament in the second quarter of fiscal 2017.

On the expenditure side, we have summoned the political will and taken important steps towards the complete elimination of the fuel subsidy, which has been a major strain on the budget and which has been demonstrated to be regressive. After public consultations we have arrived at a new approach to reform GATE, which maintains the priority accorded to tertiary education but recognises the changed economic and financial realities and the need to target and focus funding of tertiary education on the country's development needs.

Further, in order to eliminate waste and inefficiency, we are committed to restoring and returning all major social programmes, including URP and CEPEP to their original policy moorings, taking into consideration new funding constraints. It goes without saying, having lost $20 billion in annual revenue over the last two years, that we can no longer maintain the current CEPEP expenditure profile, the cost of which has increased from $302 million in

2010 to $573 million in 2015; similarly, expenditure on URP grew from $418 million in 2010 to over $708 million in 2015. This level of expenditure is no longer sustainable.

Madam Speaker, I now turn to a discussion of the Government's Policy Framework.

Our mid-term economic strategy is couched in the context of a long term plan, which sets out our vision of where we would like to see the economy and society in 15 years. The Draft Vision 2030 Plan document is almost ready and is to be the subject of public consultation over the next several months. This Plan seeks to address the main challenges we as a country will need to face and the strategic initiatives we plan to employ to meet our economic and social objectives.

Madam Speaker, whether we like it or not, we in Trinidad and Tobago will need to respond to.

- Global Climate Change and the implications for a small economy like ours where the environmental and ecological impacts are predicted to be severe;
- The projected decline in the use of fossil fuels (oil and gas) in the global energy mix over the next few decades;
- The rapid pace of technological change which we must first understand before we are able to formulate policies to either adopt or adapt to our own circumstances;
- Global political changes such as Brexit, the rise of China and India and changing currents in Latin America which will present both challenges and opportunities for countries like Trinidad and Tobago.

We also need to address and overcome our own domestic challenges such as

- Our long-term overdependence on oil and gas which exposes our economy to risk and shock from the rapid changes taking place in global energy markets;
- Crime and criminality, including violent drug-related crime, corruption, money-laundering and white-collar criminal activity;
- Food security;
- And the prevalence of low productivity along with a dependency and entitlement syndrome.

Madam Speaker, there is widespread agreement that economic diversification needs to be an essential pillar of our long term vision 2030. And it is also generally accepted that diversification could only be successfully pursued in a context of fiscal and monetary stability. This is an indisputable fact. Until the economy is stabilised, neither business or consumer confidence will be sufficiently strong to support the investments that will be needed to promote structural change. But even after stabilisation, diversification is difficult because it needs a level of collaboration between the major economic partners (government, business and labour) that requires trust and second, because it requires major changes in the mindset of the various partners.

Diversification requires that Government provides the necessary infrastructure and incentives that will enhance the productivity of labour and capital in the economy.

Diversification also requires that the private sector changes its mindset, from commerce to industry, from focus on the domestic market to seeking to explore global markets, from consuming foreign exchange to earning foreign exchange, from avoiding risks in new ventures and technologies to taking on new risks and facing new competitive pressures to conquer new fields. To assist the process, this Government is prepared to provide the necessary incentives and support for the private sector entities willing to take these risks. It will take a lot of time and effort, however, since diversification is no easy task and it is not like instant coffee.

Labour also has a critical role in the diversification effort, which requires an upgrade in skills, and an improvement in the work ethic and productivity. In return the other partners must provide the necessary legislative framework to protect against unfair labour practices and find ways of ensuring that workers benefit from their efforts.

Madam Speaker, this Government has prepared a fiscal framework and a range of sectoral policies that are part of our Vision 2030.

I will now elaborate:

The Medium Term Fiscal Consolidation Plan

In pursuit of macro-economic stability, the Government has embarked on a fiscal plan that aims to achieve overall budget balance by 2020, with a limit in public sector debt of no more than 65 percent of GDP. The plan involves a series of fiscal reforms and institutional changes aimed at reducing dependence on energy revenues and containing government expenditures through eliminating waste and corruption and redirecting expenditure away from subsidies and discretionary transfers and towards spending on essential economic infrastructure.

The medium-term framework is predicated on the resumption of economic growth starting at 1 percent in 2017, and increasing to 2 percent per year in 2018-20. The recovery in growth is based largely on the rebound of the energy sector as commodity prices are expected to recover moderately and new discoveries of oil and gas come on stream, as well as an expected turnaround in other major sectors, in particular, construction and manufacturing.

Our fiscal plan assumes that oil prices would be in the vicinity of US$50 per barrel in 2017, rising to US$60 per barrel by 2018 and beyond, and further, that we will be able to stabilise and significantly increase oil and gas production. Similarly, our projections are based on a long term gas price of $3 per mmbtu. With this structure of prices, we expect revenues from petroleum to recover from the present $2 billion to $14 billion by 2020. This compares favourably with the revenues from petroleum in 2014 of $19 billion.

Madam Speaker, the Government also aims to grow recurrent non-energy revenues by $8 billion by 2020. Attaining this growth in revenues is critical since we need to reduce reliance on one-time revenue sources such as extraordinary dividends and privatisation proceeds. Current revenue is thus targeted to increase from $37 billion in 2016 to $57 billion in 2020. We also see the need for a shift in the composition of expenditure in favour of infrastructural spending for the most part, through reducing expenditure on transfers and subsidies and containing the public sector wage bill.

Steps have already been taken to begin to reduce expenditure on tertiary education and on CEPEP and URP, as from 2017. Other transfers and subsidies to be examined include the elimination of fuel subsidies and reduction in transfers to public utilities.

Madam Speaker, this fiscal strategy is aimed at re-establishing internal and external balance and sustainability in our economy. These conditions are necessary for restoring more rapid and broad-based economic growth and a steady improvement in living standards. The macro-economic policies are however, to be supported by a number of sectorial strategies to which I will now turn.

I will now give brief details of our plans and programmes in some key policy areas. Please note that this list is not exhaustive, but merely illustrative:

Sectoral Policies

Energy

Madam Speaker, gas production is expected to recover after three consecutive years of decline. The Angostura Phase 3 oil and gas field and the Sercan gas field are expected to begin production in the fourth quarter of 2016. Production from these fields are then expected to improve in 2017-2018. Other gas fields (DeNovo and Angelin) are also expected to come on stream in 2018. The outlook for the energy sector would be further enhanced if ongoing discussions with neighbouring Venezuela are quickly concluded.

Madam Speaker, this Honourable House will recall that in May 2016, the Government of Trinidad and Tobago and the Bolivarian Republic of Venezuela signed a Memorandum of Understanding and Framework Agreement on Energy Sector Cooperation. These agreements detail the commitments by both countries to advance technical and commercial studies related to the development of cross-border gas. Further to this, discussions have started on an initiative for Venezuela to supply natural gas to Trinidad and Tobago from Venezuela's Dragon Field. This natural gas reservoir has an estimated 2.6 tcf of gas and is located within Venezuela's territory 15 miles away from Trinidad. Discussions are advanced on the economic feasibility of gas delivery from the reservoir to Trinidad and Tobago. If this materialises, the shortages currently faced by the upstream petrochemical companies could be a thing of the past. Discussions on an operating agreement with respect to the largest cross-border field – the Loran Manatee, are also ongoing and plans for the development of these two fields could be ready as early as the first half of 2017.

Madam Speaker, it is important to remind this Honourable House that even though our overriding strategy must be to diversify away from oil and gas, the stark reality is that the energy sector will continue to be the driver of our economy for at least the next decade. Thus it is important that we fully exploit these natural endowments.

In recent years, there have been significant changes to the Trinidad and Tobago oil and gas taxation regime, designed to stimulate production in mature fields and to encourage new field development. By and large, these changes have had a positive effect.

However, there is always the danger of overkill, when seeking to stimulate investment in exploration through fiscal incentives. In this context, the accelerated capital allowance introduced by the last Government, where the entire investment by an oil company can now be written off in one year have has a severe adverse effect on Government revenues. And these new allowances will be in effect until at least 2017, so we will feel the pain of these write offs for some time to come.

BP, for example, paid taxes and royalties in Trinidad and Tobago in 2013/2014 in an annual sum exceeding US$1 billion, but in 2016, because of a combination of depressed oil prices and the new capital allowances, BP's tax and royalty payments for 2016 are expected to be less than US$200 million, a decline of 80 percent. The practicality of these accelerated capital allowances is thus being comprehensively examined at this time, to see whether they should be continued beyond 2017, or modified appropriately.

On the flip side, because of the current depressed oil prices, with prices fluctuating between US$40 and US$50 over the last few months, the supplementary petroleum tax (SPT) is viewed as a serious disincentive to small and medium sized producers. For traditional fields, SPT kicks in at US$50 a barrel and companies have complained that it is unprofitable to produce oil at US$51, as compared to US$49, since the SPT is charged on gross income, rather than on profits, causing an immediate 18 percent charge on incremental income from the time the price of oil crosses US$50. This conundrum is being actively examined by the Government of Trinidad and Tobago, with technical assistance from experts engaged by the IMF.

Earlier this year, during a visit to Washington, we asked the IMF to provide us with technical assistance with respect to the reform of our oil and gas fiscal regime.

They obliged, at no cost to Trinidad and Tobago, and I can now report that the IMF has advised us as follows:

- From the Government's viewpoint, the fiscal regimes must incorporate a balance among objectives. While the Government seeks to promote investment by reducing the fiscal burden on projects of low profitability, it will also seek to assure the public that extraction of the country's natural resources always results in some minimum payment usually a royalty. Where a petroleum project generates a surplus over the total costs of production, including profit necessary for initial and continuing investment, the Government should share substantially in that surplus.
- Government will also attach priority to a degree of stability in petroleum revenue flows. Petroleum companies, likewise attach high value to stability and predictability of terms in the fiscal regime they face.
- Reform of oil and gas fiscal regimes should provide terms attractive for investment while securing a substantial share of rents for the Government. A shift of the tax base towards profits and cash flow rather than gross production or revenue, potentially aligns the requirements of both the Government and upstream producers, who will then have a mutual interest in a well-designed fiscal reform programme.

Essentially, the IMF has recommended a moderate fixed rate royalty in the order of 10–12 percent to ensure a minimum income stream, a cashflow tax that replaces the existing SPT, and a reformed petroleum profits tax (PPT), where the PPT rate is reduced and harmonised across projects and capital allowances are streamlined.

In essence, the proposed new exploration and production terms are intended to reduce the fiscal burden on new marginal projects, while making the system more responsive to projects' profitability.

For production sharing contracts (PSCs), the proposed new PSC simplifies existing production sharing arrangements, and makes the system responsive to project results. A relatively higher cost recovery limit is proposed, including an uplift for capital expenditures, combined with a production sharing scheme that reduces the fiscal burden on less profitable projects, while ensuring that the Government's take increases with as the financial outturn of oil and gas projects improves.

These proposals are now under active consideration but no changes will be implemented until the oil companies have had sufficient time to study the proposed modifications to the fiscal regime and to comment on and discuss same. BP, one of the largest stakeholders in the upstream energy sector, has already sent us their detailed comments, which we are studying carefully.

In addition, the Government is working on the design of a special system of fiscal incentives for small and marginal fields and for secondary recovery, since it is estimated that there is as much as 3 billion barrels of so-called "stranded" oil in mature oilfields in Trinidad and Tobago, both onshore and offshore, that can be recovered with a suitably modified fiscal regime. Accordingly, we must do whatever we can to access this "stranded" oil.

The Government also plans to promote energy efficiency and greater use of renewable energy, including wind and solar sources, as a means of increasing energy security and reducing our reliance on fossil fuels. Existing initiatives to encourage greater use of compressed natural gas will also be strengthened.

Petrotrin

Madam Speaker, an important aspect of the strategy to enhance the contribution of energy sector is strengthening the operations of Petrotrin, our state-owned energy company.

Madam Speaker, Petrotrin is a strategic economic and security investment as it meets 100 percent of our liquid energy needs. It is an integrated company as it operates the country's only refinery at Point-a-Pierre, which is partly supplied from its own production from land and marine fields, located in the southeast region of the country. It also employs 5,000 Trinidad and Tobago citizens!

Petrotrin contributes to the country's foreign exchange earnings as it sells crude oil products throughout the Caribbean and beyond. Petrotrin has made significant investments in new technologies to diversify its product base in order to meet changing consumer patterns. Thus, for example in 2009, Petrotrin raised $2 billion of long term bond debt to build an Ultra-Low Sulphur Diesel Plant to meet critical international pollution standards. Completion of the Plant has been delayed for several reasons and an additional investment is needed for its completion. However, an extensive multi-year upgrade of the Refinery (the Gas Optimisation Project), commissioned in 2015 has already contributed an estimated $500 million in additional revenue.

The sharp fall in oil prices since late 2014 has had a devastating effect on Petrotrin's finances. It has forced a sharp cutback in its drilling programme, drastically reduced maintenance expenditure for the company's ageing assets and created serious cash flow and debt servicing problems. The stark reality is that a whole range of far-reaching measures is needed to guarantee Petrotrin's very survival.

International rating agencies have downgraded Petrotrin's debt and have given warning of further downgrades unless major structural changes are immediately effected. In this regard, Petrotrin faces the critical need to reduce operating expenditure by $500 million over the next four years, or increase the profitability of the company commensurately. This will require a reduction in discretionary spending, as well as a review of the organisational structure, improved efficiency, and stringent control of operating costs.

These adjustments are absolutely necessary since a robust restructuring program will be a pre-condition for the re-scheduling of Petrotrin's overwhelming debt burden, which includes amortisation payments of close to US$400 million in 2017-2018 and a bullet payment of US$850 million in 2019.

Accordingly, it is the Government's intention to enter into discussions early in 2017 with the Oilfield Workers Trade Union, and the Company, to see how best we can work together to resolve Petrotrin's issues. In addition, Petrotrin's existing oil reserves, held by Trinmar, represent the best available option in the short term to increasing much needed national oil production, and boosting Petrotrin's income, which is another pressing matter that we intend to discuss with the Union and the Company early in 2017. If we are to survive the current economic difficulties, we must reverse the decline in national oil production, and Petrotrin's oilfields, onshore and offshore, are our best chance to do so.

Manufacturing

Madam Speaker, we are committed to the creation of an enabling environment in which the manufacturing sector would play a greater role in driving economic growth and export diversification. Central to this effort is the maintenance of low inflation and low bank lending rates supported by an investment climate which facilitates and simplifies business and trade processes.

According to the World Bank's "Doing Business Report", Trinidad and Tobago ranks 88th out of a total of 189 countries. We continue to receive poor ratings relating to procurement and the collection of taxes. Our planned establishment of a Revenue Authority and the Office of Procurement Regulation in 2017 should contribute to a decided improvement in Trinidad and Tobago's rating.

We have made some positive steps with the introduction of the Single Electronic Platform (TTBizLink) for trade and business facilitation. This platform hosts over 25 transactional e-services, (including e-company registration, e-work permit, e-import-export permit and licenses, e-certificate of origin, e-fiscal incentives, e-import duty concessions, e-NIB registration, e-company BIR and e-company VAT registration). There is room to expand the inventory of e-services, to include for example the availability of a broader range of economic and social statistics to facilitate business planning and a more efficient electronic payments solution. In addition, we have created a High-Level Co-ordinating Committee, to facilitate regulatory approvals for major investments in excess of $200 million, which will generate a minimum of 50 jobs.

We have resolved through astute negotiations the issues relating to the stalled Caribbean Gas Chemical Limited (CGCL) project, the joint venture between the National Gas Company Limited, Mitsubishi Gas Chemical Company, Mitsubishi Corporation and Massy Holdings. Construction of the petrochemical complex at La Brea has commenced. With an investment of US$1 billion the project will produce methanol and dimethyl ether (DME), and will create a range of downstream derivative industries offering good quality long-term secure jobs for our citizens in the south-west peninsula, as well as attractive opportunities for local businesses.

Madam Speaker, we are currently engaged in active discussions with another large foreign direct investor interested in the establishment of a downstream aluminium-products plant. This company could serve as an anchor tenant in the Tamana In-Tech Park with the power to attract other industries and create many jobs.

We are enhancing market access opportunities to Latin America countries and have signed a Partial Scope Trade Agreement, with preferential market access, with Panama. We are currently in negotiations for a similar agreement with Chile. Cuba and Venezuela are two other markets that are opening up to Trinidad and Tobago manufactures. We see the Cuban market as having great potential.

The EXIMBANK of Trinidad and Tobago has in 2016 created a US$10 million revolving loan facility to assist our exporters in accessing these new markets. This US dollar financing facility will be expanded and increased in 2017.

Madam Speaker, we are supporting the thrust to expand the country's exports with the:

- establishment of Special Economic Zones Policy which will replace the current Free Zones regime;
- establishment of Agro-processing Parks in Moruga and Wallerfied, among other areas;
- increased trade with Venezuela, which is already bearing fruit;
- introduction of incentives to support our Maritime Industry.

Infrastructure

Our plans for infrastructure development place major emphasis on road and port development. Among the projects to be initiated in 2017 are the Pt Fortin Highway project, the Moruga main road and Moruga Port, the Toco Port, the Valencia to Toco road and the Wallerfield to Manzanilla Highway.

Specifically, we have made significant progress on untangling the mess left for us on the Pt. Fortin Highway Project. OAS' contract has been terminated and so far, the National Infrastructure Development Company, NIDCO, under new management and direction, has already recovered $670 million in 2016 in letters of credit and bonds from a number of banks that had provided guarantees for OAS. A further $250 million is being actively pursued by NIDCO's lawyers in the Courts in London.

Accordingly, with these funds in hand, NIDCO is in a position to resume construction work on the project, without making an immediate demand on the Treasury, and tenders will be invited from local contractors shortly, in this regard.

Design work is also in progress for the proposed new first class road from Valencia to Toco, with an experienced consultant on board. Tenders have also been invited for the Wallerfield to Manzanilla Highway and work on the first phase of this project from Cumuto to Guaico is scheduled to commence in 2017.

Tenders have also been invited for the proposed new Port in Moruga, while design work has commenced for the upgrade of the Moruga main road. Construction of the Port and roadworks is scheduled for 2017.

Information Communication and Technology (ICT)

Consistent with our manifesto commitment, we are already rolling out free and easy access to broadband internet in public spaces through the recently-implemented TT WI-FI initiative. We are building a knowledge-based and well-connected society as a foundation for increasing productivity and for generating sustainable growth and development. In fact, all WI-FI enabled devices, including smartphones, laptops and tablets, now have access on thirteen (13) specific Public Transportation Service Corporation (PTSC) buses, twelve (12) in Trinidad and one (1) in Tobago. And this is just the beginning.

Agriculture

Madam Speaker, economic activity in the agricultural sector provides food for the population, income for our farmers and fisher-folk and could add to our export earnings. Our restructured school-feeding programme and the expected expansion of a tourism sector will offer enhanced market opportunities for our local farmers.

High-impact programmes are being implemented by way of drainage upgrade, the modernisation of land records, irrigation infrastructure and the grant of exemption from all duties and taxes on inputs into the agricultural sector.

- Improved irrigation is being fostered by enhanced water resource management systems. Orange Grove is already completed with good results, as reflected in the revitalisation of the local rice subsector. Indeed, we have seen the return of several brands of farmer-produced local rice on the shelves of local retailers. Irrigation projects are planned for Plum Mitan, Caroni and Bejucal;

- access roads are being rehabilitated with projects at Los Iros, Gasparillo, Tableland, Rio Claro and Siparia;
- infrastructure at fish landing sites are being upgraded with completed projects at Otaheite, Las Cuevas, Balandra, Salybia, Cumana, Ortoire, Cocorite and Blanchisseuse;
- in particular, the Carenage Fish Market project, abandoned by the previous Government, will be restarted in 2017.

Madam Speaker, we are moving to achieve self-sufficiency in our food requirements by reducing the cost of production and we are doing so in a manner to ensure income security for our farmers and reduced prices for consumers; indeed, in the period July 2015-July 2016 food price inflation has decelerated to 6.8 percent from 11.4 percent in the comparable period of July 2014-July 2015. With the modernisation of land records, investors and farmers would now have access to standard agricultural leases which can be collateralised for accessing low-cost credit, in particular through a well-resourced Agricultural Development Bank (ADB).

Madam Speaker, we are revitalising two important components of the agro-processing industry:

- the coconut industry with emphasis on production; 900 acres in the east coast are now being repurposed through our Coconut Rehabilitation and Replanting Programme; and
- the cocoa industry with emphasis on the processing of cocoa into chocolate and other high-value products down the cocoa value chain. We are collaborating with the University of the West Indies (UWI) through its Cocoa Research Unit to process cocoa into fine and flavour cocoa and this collaboration would assist farmers and manufacturers in the improvement and commercialisation of their products. The European Union (EU) is also supporting this project through the provision of funding to the Cocoa Research Unit.

Both cocoa and coconut industries require the cooperation of the public and private sector. The public sector will support research and development efforts, best practices in agriculture and agro-processing and in international marketing. The private sector will take the risks related to capital investment in manufacturing, management of the business and marketing and distribution.

I would like to reiterate, Madam Speaker, that our focus on these two areas does not preclude support for other initiatives in the area of agro-processing and other agricultural activities, which I will refer to later.

Tourism

Madam Speaker while we have had many "tourism Master Plans" over the years, it is clear that with abundant oil and gas revenues, we paid insufficient attention to the development of the sector. We intend to correct this oversight. The reality is that tourism is a sector in which we have a significant comparative advantage and, notwithstanding the looming presence of Cuba over Caribbean tourism, we need to intensify our efforts that make tourism an important driver of diversification.

Even ahead of our proposed Sandals Resort, work on the rehabilitation of the existing ANR Robinson International Airport will continue in 2017. Further, to prepare for the new tourism thrust and increased tourist arrivals that will come, construction of a new and modern International Airport Terminal at Crown Point in Tobago will start in 2017.

The Government has already indicated its intention to facilitate the construction of a Sandals Resort in Tobago as a catalyst for the development and enhancement of the tourism industry in Tobago and in Trinidad.

We feel certain that a Sandals Resort will attract other tourism investments in Tobago, will precipitate the upskilling of the workforce, boost agricultural production and deliver better and more effective marketing of Tobago, as well as Trinidad as preferred tourism destinations.

For those in the know, Sandals Resorts International is one the foremost hospitality companies in the Caribbean.

It is the recipient of numerous World Travel Awards as the Caribbean's leading hotel brand and is listed among the top 500 consumer brands worldwide.

A Sandals presence in Tobago has the potential to provide significant economic impact and numerous benefits for residents of not just Tobago but by extension, Trinidad as well.

The proposed project comprises two hotels, a hotel for couples and a family hotel. During the construction period of the project, estimated to last two and a half years, an average of 2,000 persons would be directly employed. At completion and on start-up, over 1,500 direct employees are expected to be engaged.

Hundreds more will be employed in indirect activities.

After five years, once the Tobago Sandals Resort is fully established, the direct employment opportunity is expected to grow to near 2,000 persons in well paid jobs.

This will lead to greater international exposure for Tobago, particularly within the North American market, which will benefit us twofold: from exposure to the worldwide tourism market through Sandals' aggressive international marketing strategy and from increased airlift to Tobago.

Further, it is expected that Sandals will purchase in excess of $100 million annually in local goods and services, directly benefiting hundreds of local service providers, entertainers, tour guides and tours and attractions providers. Local transportation/taxi associations will benefit through contractual arrangements for transferring of visitors between the resorts and the airport, as well as to and from local sites and attractions daily.

Original projections indicate Sandals' contribution to the Trinidad and Tobago economy to be of the order of $500 million per year.

In Trinidad, we intend to focus on "niche marketing", such as meetings, convention tourism, events tourism and eco-tourism.

This plan calls for

- The construction of another large hotel in Trinidad
- Upgrading tourism sites and attractions, including beach facilities at Maracas, Las Cuevas, Manzanilla and Vessigny and the La Brea Pitch Lake Visitor Centre.
- Upgrading of Quayside on the Port of Spain Waterfront to enhance the cruise visitor experience
- a well-targeted marketing strategy combined with a dedicated focus on service improvement, through training and industry certification, will be the platform for making Trinidad a thriving meetings and convention centre.

Madam Speaker, we plan to sit down and discuss with the relevant stakeholders, ways of better integrating our rich culture (Carnival, Steelband, Calypso, East Indian culture, among many others) with our tourism development efforts, to maximise our potential.

Other Services

Madam Speaker, our emphasis on Tourism is part of a broader emphasis on Services as a platform for economic diversification. The TTIFC has already had some success in business process outsourcing which currently provides close to two thousand IT and other back-office jobs. We intend to broaden these efforts and move up the value- chain, which will require professional and technical skills such as programming, accounting, and law. The Government is currently participating in a Global Services Project with the IDB which will see the training of locals in specific skills needed by particular foreign investors or overseas operating companies.

Our diversification strategy identifies maritime services i.e. ship repair and dry docking, as an element of the port citing study, now being undertaken. In addition, we will be working to develop the creative industries, through specific fiscal incentives and energy services in which we are well-placed to exploit business opportunities in Ghana, Guyana and elsewhere.

Renewable Energy

Madam Speaker, the imperative to make the shift to renewable and clean energy and to promote energy efficiency remains our public policy agenda and is now even stronger following the Paris Agreement on Climate Change and in light of our own depleting resources of petroleum and natural gas. Among other things, we are working with the University of the West Indies (UWI) on energy efficiency issues.

Compressed Natural Gas (CNG)

Madam Speaker, we are making steady progress towards our objective of making CNG an important vehicular fuel. In the context of an attractive fiscal regime, several businesses have already been introducing into the domestic market original equipment manufactured (OEM) vehicles. CNG service licenses are being issued to companies to install, maintain or repair an approved CNG vehicle system on any vehicle. The State is supporting the switch by Ministries and Departments to OEM CNG fuelled vehicles. The state-owned companies are encouraged to do the same:

- National Gas Company Limited (NGC) already has 205 OEM CNG fuelled vehicles. The company has also put out to tender the provision of 190 OEM CNG fuelled vehicles;
- The Petroleum Company of Trinidad and Tobago (Petrotrin) has a fleet of 106 OEM CNG fuelled vehicles. The Water and Sewage Authority of Trinidad and Tobago (WASA) and the Trinidad and Tobago Postal Corporation (TTPC) are seeking to convert their fleet of vehicles to CNG; and
- The Public Transport Service Commission (PTSC) has already integrated 30 CNG buses into its fleet; another 100 are on the way.

Madam Speaker, the private transportation sector is falling in line. The Maxi Taxi Association (MTA), in collaboration with the NGC CNG Company, is managing over the course of the next three years a change of approximately 1,200 diesel maxi-taxis to OEM CNG maxi-taxis.

Madam Speaker, to meet this increasing demand, the CNG refuelling infrastructure is expanding with ten (10) refuelling stations already available to the general public. In FY2017 an additional seven (7) would become available. We will expedite the roll-out of multi-fuel stations, the retrofit of existing liquid fuel stations with CNG and the upgrade of existing CNG stations in the context of the medium-term CNG programme which is aimed at the construction of 72 CNG stations and the conversion of a considerable number of vehicles.

Madam Speaker, the liberalisation of the fuel market and the shift to CNG will reduce domestic demand for liquid fuels which could then be redirected to the export markets earning critical foreign exchange in the process.

Hybrid Vehicles

Madam Speaker, consequent on removal of all taxes on hybrid vehicles earlier this year, hybrid vehicles are already on the market, and the numbers are increasing significantly. To further promote the use of hybrid vehicles the Government will encourage Ministries and Departments to incorporate hybrids within their fleets.

Financial Sector Policies

Foreign Exchange Management

Madam Speaker, from time to time, there have been complaints about foreign exchange shortages and the impact this is having on some businesses. Occasional foreign exchange shortages are not new but their incidence has been exacerbated since 2014, due to changes in the forex management regime, which disturbed the longstanding confidence in the system. The situation was later aggravated by the steady decline in earnings from the energy sector.

These uncertainties have led to increased demands for foreign exchange, in some cases for purposes of hoarding and capital flight.

Madam Speaker, many have called for the complete liberalisation of the exchange regime, as a means of addressing these shortages. We think that this will be the wrong policy response.

As has been demonstrated in many regional economies, (including Jamaica, Guyana and most recently Suriname), a free-floating exchange rate carries enormous risks for small developing countries. These include serious inflationary pressures, the possibility of a wage-price spiral and, as a consequence, adverse income and distribution effects.

Madam Speaker, we have a flexible exchange rate regime that has served us well for decades. As such, there is no need for any drastic movement.

The Central Bank will continue to manage the exchange rate flexibly, supported by its monetary policy and foreign exchange sales to the market as needed. The movement of the exchange rate and the pace of exchange rate flexibility, as well as the level of forex market intervention will be the domain of the Central Bank, subject to appropriate consultation with the Minister of Finance, as and when required. Under its new leadership team, we have confidence in the Bank, and the Government will support the Central Bank's foreign exchange management and intervention with appropriate fiscal policy.

Government Savings Bonds

Madam Speaker, the low interest rate environment which has prevailed for some time is constraining our savings culture. We must reverse this trend, given that the mobilisation of savings is critically important for financing growth and development. To that end, I propose to issue savings bonds under the Government Savings Bond Act Chapter 71:41 in different rates and maturities.

Madam Speaker, I propose in the first instance to issue general savings bonds in maturities which would be suitable for the savings profile of our citizens, including our pensioners these bonds would be issued through regulations issued under the Government Savings Bond Act Chapter 71:41.

To that end, in the first instance, the savings bonds would have the following characteristics:

- the bonds will be issued annually and have three (3) maturities with interest rates appropriately linked to the current yield curve: three years at 3 percent, five years at 3.5 percent and seven years at 3.75 percent;
- the bonds will be issued in denominations of $1,000;
- bond holders would be initially entitled to purchase up to $100,000 among the three maturities.

As time goes by and we get a better sense of the appetite of the public for savings, we may increase the limit that any one person can purchase, and make further enhancements, as appropriate. As an encouragement to persons to save for specific purposes, we also intend to introduce in 2017 attractive Housing Bonds, specifically linked to the purchase of housing accommodation, and Education Bonds linked to education expenses.

The Heritage and Stabilisation Fund

Madam Speaker, this Honourable House will recall that the Heritage and Stabilisation Fund Act of 2007, called for a review of the legislation, after five years, which ended in March 2012. Unfortunately, this review was not completed up to when the last Administration demitted Office.

With the changed circumstances faced by our energy sector, the current Government has been working on extensive changes to the current legislation. In the context of this work, earlier this month, the Ministry of Finance hosted a forum attended by representatives of Business, Labour, the University of the West Indies and other stakeholders. Learned papers on the experiences of other countries were presented by Officials from the World Bank and there were detailed discussions among participants.

Based on this Forum a draft position paper is being prepared, as a basis for public consultations, with a target of presenting a revised bill to Parliament in FY 2017. The draft Bill will provide for the separation of the HSF into Heritage and Stabilisation Funds, each with its own rules with the design of the latter being informed by the Medium Term Fiscal Consolidation Plan. The Bill will also address the need to increase the rate of savings into the new Heritage Fund, taking into consideration the implications of energy revenue transfers for fiscal adjustment.

Revenue Authority

Because of the obvious leakages of tax revenue, we plan to complete the legislative requirements and establish the Revenue Authority in FY2017, having already strengthened the administrative processes at the Board of Inland Revenue and the Customs and Excise Division at the Ministry of Finance. With a broad level of autonomy, the Revenue Authority would maximise tax collection in Trinidad and Tobago. As indicated previously, however, this will require the support of the Opposition, since the enabling legislation requires a 3/5 majority vote in Parliament, and once the Revenue Authority Bill it is laid, it is our intention to send the legislation to a Joint Select Committee of Parliament so that we can benefit from the views of all stakeholders.

Statistical Institute

Because of the complaints of the unavailability of up to date and accurate statistical data in Trinidad and Tobago, a matter which has attracted the attention of the international ratings agencies, we intend to lay in Parliament in FY 2017 the legislation to establish an independent statistical institute, namely the National Statistical Institute of Trinidad and Tobago. This Institute will be overseen by eminent persons from the private and public sectors and from academia. A high level Task Force has already been established, earlier this year, with a mandate to complete within 12 months the establishment of the Institute. The Task Force is expected to provide oversight on the development of the legislative framework to support the National Statistical Institute of Trinidad and Tobago (NSITT) and to assist in its establishment and operationalisation.

Insurance Legislation and Gaming and Betting Legislation

Madam Speaker, in the last Parliamentary session, we laid the Insurance Bill 2016 which would bring under stronger regulatory remit insurance companies and pension funds. While the debate on the Bill has not commenced in the Lower House, there was agreement on both sides that it would be preserved for debate in this session, under Standing Order 79. I wish to emphasize that is the exact same Bill that was laid in Parliament and sent to a Joint Select Committee by the former Government in Parliament, with no changes (other than the date!) and as such, it is my expectation that this long overdue legislation will receive the support of the Opposition in 2017.

Similarly, we have also laid and preserved the Gaming and Betting Bill 2016, which is an exact copy of the legislation brought by the former administration. Again, with the assistance of the Opposition, we expect to enact this long overdue Gaming legislation in 2017, thus bringing order and stability to this largely unregulated industry.

Social Sector Policies

Education

Madam Speaker, the PNM has been the main driver of educational advancement in Trinidad and Tobago for decades. We have established free education from early childhood to tertiary level, the University of Trinidad and Tobago, the Government Assistance for Tuition Expenses (GATE) Programme and the Higher Education Loan Programme (HELP). Our investments in the education sector have increased the number of university graduates in Trinidad and Tobago exponentially. We will continue to build on this legacy and ensure that future investments in education upholds equity, quality, efficiency and effectiveness in the system.

Curriculum Reform

Madam Speaker, the previous Administration introduced a "Free Laptop Policy" for first year students in secondary schools at an estimated cost of $310 million over a four-year period. In our view, the programme brought limited benefits because it was done in the absence of an overarching ICT education policy and there was inadequate ICT infrastructure in schools: limited access to high speed Internet services, insufficient relevant digital content, sparse training of teachers in ICT and no management procedure for ICT projects and initiatives.

In light of this, a comprehensive ICT in Education Plan will be rolled out in the next fiscal year. This 5-year plan will ensure:

1. The establishment of an overarching ICT in Education Policy;
2. Training and Professional development of teachers and other educators;
3. Provision of adequate and appropriate ICT infrastructure in schools;
4. Curriculum reform to include ICT-infused lesson plans for students; and
5. Establishment of an ICT Steering Committee.

The new Plan will provide for laptops for each Form Level at each secondary school; laptops will be used during class sessions that require the use of ICT-related tasks and will remain the property of the Ministry of Education. Students writing CSEC and CAPE will soon benefit from the Bring Your Own Device (BYOD) policy for those who would like to use their own device for School Based Assessments and other research projects while at school.

Madam Speaker, drastic reductions in energy prices have forced us to undertake a comprehensive review of the GATE Programme. This review showed that notwithstanding the gains achieved, there are some major inefficiencies associated with the Programme, particularly with respect to wastage. In the light of this, Government took the decision to implement a cost sharing approach for tertiary education as well as to introduce means testing for tertiary funding.

Madam Speaker, the changes which have been made include:

- effective academic year 2017-2018, a means test will be implemented: students whose household income falls below $10,000 per month will be eligible for 1005 funding. Where the household income is above $10,000 per month students would be required to pay 25 percent of their tuition fees. Where the household income is above $30,000 students would be required to pay 50 percent of their tuition fees;

- students pursuing post-graduate programmes would be funded subject to their programmes being in alignment with the country's developmental needs;
- students enrolled in non-medical programmes at regional campuses of the University of the West Indies (UWI), which are offered at UWI St. Augustine, will only be funded at the equivalent level of funding at the St. Augustine Campus;
- students would only be funded for one undergraduate programme and one post-graduate programme;
- students over the age of 50 will no longer receive funding;
- students in the medical programme at St. Georges University, Grenada will no longer receive funding;
- only institutions and programmes accredited by the Accreditation Council of Trinidad and Tobago would receive funding.

These policies will allow us to reduce expenditure on the GATE programme from $650 million in 2016 to $600 million in the 2017, with a further reduction to $500 million in 2018. We are aware that the introduction of the GATE cost-sharing model will see an increase in the number of students seeking loans. Thus, we have increased the loan ceiling for students studying at local institutions from $25,000 to $35,000 annually to ensure that everyone has the opportunity to attain tertiary level qualifications.

Additionally, Madam Speaker, the capital investment policy for our schools will ensure that ageing infrastructure is refurbished and dilapidated buildings are replaced with modern facilities in a timely and cost efficient manner. We will continue to work in harmony with Denominational Boards to realise this objective.

Health and Healthcare

Madam Speaker, like improved education outcomes and results, healthy citizens contribute to faster economic growth. Our health and healthcare policy is appropriately focuses on three areas:

- we are improving health care service delivery and management with the roll-out of our hospitals and health clinics being anchored on a patient-centred model supported by an effective performance management system;
- we are working to ensure sustainable funding for the health care system. We are far advanced at determining the most appropriate health insurance model for the country. We will collaborate with private sector investors on the finalisation of the model and when operationalised, the model will allow all members of the public to access high quality health care at any health institution whether public or private regardless of their financial situations; and
- Contracts were previously awarded for the construction of the Arima and Point Fortin Hospitals and we are now in the process of finalising the long term financing arrangements for these facilities. In the interim, construction continues with funding from the Consolidated Fund.

Madam Speaker, the Couva Hospital and Training Facility was finally handed over to the Government in September 2016. Let me repeat that. The Couva Hospital and Training Facility was only completed and handed over in September 2016.

Prior to that date, it was a construction site, notwithstanding the pappyshow of its so-called "opening" in the run-up to the 2015 election. Contrary to rumour, it was never an operational hospital, but rather, a building under construction.

However, in preparation for operationalising this recently completed hospital, it was discovered that it faces a scarcity of healthcare workers, has no mortuary nor autopsy facilities and no incinerator for the disposal of medical waste, among other things.

Having identified these major issues, resulting in additional cost still being incurred, and the fact that no Business Case or proper Management Plan was ever developed for the operationalisation of this Hospital, the Cabinet has decided to invite proposals for a public-private partnership (PPP) arrangement whereby a private operator would manage, operate and maintain the Hospital, or specific elements of it. This initiative is being supported by technical support from the Inter-American Development Bank and can be a serious option for improving the viability of other public hospitals and the quality of services offered to the citizenry of Trinidad and Tobago. We expect the Request for Proposals and/or Expressions of Interest to be invited shortly.

Housing

Madam Speaker, this country is well aware that all PNM Administrations have placed affordable housing at the forefront of its public social policy. Communities built through our housing programmes are spread throughout the length and breadth of Trinidad and Tobago. At the present time:

- We are actively converting rent-to-own into mortgage programmes, at a rate of $50 million per month, expanding in the process the home-ownership base in the country;
- We have expanded the home improvement grant and subsidy programmes;
- We are partnering with private sector land developers and contractors to provide additional housing units. As an example, in September 2016, the Housing Development Corporation (HDC) completed a design-build-finance-tender for 150-160 units on state land in Mount Hope. A contractor will be selected through this open tender process with the understanding that he will bring short-term financing for the construction of the units to be taken out by long-term mortgages provided by National Insurance Board (NIB) and the Trinidad and Tobago Mortgage Finance Company (TTMF). The HDC will be responsible for the administration of the programme utilising its own database and selection criteria;
- We are now preparing regulations to make effective, access to income tax relief for investors who are constructing multi-family dwelling units. These investors will now join other similarly-placed investors who can claim income tax relief for investments in newly constructed houses and for houses in residential sites being part of land development projects; and
- We are ensuring that the housing needs of our lower income groups are met; in respect of the 2 percent financing regime we are increasing the qualifying income from $10,000 to $14,000 and the property value from $850,000 to $1 million. In respect of the 5 percent facility the qualifying income will be increased from a lower limit of $14,001 to $30,000 and a property value from in excess of $1 million to $1.5 million.

Madam Speaker, we anticipate that in FY 2017, we will deliver 2,500 houses to deserving applicants.

Arts and Culture

Madam Speaker, PNM Administrations have always supported the development of a vibrant arts and culture sector giving expression to our diverse communities. We recognise that building communities' catalyses national development and that the arts and cultural sector would also be a creator of value, a generator of income and a provider of gainful employment. We will continue to foster community development and to support our local culture through well-targeted projects, policies and programmes:

Our Administration is committed to the construction and refurbishment of community centres to support community participation and involvement. We have already completed and commissioned eight community centres in FY 2016 and will deliver a substantial number of additional community centres in FY 2017.

We are upgrading and refurbishing our cultural institutions to enhance the expression and development of the performing arts: the Naparima Bowl, National Academy of the Performing Arts, South Academy of the Performing Arts and Queen's Hall. With respect to NAPA in particular, after successful completion of remedial works, the Ministry of Works has advised that the building is fit for occupation. Accordingly, Cabinet agreed yesterday to provide $25 million to replace the audio and electrical equipment that was arbitrarily removed from this facility by the last Government and sent to south Trinidad, so that NAPA can become fully operational once more and available for use by the people of north Trinidad and the wider population. We thus expect NAPA to be opened by December 2016 for the benefit and enjoyment of our citizens.

We are also currently transforming the National Art Gallery and Museum into a modern, welcoming space for visitors, with expanded facilities to house more comprehensive and interactive exhibitions.

We are moving rapidly to rehabilitate the Red House as the traditional seat of Parliament and soon work will be started on other major heritage buildings such as Mille Fleurs, Stollmeyer's Castle and President's House.

Finally, we are expanding music and cultural camps across all communities so that children and young adults can learn about their heritage and develop artistic skills.

Sport

Madam Speaker, sport is an important component of our national agenda for nation- building and for fostering national cohesiveness. We are well advanced in the development of a sports policy which will chart and guide sports development over the course of the next decade.

Sporting infrastructure all over the country is currently being upgraded and new facilities established to encourage increased participation in a Government's increasing list of sport development programmes. We have just completed and opened state-of-the-art sporting facilities: the Cycling Velodrome, the Aquatic Centre, the National Tennis Complex and the Multi-Purpose Sport and Indoor Facility. We are putting in place a business model for the management and maintenance of all national sport facilities to support the development of a vibrant and viable sport sector. Work has resumed on the Brian Lara Facility and it is expected to be fully-commissioned in December 2016. Work has also resumed on the multi-purpose Sporting Complex in Diego Martin, abandoned by the last Government for five years, while they turned their attention elsewhere, and work will soon be started on the multi-purpose Youth Facility in Moruga.

Social Safety Net

Madam Speaker, our society has long been grounded on the principles of social justice and successive PNM Administrations have addressed one of the complex facets of poverty: the inequitable distribution of resources amongst citizens. We now have in place a multi-faceted suite of social programmes which have empowered many of our vulnerable citizens to graduate out of those programmes and out of poverty. Our policy will continue to be the maintenance of a suite of social programmes geared towards economic empowerment rehabilitation and reintegration into society for our vulnerable and disadvantaged groups.

Madam Speaker, we are now undertaking a rationalisation of our many overlapping social programmes and we are improving the targeting mechanisms and efficiency in the social service delivery mechanisms.

- the Targeted Conditional Cash Transfer Programme (TCCTP) otherwise known as the food card has undergone a verification and evaluation process to reduce the incidence of fraud. This was done in a transparent and fair manner and the food card programme will now meet its original mandate, that is, to provide short-term basic food assistance to vulnerable households through appropriate targeting; and
- the National Empowerment Centre (NEC) at Carlsen Field is being operationalised to provide rehabilitative services to persons with disabilities; independent life skills programmes and socially interactive activities to be facilitated through a Day Activity Centre.

National Security

Madam Speaker, the safety of our citizens is an absolute imperative if we are to maximise our economic potential and enjoy the fruits of our labour. As the Honourable Prime Minister and Chairman of the National Security Council, has been articulating: the uncivilised behaviours of a proportionately small number of our citizens is threatening social peace and our traditional values. These anti-social activities cannot continue: non-stop killings from the revenge murders among organised criminal gangs to the ever-too-frequent tragedies of domestic violence to the violation of our children and the elderly. We are committed to aggressively confront and contain those elements who choose such criminal activities as their way of life.

Madam Speaker, we are deploying all the assets, resources and personnel under the control of the State to reduce crime and to ensure that a sense of security and safety prevail within the national community:

- We have been reorganising our defence and national security strategy to address a wide range of current and new emerging threats to national security emanating from issues like terrorism, fraud, transnational organised crime, gang violence, cybercrime and illegal migration;
- We have strengthened the National Security Council Secretariat (NSCS) with a Threat Assessment Centre (TAC) in the Office of the Prime minister. A National Intelligence Agency (NIA) is providing reliable and strategic information to the National Security Command Centre;
- We are far advanced on establishing the Joint Border Patrol Agency which would strengthen the security and integrity of our maritime borders through the acquisition and deployment of appropriate military assets. The agency would coordinate rapid responses of all agencies to meet all external threats;
- We have signed a Model 1A Intergovernmental Agreement with the United States, which would facilitate the implementation of the Foreign Account Tax Compliance Act (FATCA) enacted in the United States in 2010 and which would now allow for the automatic exchange of information between both countries; and
- We have signed a Customs information sharing agreement with the USA, which languished unattended for the entire five years of the previous Government, in order to benefit from shared intelligence on customs offences with the USA, which will assist us greatly in obtaining convictions for smuggling, drug trafficking and gun-running.

Madam Speaker, over the last five years, we have spent approximately $25 billion on national security. Police officers have been trained and re-trained; facilities have been updated and technology modernised. It is not unreasonable for us to expect to reap the rewards of this substantial investment and hold our police service accountable.

The Government will continue to provide the necessary resources to the police service and other security agencies involved in crime prevention, detection and rehabilitation. As an example, we recently approved $117 million on major equipment to upgrade the intelligence gathering efforts of the police, for evidence gathering and law enforcement capabilities. In addition, the following initiatives are in the planning or implementation stage:

- the establishment of municipal community constabularies and a supporting corps of volunteers, all part of the local government reform;
- the decentralisation of the police service manpower and leadership over a regional substructure; and
- the roll-out of programmes to foster the building of public trust in the police service while at the same time rooting out corrupt and otherwise unsuitable individuals from the service.

Madam Speaker, we need to do much better on crime prevention and crime detection. The achievement of these objectives will be greatly facilitated through our current programme of police service reform. This will be supported by the efforts of the judiciary and the full cooperation of all our citizens.

Local Government

Madam Speaker, we now have a detailed Report arising out of the extensive consultation process on local government reform. This Report contains a number of recommendations pertaining to the devolution of certain elements of Central Government power and responsibility to our Cities, Boroughs and Regional Corporations. Cabinet has recently approved the recommendations in the Report and the enabling legislation for local government reform will be submitted to Parliament in FY 2017.

Labour

Madam Speaker, in keeping with our commitment to democratic processes and to involve actively the social partners in high-level decision-making processes, we are deepening and strengthening the relationship among Government, labour and employers. The National Tripartite Advisory Council with appropriate technical administrative support is already playing a key role in developing a reform agenda, at the top of which are recommendations for amendments to the Industrial Relations Act and the Retrenchment and Severance Benefits Act.

Further, we are strengthening the co-operative and the credit union sectors to provide improved services to their members. Public consultations have been completed and the legislative framework is expected to be introduced in Parliament in FY2017. The Fair Share Programme (FSP) which targets micro- and small businesses to facilitate access to government contracts up to $1 million continues to expand with over 1,300 fully-certified clients in the programme.

Tobago

Madam Speaker, I now turn my attention to Tobago. Over the last few weeks, the Ministry of Finance has been in consultation with the Tobago House of Assembly, regarding the Assembly's budget proposals for fiscal 2017. These discussions were conducted in an environment of mutual respect and professionalism. Accordingly, I wish to extend sincere gratitude to the Chief Secretary, Honourable Orville London, the Secretary of Finance and Enterprise Development, Honourable Joel Jack and other senior officials of the Assembly for their invaluable input in these discussions.

Madam Speaker, the budgetary proposals of the Assembly were submitted to the Ministry of Finance towards the end of June 2016, in keeping with the time-frame stipulated in the THA Act.

Madame Speaker, we continue to be impressed with the strides which Tobago has made over the last two decades. There have been significant improvements in its physical, social and educational infrastructure. The quality of life and living standards of Tobagonians have been remarkably improved:

- unemployment is now down to about 3 percent, from about 13 percent in 2001;
- the proportion of the labour force in Tobago with tertiary education is now up to 19 percent from 5 percent in 2001; and
- both headline inflation and food price inflation are now down to moderate levels, from double digit numbers a decade earlier.

Madam Speaker, undoubtedly, any fair minded person would agree that, as it relates to any facet of development, Tobago has come a long way over the last 15 years; but notwithstanding Tobago's achievements, there is still significant work to be done to maintain and to increase developmental momentum, to allow Tobago to play an even more critical role in national economic development and to increase its contribution to the country's gross domestic product.

Madam Speaker, the development of the tourism sector in Tobago is a critical component of our national diversification strategy, given its huge capacity to earn much-needed foreign exchange. Over the next fiscal year, to enhance Tobago's tourism sector, construction is expected to commence on the long awaited new airport terminal at Crown Point, as well as significant refurbishment of the existing terminal. This will significantly enhance the tourism product as well as ensure that our citizens can travel between Trinidad and Tobago in a comfortable and dignified manner. Relatedly, we will continue to collaborate with the Tobago House of Assembly to enhance the management and operations of the inter-island air and sea transport system as we seek to find a sustainable solution to the mismatch between demand and supply on the domestic air bridge and to alleviate the inconvenience suffered by both domestic and international passengers travelling between Trinidad and Tobago.

Madam Speaker, the budgetary allocation to the THA also provides for strengthening tourism marketing for Tobago, for enhancing of the tourism product and for expanding the room stock.

Madam Speaker, even as we support the development of tourism sector in Tobago, we will continue to support the Assembly's on-going efforts to diversify the Tobago economy with private sector-driven economic activity. The allocation for 2017 to the Assembly provides for:

- the continued development of the flagship diversification project: the Cove Eco-Industrial and Business Park, which will provide enhanced opportunities for investors to become involved in export-driven enterprises;
- the continuation and expansion of the Enterprise Assistance Loan and Grant Programmes--both of which have provided the financial wherewithal for many Tobagonians to establish and expand their businesses;
- the acceleration of the public financing housing programme which will be expanded by modern financial modalities such as Public-Private-Partnerships. We recognise that home ownership by Tobagonians is a significant challenge, given the chronic mismatch which currently exists between the demand with over 7,000 applicants in the database and supply of public housing in Tobago; and
- the drive to ensure that Tobago remains a safe place for residents and visitors alike; indeed, while crime in Tobago continues to be held at manageable levels, the rate is well below the national level and indeed among the lowest in the CARICOM region. This notwithstanding, we will keep Tobago safe as we develop a modern security architecture in collaboration with the THA. To that end, tenders would be soon issued for the construction of the long-awaited police stations at Roxborough and Old Grange.

Madam Speaker, the budgetary allocation to the Tobago House of Assembly for fiscal 2017 is $2.354 billion, of which, $2.045 billion would be for recurrent expenditure, $289 million for capital expenditure and $20 million for the Unemployment Relief Programme (URP). This allocation to the Assembly represents 4.4 percent of the national budget, well above the minimum of 4.03 percent which Tobago received under the previous Government. Further, we will continue to collaborate with the Assembly in finding novel ways to supplement their budgetary allocations through alternative financing mechanisms including Public-Private-Partnerships. In addition to the direct allocation to the Assembly, significant additional sums have been allocated to facilitate work in Tobago by government ministries, in keeping with their responsibilities under the sixth schedule of the THA Act. This additional budgetary allocation will assist in particular in addressing the chronic water crisis in southwest Tobago which has impacted on the quality of life of residents and the quality of service in the tourism sector, and will also address the reliability of the electricity supply in Tobago, among several other things.

Foreign Account Tax Compliance (FATCA)

Madam Speaker, before I get to the fiscal measures for 2017, I wish to make particular mention of the fact that Trinidad and Tobago operates within an interconnected global financial system and that over the last 15 years, a number of powerful international forums, institutions and associations have emerged to deal with the scourge of money laundering and tax evasion. These include the Financial Action Task Force (FATF), the Global Forum on Transparency and Exchange of Information for Tax Purposes and the Foreign Account Tax Compliance Act of the USA (FATCA). These entities and requirements create serious international obligations for Trinidad and Tobago with respect to sharing and reporting of financial information.

With respect to FATCA. in recent weeks, there has been considerable anxiety in the population over the unwillingness of the Opposition to support the Tax Information and Exchange Agreement (TIEA) Bill 2016, designed to make us FATCA compliant and to ensure that local banks and insurance companies will not be subject to a 30 percent withholding tax on US$ flowing from the United States into the local banking system, or vice versa, among other serious adverse consequences, such as the loss of correspondent banking. This anxiety flows from a deadline for compliance which expires today.

Madam Speaker, I am now in a position to allay the fears of our citizens with respect to Trinidad and Tobago's inability to meet the FATCA reporting deadline of today, September 30, 2016. It is noteworthy that on assuming office in September 2015, and discovering that a previous FATCA reporting deadline of September 30, 2015 was imminent, although the former Government had mysteriously not signed the necessary intergovernmental agreement or passed the necessary legislation to incorporate the agreement into our domestic law or put any measures in place to ensure compliance with the requirements of FATCA, we had to scramble to quickly obtain an extension of time, to avoid blacklisting of Trinidad and Tobago

As a responsible Government we subsequently carefully reviewed our obligations under FATCA, confirmed the required policy, signed the intergovernmental tax information agreement with the USA and introduced the necessary governing legislation in early September 2016, to achieve compliance. It is to be noted that in so doing, we achieved in one year what the former Government had failed to do in five years.

However, on September 14, 2016, after it became apparent that the Opposition would not support the Tax Information Exchange Bill, I immediately communicated through the Treasury Solicitor with our counterpart in the US Treasury, explaining the fact that under our parliamentary system, a 3/5 majority was required to pass the legislation and that it had become clear that the Bill would not get the support of the Opposition by the September 30th deadline. Further, consistent with informed advice, we gave the US Treasury a detailed step by step plan with respect to meeting our obligations under FATCA.

I am pleased to report that the US Treasury has informed us that because we have (1) signed the intergovernmental agreement, (2) demonstrated firm resolve to achieve compliance by seeking to enact the necessary governing legislation, notwithstanding the obstructionist behaviour of those opposite, and (3) submitted a detailed plan of action to achieve compliance with FATCA, we are considered as of now, to have a tax information exchange agreement "in effect" with the USA.

As such, Trinidad and Tobago will not be subject to any immediate sanctions arising from our inability to meet the FATCA reporting deadline of September 30, 2016.

However, I must stress that the US Treasury has also informed us that they will be monitoring our progress as a country in this matter as we go forward into 2017, and if we do not make progress and achieve full compliance by the next reporting deadline, we shall be removed from the list of countries that have an intergovernmental agreement in effect and subjected to the full brunt of the sanctions that flow from non-compliance with FATCA. The Opposition is therefore put on notice that your support for the Tax Information Exchange Bill 2016 is a mandatory requirement for FATCA compliance and as a Parliament, we shall be returning to this matter shortly after this Budget Debate is concluded.

Estimates of Revenue and Expenditure 2016-2017

Madam Speaker, the FY2017 Budget continues the fiscal consolidation process geared to bring expenditures into better alignment with available revenues. The fiscal strategy also envisages a shift in the composition of expenditure away from transfers and subsidies towards capital expenditure. This would help facilitate the process of rekindling growth.

For FY 2017, therefore:

- total revenue has been budgeted at $47.4 billion, which is $2.5 billion higher than the estimated outturn of $44.9 billion in 2016. This 2017 figure includes the estimated yield of $1.35 billion from new tax measures and $9.69 billion from one-off revenues;
- total expenditure for FY 2017 has been budgeted at $53.4 billion, which is slightly above the estimated outturn of $52.2 billion in FY 2016. Capital expenditure is budgeted to increase by $400 million, compared with last year's outturn while current expenditure is expected to be $800 million higher, largely reflecting the higher debt servicing costs;
- the fiscal deficit is estimated at $6 billion or 3.9 percent of GDP in FY 2017 compared with a fiscal deficit of $7.3 billion or 5 percent of GDP in FY 2016.

The budgeted revenue for 2017 is predicated on an oil price of US$48 to US$50 and a gas price of $2.25 per mmbtu. It should be noted that our assumed oil price is below the International Monetary Fund (IMF) forecast of US$50 per barrel for 2017, and lower than the current oil price forecasts made by the World Bank, USEIA, IEA, and so on.

Madam Speaker, based on these assumptions we are projecting:

Total revenue	$47.441 billion
Oil revenue	$ 2.575 billion
Non-oil revenue	$44.866 billion
Total expenditure net of capital Repayments and sinking fund contribution	$53.475 billion

The main areas and allocations of expenditure for 2017 are as follows, and once again, the major allocations are for Security, Education and Health. With respect to National Security, we are fortunate that this year, we do not have to provide billions of dollars to pay for military vessels, taken on credit, and for the full backpay for the protective services, since these payments have been met either fully or in part in 2016.

National Security	- $7.625 billion
Education and Training	- $7.222 billion
Health	- $6.250 billion
Public Utilities	- $3,293 billion
Works and Transport	- $2.087 billion
Rural Development and Local Government	- $1.919 billion
Agriculture	- $766 million
Housing	- $664 million

It should be noted, however, that as we pursue our strategy of growth and transformation of the economy, we must find ways and means of closing the fiscal gap.

In 2017, core revenue, defined essentially as revenue from taxation, royalties and customs duties is only projected to be of the order of $37 billion, $20 billon less than just two years ago. This leaves a fiscal gap in 2017 of over $16 billion, which must be financed by a combination of borrowings and drawdowns from the Heritage and Stabilisation Fund, and one-off sources of income, such as the sale of assets, dividends from state enterprises, repayment of past lending (i.e. from the Clico bailout) and so on.

New sources of sustainable revenue and savings in transfers and subsidies must also be identified to help bridge the gap.

Accordingly, the following fiscal measures are proposed for 2017.

Fiscal and Other Measures

Revenue

Value Added Taxes

Madam Speaker, the maritime industry is being targeted for growth. Based on representation from the boat repair industry and careful research, which has borne out the benefits of making Trinidad and Tobago as competitive as possible in the maritime sector, compared to other Caribbean islands, I propose to make foreign yacht repair services a VAT exempt service for yacht owners. This is in keeping with international best practice. This measure will take effect in the first quarter of 2017.

Revenue Authority

We will complete the legislative requirements and establish the Revenue Authority in FY2017, having already strengthened the administrative processes at the Board of Inland Revenue and the Customs and Excise Division at the Ministry of Finance. The Authority, Madam Speaker, will allow greater transfer of information between the BIR and the Customs which is needed to reduce the incidence by tax evasion. The new Institution will also allow for tax administration to be supervised by an independent Board, which will be responsible for introducing high quality and accountable management. We estimate the first year revenue effect of the Revenue Authority to be in excess of $100 million, rising exponentially thereafter.

Transfer Pricing

Madam Speaker, illegal pricing arrangements have become a major source of tax evasion all over the world. The problem is rampant in commodity producing economies where vertically integrated companies are able to shift profit centres to jurisdictions where the tax burden is lowest. It has been estimated that since 2011 Trinidad and Tobago has lost at least US$1.4 billion per annum in reduced benefits from diversions of natural gas sales to higher price markets through unbalanced off-taking contracts.

To reduce this tax leakage, we have engaged the Inter-American Centre of Tax Administrations to work with us on a policy and legislation to govern transfer pricing. Pending comprehensive legislation, we have engaged a transfer pricing consultancy to help us in formulating a commercial structure of arms' length pricing that will advise the Government's position in upcoming negotiations with Atlantic LNG.

Property Tax

Madam Speaker, property tax the world over is widely regarded as the most equitable of taxes. Property Tax collections will be fully implemented in 2017 based on The Property Tax Act 2009, with minor amendments to the Valuation of Land Act. It should be noted that the legislation provides for exemptions to homeowners on the basis of inability to pay. New tax invoices will be issued in 2017, subsequent to the completion of the valuation roll prepared by the Commissioner of Valuations and the assessment roll prepared by the Inland Revenue Division. It should be noted that under the Valuations of Land Act, every owner is required to submit a return which will be used by the Valuation Division to calculate the Annual rental value, failing which the Division will prepare its own valuation.

Gaming

Madam Speaker, I intend to debate in Parliament the same Gambling (Gaming and Betting) Control Bill, previously tabled. I have now benefitted from the wide-ranging consultations with key stakeholders in the national community. We cannot afford the expansion of an industry which remains largely illegal and unregulated with associated negative social effects, in particular on our young and vulnerable in our society.

Madam Speaker, one of the leading consulting firms in the Gaming Industry has concluded in a Report that the gaming market in Trinidad and Tobago had rapidly emerged and in recent years had experienced uncontrollable growth. The result has been a very large diverse industry whose lack of regulation and oversight was virtually unprecedented. In fact, no other gaming market in Latin America operates with as little supervision and oversight as do Private Members Clubs (PMCs) and Amusement Machine gaming operators in Trinidad and Tobago.

Madam Speaker, in other words, we are the only country in the world with an openly thriving gambling sector that is totally unregulated.

Madam Speaker, the legislation will bring all forms of betting and gaming activities under a comprehensive, robust and stringent regulatory framework. Importantly, the legislation will meet not only the global standards required by the Financial Action Task Force (FATF) and the Caribbean Financial Action Task Force (CFATF) but will also contribute over time to a buoyant public revenues base. We expect that the industry when fully-regulated would generate good quality sustainable jobs and continue to be a major employer of people.

Fuel Subsidy

Madam Speaker, at current oil prices, both premium and super gasoline will remain unsubsidised. However, at the budgeted oil price for 2017, the break-even price of diesel is $3 per litre. It is proposed, therefore, to continue the incremental removal of the fuel subsidy and to increase the price of diesel by 15 percent. Accordingly, the new price of diesel fuel will now be $2.30 per litre, up from $1.98 per litre. This measure will take effect immediately. The price of diesel will now be 75 percent of the true market rate.

Alcohol and Tobacco

Madam Speaker, the Government is of the view that we need to curb the consumption of Alcohol and Tobacco. Worldwide, tobacco use is the single largest cause of preventable death, killing around 6 million people every year, while over 3 million deaths every year result from the harmful use of alcohol. This harmful use brings significant social and economic losses to individuals and society at large. In Trinidad and Tobago, it costs the Government $500,000 per year to treat just one lung cancer patient. For far too long, we have had to deal with the negative consequences associated with the high consumption of these products.

Madam Speaker, I propose therefore to:

- increase with effect from October 20, 2016 the excise duty on locally-manufactured tobacco products by 15 percent as well as on alcoholic products by 20 percent. The estimated revenue yield from this measure is $60 million; and
- with effect from October 20, 2016, customs duty on imported tobacco and alcoholic products from the Common Market Origin will also be increased by 15 percent and 20 percent respectively;
- the customs duty payable on alcoholic beverages and tobacco products imported into Trinidad and Tobago from extra-regional sources will be also be adjusted to receive equal treatment to that of the common market. The estimated yield from this measure is a further $60 million.

Madam Speaker, over the past few years, there has been a marked increase in extra-regional imports of cigarettes and tobacco in large measure, due to increased smuggling. The Customs and Excise Division will be making an intensified effort to reduce the incidence of smuggling and black market sales and thus raise revenues.

Madam Speaker, as we make adjustments, it is imperative that we spread the burden of adjustment across the society. The burden cannot fall on just one group alone.

The time is thus opportune to widen and deepen the tax net within Trinidad and Tobago.

New Tax Bracket for High Income Individuals and Companies

Madam Speaker, to ensure social equity, I propose to introduce a new tax bracket of 30 percent on high income individuals whose chargeable income exceeds $1 million per annum and on companies with chargeable profits also in excess of $1 million per annum. Consistent with the objective of spreading the tax burden across the society, this measure will be introduced on January 1, 2017 and will ensure that higher income individuals and corporations make an appropriate contribution to the fiscal adjustment effort. This measure is expected to generate from high income individuals and businesses, an additional $560 million in tax revenue.

Tax on On-line Purchases

Madam Speaker, the popularity of online purchases has increased significantly over the past few years. Reducing the demand for these items helps to save on foreign exchange and to assist local industry. There are 31 Courier Companies registered and bonded in Trinidad and Tobago and is estimated that the value of packages cleared by these Courier Companies exceeds $1 billion a year.

Madam Speaker, as I announced previously I intend to impose with effect from October 20, 2016, a 7 percent charge on purchases that arrive in Trinidad and Tobago through the courier companies or are brought in directly by individuals via air freight. This measure will generate approximately $70 million in additional revenue. The tax will be due and payable at the bonded warehouses before clearance of goods or directly to customs in the same way that VAT and customs duty are currently collected.

To assist in the implementation of this measure the Government will ensure that the Customs and Excise Division is provided with the resources necessary to strengthen their capability to inspect and assess packages generally and specifically from Courier Companies.

Sale of Assets

Madam Speaker, to support the national budget in FY 2017 I propose to dispose of the following assets:

- an offer for sale will be made by the National Gas Company of Trinidad and Tobago Limited of its residual 51 percent shareholding in Trinidad and Tobago NGL Limited (TTNGL); the last offer for sale by TTNGL was 1.5 times oversubscribed; we will put in place special arrangements for existing shareholders to access the IPO; this is similar to a rights issue.

  This measure is expected to generate $1.5 billion;
- an offer for sale will be made by the Government of Trinidad and Tobago (GORTT) of an additional 20 percent of its shareholding in First Citizens Holdings Limited, the majority owner of First Citizens; the last offer for sale by first Citizens Holdings was 3.5 times oversubscribed; we will put in place special arrangements for existing shareholders to access the IPO; this is similar to a rights issue.

  This measure is expected to generate $1.5 billion;
- an offer for sale through competitive processes for 50 percent of the industrial estates now under the remit of Evolving Technologies and Enterprise Development Company Limited (eTecK).

  This measure is expected to generate $500 million; and
- the sale of 20 percent of Trinidad Generation Unlimited (TGU) to institutional investors, such as the National Insurance Board (NIB) and the Trinidad and Tobago Unit Trust Corporation.

  This measure is expected to generate $600 million.

The Government also intends to pursue in 2017 the partial divestment of Lake Asphalt to an International Strategic Partner, who can successfully market our natural asphalt and diversify Lake Asphalt's product line. This will increase production volumes, monetise the product and increase employment, especially in the La Brea area, which is in urgent need of development.

Measures to Bring Relief and Stimulate the Economy

Madame Speaker, although our financial situation is very challenging, we recognise that a Budget should not only seek to raise revenue but should also stimulate creativity and bring relief, where feasible. In this context, we propose the following measures for the benefit of our citizens.

Relief for Low Income Households on Electricity Bills

To assist the less fortunate, we propose to exempt or give a rebate to persons whose regular electricity bill is $300 or lower. From the first $100 in electricity charges, the Government will make good the difference in charges in an arrangement with T&TEC. This measure will take effect from December 1, 2016. This measure will benefit 120,000 households.

Agro-Processing Tax Relief

To stimulate the local agricultural sector, all approved agro-processing operations will now be tax free. A certification process will be put in place at the Ministry of Agriculture, Lands and Fisheries to ensure that only qualified applicants benefit from this tax relief. The qualifying criteria will be that at least 75 percent of the processing of agricultural products must be done in Trinidad and Tobago and 75 percent of the ingredients must be produced or harvested locally. This measure will be implemented in the second quarter of fiscal 2017.

Public Private Partnership (PPP) Business Tax Relief

Over the next four years, utilising a public private partnership approach, the Government will provide 50 percent tax relief and other appropriate fiscal incentives to businesses which can mobilise private sector funding to provide public infrastructure and/or public facilities, amenities and services, now provided solely by the Government. Projects that increase productivity and create meaningful employment will also be considered for inclusion. The Government would provide a proper Clearing House to evaluate such proposals. This measure will be implemented in the first half of 2017. Further details will be forthcoming in due course

Entrepreneurial Talent Grant

Utilising a national talent search methodology, and a national competition, citizens will be invited and encouraged to present innovative business ideas for evaluation by a panel of accomplished businessmen and entrepreneurs. The top five projects annually will receive a $1 million grant to facilitate the development and implementation of their business concepts.

Conclusion

Madam Speaker, as I conclude, over the past year, we have been actively putting in place a robust and prudent macro-economic and development agenda to facilitate a return to socio-economic prosperity. This high-impact agenda has been informed not only through our own policies and programmes as outlined in our 2015 manifesto- now government policy, but also through the effective engagement with key stakeholders from our various economic and social sectors.

Madam Speaker, I wish to take this opportunity to pay public tribute to all those concerned citizens and organisations which submitted to the Ministry of Finance detailed initiatives aimed at putting the economy on a path of sustained growth with increasing sources of growth drivers as well as in an environment of safety and security. I will summarise some of the key contributions:

- the Trinidad and Tobago Chamber of Commerce's views were extremely insightful: on sustainable economic development growth, on governance and institutional building, on crime and national security and on Tobago development;
- the Energy Chamber gave us an informed view on stimulating oil and gas production. It considered the present dialogue between the Ministry of Finance and the Chamber on fiscal reform for the oil and gas sector to be extremely productive and looked forward to the revitalisation of the oil and gas sector in the context of the conclusion of that dialogue;
- AMCHAM Trinidad and Tobago provided a number of useful recommendations for expanding revenue, curtailing expenditure and improving tax administration;
- the Trinidad and Tobago Manufacturer's Association (TTMA) provided valuable insight into appropriate measures for propelling the growth of the manufacturing sector and in particular, exports;
- the Employers Consultative Association (ECA) pointed to the need for shifting focus from the short and medium-term to the long-term well-being of the society and for continuing investment in education, for combatting the scourge of crime, for economic diversification and importantly for tripartism and social dialogue; and last but not least:
- the Joint Trade Union Movement (JTUM) played a key role in the deliberations and demonstrated that they fully appreciated the critical importance of economic growth. They submitted a well thought out and practical plan of action for stimulating key sectors of the economy, for achieving social equity and for diversifying away from dependence on oil, for which I especially thank them.

As we go forward, therefore, to rebuild and transform our economy, and to lift our country out of the economic doldrums, to continue to be the economic powerhouse of the Caribbean, so that all of our citizens can share equally in the national wealth, and get their fair share of the national pie, we need all hands on deck. This is no time for obstructionism or myopic partisan behaviour, and once we all aspire together, I am certain that we shall all achieve together.

Thank you.

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