



GOVERNMENT OF THE REPUBLIC OF TRINIDAD AND TOBAGO

BUDGET STATEMENT 2015

SEPTEMBER 8, 2014

**PRESENTED BY SENATOR THE HONOURABLE LARRY HOWAI
MINISTER OF FINANCE AND THE ECONOMY**

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1. INTRODUCTION

Madam Deputy Speaker, it gives me great pleasure to present to this Honourable House the **fifth** Budget of the Peoples' Partnership Administration under the transformational leadership of our Prime Minister, the Honourable Kamla Persad-Bissessar. This Administration has traversed a very challenging period over the past **4 years**; but we have remained resilient and strong.

Madam Deputy Speaker, as we have systematically overcome the several challenges which had confronted us, we are progressing with confidence and optimism to a renewed mandate in 2015 for a further 5 years. Indeed, the single-mindedness and clarity of vision of our Honourable Prime Minister have been essential in ensuring that our economy returned to more inclusive, fair and equitable growth. We are witnessing improving living standards among all citizens.

We have in place policies which are extending a caring hand to those who experience difficulties and we are creating opportunities for all our citizens to participate in our growing economy. This financial year 2015 Budget Statement is formulated around the theme: *Empowering our People through Sustained Economic Growth and Prosperity*.

I wish to thank, for their selfless support, the Honourable Vasant Bharath, Minister of Trade, Industry, Investment and Communications and

Minister in the Ministry of Finance and the Economy and the Honourable Rudranath Indarsingh, Minister of State in the Ministry of Finance and the Economy. Their guidance in developing our plans and strategies for modernising the country has been constructive and enlightening.

My other colleagues have also played critical roles in charting our national agenda for improving the welfare of the people of Trinidad and Tobago; and of course this public policy agenda has also been shaped by the several submissions which I received by professional associations, non-governmental organisations and concerned individuals throughout the length and breadth of our country; for these national insights I am extremely thankful.

Madam Deputy Speaker, I must also stress that our plans and programmes could not have been achieved without the professional advice and unstinting support of the staff of the Ministry of Finance and the Economy. I owe them a debt of gratitude as they have worked assiduously, tirelessly and beyond the call of duty in the preparation of the documents which I have laid in this Parliament today. These documents provide a comprehensive overview of the performance of the Government over the past year as well as details of revenue and expenditure for 2015.

2. ECONOMIC CONTEXT AND PERFORMANCE

Madam Deputy Speaker, our economy has performed admirably in the face of the adverse cumulative effects of the difficult external environment and the turbulence in financial markets brought about by the **2008-2009** global financial crisis.

The spill-over impact was inevitable in the context of our increasing economic and financial integration into the world economy; but our strong economic fundamentals provided a substantial buffer which allowed this country to emerge very quickly from the negative effects of that crisis.

We are now encouraged by the strengthening recovery of the global economy. Economic activity is gaining momentum and the International Monetary Fund (IMF) in its July 2014 *Outlook* is projecting an expansion of **3.4 percent** in **2014** and **4.0 percent** in **2015**. While many economic and geopolitical risks remain, these growth projections for the global economy are good news for emerging and developing countries.

Madam Deputy Speaker, the growth rate in most Caribbean countries has been improving as several economies which are more tourism-oriented are benefitting from the higher levels of growth in the United States as well as from the economic recovery in the United Kingdom. We look to the eventual turnaround of the Euro Zone area to add a further boost to these economies.

In this context, Trinidad and Tobago will benefit from the improving world and regional economy and with our strong macro-economic fundamentals and appropriate monetary policy we will be able to shift our current growth rate to a higher and more sustainable pace.

Madam Deputy Speaker, we have achieved a great deal over the past **4 years** and in a very difficult environment:

- *growth has been restored after 3 years of decline.* We have had in the period **2012-2014**, **3** years of positive economic growth, notwithstanding extensive and prolonged maintenance activity in the energy sector. The non-energy sector in particular, has shown continued strength and buoyancy;
- *this economic growth is taking place in the context of job creation and stable inflation rates.* In **the period January – September 2013** the unemployment rate averaged **3.6 percent** and the average for the year as well as for 2014 is projected to maintain the same level.
The inflation rate had averaged 5.1 percent in 2013; but as at **June 2014**, the average rate has fallen to **2.8 percent** - the lowest in **10** years;
- *the fiscal deficit is on course to meet our 2016 objective of bringing the fiscal accounts into balance;* notwithstanding the budgeted deficit of **\$6.357 billion** for fiscal **2014**, a surplus of **\$1.967 billion** had been realised as at the end of June 2014;
- *public sector debt remains at a sustainable level at **43.0 percent** of Gross Domestic Product (GDP) with the external debt service ratio remaining in single digit;* these debt ratios are within well-established international benchmarks;
- *the balance of payments remains robust with the generation of consistent surpluses on the current account and with steady flows of private direct investment.* As a result, gross official reserves

stood at **US\$10.0 billion** in **December 2013**, covering approximately **12** months of imports; by **July 2014**, the gross official reserves had reached **US\$10.2 billion**;

- *gross foreign direct investment* has increased robustly on an annual basis since 2010 and is projected at US\$3.3 billion for 2014;
- *substantial financial buffers* have been built up to meet contingencies; apart from our healthy official reserves, the Heritage and Stabilisation Fund now amounts to **US\$5.6 billion**;
- *the rating agencies Standard and Poors, Moody's Investors Services and Caribbean Information and Credit Rating Services Limited*, have maintained the country's excellent investment grade ratings; and
- access to international capital markets have been facilitated by those ratings with Trinidad and Tobago being able to raise in **December 2013** a **US\$550.0 million 10-year** Bond which was **10** times oversubscribed.

In short, as a nation, we are better off today than 4 years ago.

MEDIUM-TERM OUTLOOK

Madam Deputy Speaker, in the context of other similarly-placed emerging and developing countries our economic performance has been excellent. Moreover, the foundation has been laid for a sustainable recovery. From this position of strength our economy is undergoing an important transition. Over the medium-term **2015-2017**, the growth momentum is expected to be maintained and the balance of payments is projected to continue to generate surpluses and increasing levels of reserves.

Madam Deputy Speaker, notwithstanding these successes, we recognise that there are many underlying issues which need to be addressed if we are to sustain our growth momentum.

Having dealt with the issue of the return to growth and the financial problems generated by the failure of Colonial Life Insurance Company Limited (CLICO) and Hindu Credit Union (HCU) we are now turning our attention over the medium-term to the reform measures necessary to transform our economy.

3. ECONOMIC RECOVERY -ORIENTED ENVIRONMENT:

EASE OF DOING BUSINESS

Madam Deputy Speaker, with our encouraging medium-term economic outlook this Kamla Persad-Bissessar-led Administration will continue to facilitate a more conducive economic and business environment to attract both domestic and foreign investment. These investment inflows are key drivers for financing sustainable growth and development. The Government has also made substantial strides in improving the regulatory environment for business activities.

We have been reducing the administrative burden on companies doing business in Trinidad and Tobago as demonstrated by the improvement in our ranking in the World Bank Group's *2014 Doing Business Report*. This ranking has been improving consistently. In fact, we envisage a higher ranking in the 2015 Report of the World Bank; this notwithstanding, there remains a number of challenges and it is our intention to address these in a focused manner.

DOUBLE TAX AGREEMENTS

Madam Deputy Speaker, deeper external business and economic relationships are being fostered. We are continuing to negotiate Double Tax treaty agreements, the latest one being with the Federal Republic of Germany.

This treaty will be mutually beneficial to both countries, especially since Trinidad and Tobago is the **third** largest destination for German investment in Latin America.

We have put a new team in place to address these matters and over the next fiscal year we have placed on the agenda negotiations for Double Tax Treaty Agreements with several countries including: Japan, United Kingdom, Luxemburg, South Korea, and the Netherlands.

BANKRUPTCY AND INSOLVENCY LEGISLATION

Madam Deputy Speaker, the work on the ease of doing business has been further consolidated with the **May 26, 2014** proclamation of the *Bankruptcy and Insolvency Act, 2007*. The proclamation with accompanying regulations established the Office of the Supervisor of Insolvency in the Ministry of Finance and the Economy and allows for the treatment of both corporate and individual bankruptcy. This is the first major overhaul of this legislation in almost 100 years and it opens up the possibility of encouraging corporate rehabilitation as an alternative to liquidation. In this framework the flow of credit to the economy will be expanded.

The role of the private sector as the driver of growth is being consolidated as we continue to build a competitive and efficient economy. Entrepreneurship is being fostered on a number of fronts, including Initial Public Offerings, the securing of strategic partners for selective state enterprises, and the utilisation of the public-private-partnership model for delivering infrastructure and public services.

PUBLIC OFFERING PROGRAMME

Madam Deputy Speaker, the Government's Public Offering Programme is under way. The Initial Public Offering for First Citizens Bank Limited was successful by any standard of measurement. The **48,000,000** shares on offer were **3.12** times oversubscribed by over **12,400** applicants. The IPO has added more than **8,000** new investors to the existing pool of equity investors and the country is on the way to achieving the public policy objective of the widest possible participation of all citizens in share ownership.

Despite the concerns expressed by the national community with respect to the inordinate purchase amount by **one** staff member of First Citizens and which is now subject to an investigation by the Trinidad and Tobago Securities and Exchange Commission, the share price on **September 5, 2014** was **\$35.96**, some **63.5 percent** higher than the \$22 price which prevailed at the date of listing on **September 16, 2013**.

As soon as it is appropriate the National Gas Company of Trinidad and Tobago Limited will be offering to the national community **49.0** percent of the shareholding of the Trinidad and Tobago NGL Limited which company holds the **39.0** percent shareholding of the National Gas Company in Phoenix Park Gas Processors Limited.

This will be a historic event, being the first listing of an energy stock on the local stock market. We shall continue to spread share-ownership as widely as possible among the population thereby giving citizens a direct stake in industrial successes.

SECURING STRATEGIC INVESTORS

Madam Deputy Speaker, a consultant has been engaged to prepare a Request for Proposals for securing a strategic investor for The Vehicle Management Corporation of Trinidad and Tobago Limited. The engagement of consultancy services to undertake a similar exercise for the National Helicopter Services Limited is well underway.

These strategic investors will be required to bring to the operations of those **2** companies new capital, access to new markets and state-of-the-art technology.

The Government is determined to improve the operational efficiency and effectiveness as well as the governance of our state enterprises. In fact, in **2013**, the state enterprise on a collective basis generated profits of **\$7.6 billion** and the Caribbean Information and Credit Rating Services Limited has already completed initial rating reports for 2 enterprises: The Point Lisas Industrial Port Development Company Limited and the National Helicopter Services Limited.

It has also initiated review work for the Vehicle Management Corporation of Trinidad and Tobago Limited and National Flour Mills Limited. These reviews will chart a course for greater efficiency and effectiveness in our state enterprises. Further annual reviews of these enterprises will be undertaken to measure their progress and annually more state enterprises will be added to the process as we improve the operations of these companies.

PUBLIC-PRIVATE-PARTNERSHIPS PROGRAMME

Madam Deputy Speaker, the introduction of public-private-partnerships as a mechanism for accelerating the installation of the requisite infrastructure in several sectors has been under consideration for some time. Progress was initially slow as we generated the capacity within the Ministry of Finance and the Economy to manage this initiative.

I am pleased to advise this Honourable House that **2** pilot projects in the health and education sectors under a technical assistance programme provided by the Inter-American Development Bank are now in progress. The consultancy contracts are in place for securing transaction advisors for **3** national diagnostic centres and for **10** primary schools and **10** early childhood care and education centres.

I expect that by **February 2015** the preferred contractors for these projects will have been secured. In **October 2016** the diagnostic centres will begin actual service delivery and in **January 2017** the **20** schools will be ready for enrolment.

The Airports Authority of Trinidad and Tobago has requested the International Finance Corporation, the private sector arm of the World Bank Group, to submit a proposal which will lead to improved services at our 2 international airports; the Piarco International Airport and the ANR Robinson International Airport. As we build our capacity for identifying and managing Public Private Partnership projects, we will roll-out a range of infrastructure and service-delivery projects which will provide attractive business opportunities to potential investors.

FINANCIAL STABILITY

Madam Deputy Speaker, we have made substantial progress in bringing stability to our financial system. The issues surrounding CLICO and HCU have been largely resolved, thereby re-establishing our long record of financial stability which had under-pinned our positive and robust growth rate for many years.

COLONIAL LIFE INSURANCE COMPANY LIMITED

Our recent impressive economic outlook could not have been achieved if we did not move aggressively to repair our fiscal and financial balance sheets in the aftermath of the collapse of CLICO. Government quickly reformed the policy framework for addressing the financial consequences of the CLICO crisis. The new strategy was essential for strengthening private sector confidence.

It has dealt effectively with investors in the short-term investment products, more than 13,600 of whom have become unit holders in the CLICO Investment Fund, managed by the CLICO Trust Corporation. Approximately 830 investors in the short-term investment products did not accept the offer while more than 1,160 non-resident bond holders have advanced and are advancing their claims through the machineries of the legal security commissions in their respective countries.

Throughout this period of uncertainty, this Government has ensured that the investments of some **225,000** traditional policy holders have been protected and assured. Indeed, CLICO has done exceptionally well in terms of writing new business while maintaining substantial traditional business throughout the crisis. I will like to publicly commend the Board, management and staff for their commitment and hard work during the last **4** years.

Government is taking steps to recover the outlay which became necessary to contain the crisis in CLICO and the CLICO Investment Bank which also impacted their parent company, CL Financial Limited. To effect an orderly settlement of this debt, Government has embarked on a medium-term

strategy to secure the return of the outlay of these funds. This has informed the basic parameters of a comprehensive Shareholders' Agreement, a key component of which is a proper restructuring of those companies with proper governance practices in what is left of the Group. We now await the outcome of the Methanol Holdings arbitration. Following this, a more detailed report will be provided.

Madam Deputy Speaker, I am pleased to state that without this intervention we would have seen many of the companies in the Group facing liquidation with the attendant loss of jobs and other social and economic hardships which generally accompany such occurrences. The adverse experiences of several advanced countries are testament to this significant accomplishment.

HINDU CREDIT UNION

Madam Deputy Speaker, a second related matter is the settlement of the debt to more than **147,700** shareholders and depositors of the Hindu Credit Union. Approximately **18,000** shareholders and depositors with holdings under **\$75,000** have received **\$136.1 million** in cash; **1,330** members holding in excess of **\$75,000** have also received in cash **\$99.0 million** and **1,400** members will receive bonds to the value of **\$340.0 million**. The bond issuance programme is due to commence early in the new fiscal year.

As in the case of CLICO our intervention has alleviated the substantial social and economic hardship experienced by the shareholders and depositors of this failed institution. We have now put that crisis substantially behind us.

FINANCIAL REGULATION AND SUPERVISION

Madam Deputy Speaker, the growth-oriented environment is being anchored in a strong and modern financial structure. Partly due to the economic crises associated with the collapse of CLICO and HCU, we are continuing to give consideration to improving our existing financial

stability framework for mitigating systemic risk and for applying heightened prudential standards for our large and complex institutions.

A high-level Task Force on Integrated Financial Regulation and Supervision, under the chairmanship of an independent consultant, has undertaken research and consultation to determine the most feasible model for integrated financial regulation and supervision in Trinidad and Tobago.

On September 3, 2014, I received the Report of the Task Force which outlined the way forward for such a financial stability framework. The recommendations will inform the preparation of a new *Green Paper* which will be sensitive to our stage of development as well as to the expected evolution of the capital market and the financial sector in the country.

CAPITAL MARKET

Madam Deputy Speaker, we have recently strengthened the *Securities Act 2012* to bring it in line with international best practice, in particular on prosecuting market misconduct and manipulation as well as on measuring and evaluating risk exposure in the securities industry.

This legislative updating will bring enhanced market confidence which is not only critical for financial development but also for growth and development of the country. We shall soon be laying in Parliament a revised *Insurance Act* which reflects the deliberations of the Joint Select Committee of Parliament which worked diligently on this legislation over the past year. It has broad industry support and is modelled on Canadian Law and includes a major strengthening of regulatory capital.

Subsequent to the passage of this legislation, we shall lay in Parliament a new *Credit Union Bill* with international standards and best practices from other jurisdictions which will transfer supervision of

credit unions from the Commissioner for Cooperative Development to the Central Bank of Trinidad and Tobago.

As our financial regulatory framework becomes all-encompassing, the financial services industry will continue to expand and become more diversified. This evolution in regulatory control is facilitating the work of the Trinidad and Tobago International Financial Centre which is strengthening its capacity to attract and bring into Trinidad and Tobago new investors in the financial services industry.

We have also laid in Parliament the Miscellaneous Provisions (*Proceeds of Crime*) Bill which significantly strengthens our framework for Anti-Money Laundering and Counter Terrorism Financing activities.

Madam Deputy Speaker, saving bonds was once an important investment instrument in Trinidad and Tobago contributing to the funding of government services.

Bond sales and purchases also facilitated the development of the capital market bringing in small investors who purchased bonds in much smaller denominations than the traditional large investors.

The Government proposes to reactivate this niche market with the introduction of a tax-deductible savings bond — a confidence-inducing measure targeting in particular young persons seeking to save for the future as well as pensioners seeking a better return on their investments.

Our increasing integration into the international financial system is now being consolidated with our participation in **Euroclear** which is one of the principal clearing houses for Euro bonds and other securities. The settlement and safe delivery of bonds on behalf of local investors within **Euroclear** will help to build the international credibility of Trinidad and Tobago and give local investors improved access to international capital markets.

4. STIMULATING GROWTH AND INVESTMENT

Madam Deputy Speaker, technical work continues on the **5** growth poles which we have established in special and regional areas for spurring economic growth and development and work is also taking place on port rationalisation. The recently-commissioned, Galeota Port, will provide significant logistic support to the oil and gas industry in the south-east region and in the process will generate economic development and job creation.

In support of these growth-enhancing activities, we are encouraging businesses and academic researchers to collaborate on the stimulation of innovation at the level of firms. For this purpose, we have established an Innovation Fund capitalised with **\$50.0 million** to be utilised as matching grants for the innovation needs of companies. We are consolidating our new ranking as an innovation-driven country, up from the efficiency-driven country category as determined in the latest *Global Competitive Index Report*.

Madam Deputy Speaker, I turn now to the progress being made in key sectors of our economy.

MANUFACTURING

Madam Deputy Speaker, we are focusing on a trade policy and strategy which has at its core the diversification of our production base and export markets. Our newest economic zone: the Tamana InTech Park built with an investment of **\$2.2 billion** is leading the drive to attract high-value tenants who will not only develop human capital but also create high-quality and sustainable jobs.

Marketing has begun to attract investors in the fields of medical care and health tourism. We have agreed on the fiscal framework for the introduction of a *Tier Three Data Centre* in the Park which will

position Trinidad and Tobago as a regional hub for high-quality disaster data-recovery and a production centre for local and regional planners.

The public policy agenda is being driven by **2** newly-mandated companies: *investT* and *exportT*. The goal of these **2** companies is to facilitate the creation of competitive firms in the non-energy manufacturing and service sectors. The existing tax incentive infrastructure has been driving an expanding manufacturing sector which now comprises approximately **9.0 percent** of gross domestic product. The Government proposes to provide incentives to develop the following new sectors which we are targeting:

- *firstly, our food and beverage industry* which has been expanding in both regional and international markets. We propose to establish a subsidy for testing services in order to assist our manufacturers in covering such costs with a view to meeting the quality requirements demanded by international markets;
- *next, the creative, arts and entertainment sector* which is now in export mode. We are moving to strengthen these efforts. To this end, the Government proposes to increase the rebate for the use of local labour, in particular in the film, fashion and music sub-sectors;
- *thirdly, the maritime sector* is being facilitated through legislative changes which will create a climate attractive to foreign direct investment in that sector. Shipping legislation which has already been finalised by the Chief Parliamentary Counsel will soon be laid in Parliament; and
- *finally, the yachting industry* has long been providing storage and repair services for cruising yachts and light commercial marine and fishing vessels.

The Government proposes to strengthen this industry by introducing at the University of Trinidad and Tobago (UTT) advanced training for yacht building and maintenance; to this end, the UTT has entered into a strategic partnership with the Southampton Institute – Warsash Maritime Centre for Maritime Training. The graduates from the Institute will be certified by the National Training Agency and their initial training will be organised within the yachting industry.

Madam Deputy Speaker, the Government will continue to partner with the new investors in developing these sectors which will contribute to the re-balancing of the economy in favour of the non-oil energy sector and to the development of a sustainable economy.

Madam Deputy Speaker, I now turn to the Financial Services Sector:

FINANCIAL SERVICES

Madam Deputy Speaker, our financial services sector has become an important pillar in our economy contributing approximately **15.0 percent** of Gross Domestic Product and facilitating the modernisation of Trinidad and Tobago. We have already become the financial centre of the region; and the financial institutions shared-support services subsector is now consolidating with a marketing strategy to attract the middle and back-office operations of financial institutions - 2 such businesses are now in operation with **1,000** newly-created jobs. The success of these **2** operations has exceeded the expectations of the investors and discussions are underway for the further expansion of the business of **one** of these centres.

Quattro Global Services PVT Limited, an India-based business, has selected Trinidad and Tobago as a location to launch a pilot project to establish a card processing centre. On **December 13 2013**, Quattro Global Services PVT Limited entered into a Memorandum of Understanding with both the Trinidad and Tobago International Financial Centre and Caribbean Electronic Payments Limited with a view to commencing the pilot project. This initiative

will serve to position Trinidad and Tobago as an emerging location within the Caribbean, Central and Latin American region for financial services and will create high-value quality jobs, in particular for university graduates.

This new industry will have global reach. Our vision is for Trinidad and Tobago not only to be the financial centre of the region but also to be one of the foremost locations for a global financial services hub in this part of the world.

TOURISM

Madam Deputy Speaker, consequent on the global financial crisis, the tourism sector, in particular in Tobago entered into a period of financial difficulty; however, the Government acted promptly to arrest the decline and to revitalise the sector.

In the past year, we established the Trinidad and Tobago Tourism Development Fund which has been providing guarantees to financial institutions in Tobago as they restructured debt and / or provided new loans to hotels and hotel-related businesses. As at **August 2014**, the Fund had already issued Letters of Undertaking to 11 businesses in Tobago with a total cash allocation from the Fund amounting to **\$19.0 million**. To achieve even better participation by tourism-related businesses, the Government welcomes the decision of the commercial banks to improve access to the Fund by increasing the tenors for both restructured loans and new loans.

The Government will now expand the *Trinidad and Tobago Hotel and Guesthouse Room Stock Upgrade Incentive Programme*. We envisage that this programme will lead to the upgrade and refurbishment of guest houses and hotels of between **8-100** rooms. A reimbursement of **25.0 percent** of the cost of the upgrade works per guest room is being provided with a maximum reimbursement of **\$12,000** per room for properties located in Trinidad and **\$15,000** per room for properties located in Tobago.

However, as an interim measure and to encourage upgrade works both in the interior and exterior areas of the property, effective **July 31, 2014**, the rebate

programme has been expanded for a **3-year** period for properties between **6-150 rooms** with the maximum limit being increased to **\$750,000**.

Another **3-year** incentive programme which commenced on **July 31, 2014** is aimed at upgrading work in small tourism properties with between **1-5 rooms**; the reimbursement will be **20.0 percent** of the cost of the upgrade work up to a maximum of **\$75,000**. To further the development of the sector and to encourage investment in new **4** and **5** star hotels the Government is proposing to provide guarantees to financial institutions for lending to investors.

Madam Deputy Speaker, during the course of the coming year we are proposing to:

- i. transfer to the private sector the management of the hotel associated with the National Academy for the Performing Arts;
- ii. enhance tourism sites and other attractions throughout Trinidad and Tobago, in particular the Sugar Heritage Village and Museum project which is preserving the history and heritage of all economic, social and cultural traditions associated with the sugar industry;
- iii. upgrade of beach facilities, including safety and security measures, at Maracas Bay, Tyrico and Las Cuevas in the first instance;
- IV. upgrade on a phased basis starting from 2016 the beach facilities at, Quinam, Los Iros, Salybia, Mayaro, Toco, Manzanilla and Vessigny; and
- V. progress the Southern-Caribbean Cruise initiative further with the execution of a Memorandum of Understanding among participating countries.

AGRICULTURE

Madam Deputy Speaker, the agricultural sector has long been in a state of decline; but this decline has now been reversed with this Government's active engagement in the sector. At the centre of Government's agricultural policy is the *National Food Action Plan 2012-2015*. The plan aims to raise productivity and production among our farmers. Indeed, we are now witnessing an expansion in

agricultural production with the sector returning to growth in both 2013 and 2014.

Moreover, food price inflation has been averaging below 5.0 percent with the average for the first half of the calendar year 2014 being 3.5 percent – the first time in 21 years food price inflation has remained in single digits for 6 consecutive months.

The Government has continued to consolidate and to improve the quality of infrastructure to support this rapidly-expanding sector:

- agricultural incentives are being deepened and widened; 3,390 small farmers accessed the benefits amounting to \$19.0 million which facilitated either their continuation in farming or their expansion of existing production; in June 2014 the Incentive Programme was extended to large farmers;
- the Agricultural Development Bank has extended over \$107.0 million to key areas of the agricultural sector;
- the recently-established national Praedial Larceny Squad is already making its presence felt despite being in operation for less than a year. Approximately 51 arrests have been made and this has significantly improved farmer confidence.
- accordingly, I propose to make additional resources available to the Agricultural Development Bank as well as to increase all fines related to praedial larceny;

Madam Deputy Speaker, agricultural production is also being spearheaded by:

- the recently-created Caroni GREEN Limited. The company has already brought into agricultural production 360 acres of land utilising in the main the 2-acre sized agricultural plots leased from the former employees of Caroni. With more than 290 metric tonnes of produce harvested within the last 6 months, Caroni GREEN has been contributing substantially to domestic consumption of quality fresh vegetables;
- the commercial large farm programme is being rolled-out with the establishment of 8 large farms; the agri-business investors are already increasing

the quantity, the quality and the reliability of domestic food supply in a wide range of commodities, including rice, onions, hot peppers, sweet corn, a range of citrus and aquaculture. By the end of 2015, 4 additional large farms will become operational;

- the commercial large farm programme has been extended to Guyana in the context of the execution on September 6 2013 of a Memorandum of Understanding between the Government of the Republic of Trinidad and Tobago and the Government of the Co-operative Republic of Guyana.

Expressions of Interest have been issued seeking qualified private agri-investors who will be provided with leases for land in Guyana to produce commodities of strategic importance to the food security of Trinidad and Tobago, and the number of responses are now being evaluated;

- the local rice industry is being revitalised with a mandate to increase production to 50.0 percent of total consumption by 2018; 300 acres of rice land have been resuscitated in the Plum Mitan district and 500 acres are already under cultivation and production under the large farm programme;
- 12 main fishing centres in Trinidad are being upgraded: Blanchisseuse, Cocorite, Orange Valley/Brickfield, Carenage, Las Cuevas Phase 1, La Ruffin, Grande Riviere, Blue River, La Brea, Cacandee, Grand Chemin and Marabella;
- the agro-processing industry is being built by providing rebates on the cost of refurbishing or establishing approved facilities for agro-processing of approved commodities as well as refunding a portion of the expenditure for upgrading the Hazard Analysis and Critical Control Points for agro-processors;
- the regularisation of the tenancies for 3,420 former sugarcane farmers is proceeding to the next phase of surveying and the issuance to those farmers of standard agricultural leases under which they could expand the production of agricultural commodities; and

- the agricultural lease issuance exercise for more than 8,400 former employees of Caroni (1975) Limited is continuing; approximately 2,600 leases have been delivered and 540 are awaiting delivery. With the transfer of responsibility for delivery of leases from the Commissioner of State Lands to the Estate Management Business Development Company Limited the lease issuance process will be expedited for completion in 2015. These leases can now be sold in the open market.

The National Agricultural Marketing and Development Company has been strengthening the linkage between the process producers and consumers thereby ensuring a much more sustainable balance between demand and supply of domestic produce with associated stable prices.

Madam Deputy Speaker, over the long-term the Government remains committed to enhancing the enabling environment for growth in the agricultural sector. We have established the right policy framework for the agricultural sector and we expect the sector not only to bring Trinidad and Tobago to a state of food security but also to provide profitable business opportunities for our young agricultural entrepreneurs.

I turn now to Energy:

ENERGY

Madam Deputy Speaker, when this Government came into office we recognised that the development of the upstream sector had suffered from years of neglect which had contributed to declining reserves as confirmed by successive oil and gas audits. To address this problem, we have progressively upgraded the oil and gas tax regime over the last 4 years.

Investment spending is now taking place in a transparent regulatory framework, including a simplified competitive bidding process.

We have recognised that to compete internationally for capital, appropriate changes had to be made to the oil and gas regime and this

has led to a renaissance in the sector. The results of this Government's changes to the fiscal regime of the energy sector are impressive:

- investment has been expanding: the oil and gas companies have advised that investments amounting to **US\$3.3 billion** will take place in 2014 and similarly-sized investments will take place over the medium-term: **US\$3.2 billion** in 2015 and **US\$3.0 billion** in 2016.

Included in these investments is the recently-announced **US\$2.1 billion** Juniper Project, the main component of which will be the fabrication of the Juniper Platform in the LABIDCO Industrial Estate with the creation of **300** jobs thereby initiating the revitalisation of economic activity in the south-west peninsula.

The Platform will facilitate the production of **1.2 trillion** cubic feet of natural gas commencing in **2017** at a rate of **590.0 million** standard cubic feet of natural gas per day which is equivalent of **14.0 percent** of the country's production. Supporting this will be the commencement in **October 2014** of natural gas production from the BG Starfish Development;

- **12** production sharing contracts have been signed over the last **4 years**. Under the new model, the Government has included various options for the marketing of its share of the natural gas;
- **5** new discoveries of natural gas or oil in the last **2** years have been made, including:
 - i. Trinity in the East Galeota block with **27.0 million** barrels of oil;
 - ii. Petrotrin in Trinmar's cluster **6** with **48.0 million** barrels of oil;
 - iii. bpTT in its Savonette-4 well with **1.0 trillion** cubic feet of natural gas;
 - iv. Trinity in its TGAL 1 well with **26.0 million** barrels; and
 - v. REPSOL in its Teak Bravo North well with **40.0 million** barrels of oil.
- in addition a further 2 deep water production sharing contracts are about to be signed and **3** on-shore licenses are about to be issued, the first time in many decades;

- drilling activity which is reflective of greater activity in the upstream energy sector is increasing. In **2010**, the number of rig days was **1,132** and in **2013** rig days totalled **2,485**. We expect this number will be surpassed in **2014** based on the work programmes under the **28** active production sharing contracts and licenses; and
- at least **53** exploration wells will be drilled over the next **8** years based on the exciting new seismic data coming to hand, the incentives now in place and the contractual obligations of the companies.

There is going to be an unprecedented period of activity in the energy sector over the course of the next decade.

We are witnessing a marked increase in drilling activity, a significant increase in foreign and domestic direct investment, discoveries of new reserves of oil and natural gas and the stabilisation of oil production. We expect that, starting in 2017, we shall see improved results arising out of the audits of our oil and gas reserves.

Madam Deputy Speaker, the proposed **US\$850.0 million** Mitsubishi-Massy Methanol to Di-Methyl Ether plant is in an advanced stage of technical conceptualisation. The plant will produce methanol from natural gas and then go further downstream to di-methyl ether which can be used as a replacement for both propane and diesel.

Importantly, its location in La Brea will generate industrial development in the south-western peninsula and bring to that area much needed high-quality jobs.

Madam Deputy Speaker, as indicated the Energy Port at Galeota will provide substantial logistic support for the oil and gas companies operating off the east coast with a reach as far as Suriname and Guyana. The second phase of the Galeota Port will begin in **2015** continuing the stimulation of economic activity in the south-east communities. Additionally, upgrade work will take place at Brighton, La Brea to accommodate the Mitsubishi-Massy and Gasfin Projects.

With respect to the fuel subsidy, Government has been advancing the transition from the high usage of gasoline and diesel to a greater use of compressed natural gas as an alternative fuel with our objective being the reduction in the burden of the fuel subsidy on the finances of the country. The National Gas Company of Trinidad and Tobago has established a new company: NGC CNG Company Limited which is spearheading the roll-out of the CNG-equipped filling stations. By the first quarter of **2016**, 35 CNG fuelling stations will be operational.

Madam Deputy Speaker, hybrid and electric-powered vehicles are now becoming the vehicles of choice in many advanced countries. Moreover, the increasing use of these vehicles is contributing towards the reduction of gasoline and diesel.

I propose to provide tax relief on the importation of hybrid and electric-powered cars subject to the regulations outlined by the Bureau of Standards.

INFORMATION AND COMMUNICATION TECHNOLOGY

Madam Deputy Speaker, as we modernise this country to create a dynamic knowledge-based society, we are bridging deficiencies in access to and use of information and communication technologies. We recognise that a smarter Trinidad and Tobago will be a more competitive Trinidad and Tobago and pursuant to our national Information and Communication Technology Plan, commonly referred to as *smarTT*, we are implementing the initiatives which are aimed at making more intelligent use of our financial, human and other resources. Affordable high-speed broadband services are being made widely available to support the evolution of a dynamic knowledge-based society.

With technical assistance from the World Bank Group, the Government is embarking on a **\$2.4 billion** expenditure on high-impact programmes to improve infrastructure supply, in particular the provision of new networks and demand initiatives to stimulate ICT usage in the society. Public-Private-Partnerships will be utilised both in the expansion of

supply and in the delivery of services. We are also bringing the ICT policy and law up to best practice.

MAJOR INFRASTRUCTURE

Madam Deputy Speaker, we are now making progress in overcoming infrastructure backlogs and investing for more inclusive growth and development. In fiscal **2015**, public capital expenditure will amount to approximately **\$8.2 billion**. I wish to turn now to infrastructure investment in major sectors:

WATER AND WASTE WATER SERVICES

Madam Deputy Speaker, we are well on our way to ensuring an adequate and reliable supply of water to all our citizens. We have reduced leaks in our distribution network, reduced the number of customer complaints, reduced the number of repairs on our major mains, reduced the requests for truck-borne water and we have reduced the number of repairs on our valves.

We have improved infrastructure throughout Trinidad and Tobago, including the installation of storage tanks, the construction of new booster stations and we have installed and replaced many kilometres of pipelines and mains. In Tobago we have installed transmission mains from Englishman's Bay to Castara and from Bacolet to Cove Industrial Estate.

Our citizens are benefitting from these infrastructural developments. Approximately **57.0 percent** of the customers of the Water and Sewerage Authority are now receiving a reliable supply of water **24/7**; in Tobago this percentage is approximately **70.0 percent**.

Madam Deputy Speaker, in **2010**, only **18.0 percent** of the population received a reliable supply of water.

Work is being vigorously pursued on establishing a daily supply of water for all our citizens. With the completion of the Beetham Waste Water Project, the Industrial Estate at Point Lisas will benefit from a reliable and high quality water supply, thereby

diverting 10 million gallons per day of good-quality potable water to the national community. In **2015**, we anticipate that close to **100.0 percent** of the population will receive a 24/7 supply of water.

Madam Deputy Speaker, the incidence of flooding needs to be addressed. The annual damage to property, the loss of agricultural crops and the spread of vector-borne and water-borne diseases have been impacting adversely on our citizenry. The economic and social costs have been inordinately high.

With funding from the Inter-American Development Bank of **US\$120.0** million, we have embarked on a **5-year** programme to alleviate flooding and to improve drainage in the city of Port of Spain. In fiscal **2015**, infrastructure work will begin on the South Quay portion of Port of Spain which includes the City Gate area.

Madam Deputy Speaker, unplanned development has been at the source of our environmental difficulties, including the incidence of flooding. As such, we have been rehabilitating our water sheds and restoring our forest cover through enrichment planting of 1.3 million trees on approximately 6,200 acres across Trinidad and Tobago. This has been accomplished in the last 4 years.

We have taken steps to ensure that sustainable development is anchored on an appropriate assessment of socio-cultural and economic and environmental development issues. The recently-legislated *Planning and Facilitation of Development Act* has established a governance framework under which land use, planning and development will take place with a focus on sustainability.

Environmental integrity is being sustained by the Community-Based Environmental Protection and Enhancement Company Limited in its work programmes to maintain the environment. A new component, CEPEP Marine has been added which is ensuring that our western and southern coastlines are being consistently cleaned.

Madam Deputy Speaker, I turn to our Historic Buildings.

HISTORIC BUILDINGS

This Government has been focusing on preserving our historic buildings. We consider this to be critical for understanding our nation's heritage. It is also an environmentally responsible practice. Preservation work at Stollmeyer Castle and White Hall is in an advanced stage and in the next fiscal year physical work will begin on Mille Fleurs and the President's House. We are putting in place a public-private-partnership to address the on-going maintenance of these buildings.

HIGHWAYS

Madam Deputy Speaker, the Government is moving to open all economic space in the country through a network of roads and highways which will provide safe, reliable and efficient transport. Businesses and government services will be increasingly decentralised as economic opportunities open throughout the country.

We have made significant progress in developing this network:

- the **47** kilometre **4**-lane San Fernando to Point Fortin highway is being delivered in phases; the Golconda to Debe segment is already in service and several additional segments will be delivered in **2015**;
- the **6.2** kilometre Rivulet road is being rehabilitated with a delivery date in **2015** and will provide road capacity to accommodate the expanding traffic demands emanating from the Point Lisas Industrial Estate;
- the east-west corridor transportation network is being modernised to ease by **2015** the frustrating levels of traffic congestion:
 - i. the Churchill Roosevelt Highway to St. Joseph river has already been widened;
 - ii. the Beetham Highway access route in and out of Port of Spain is being widened;
 - iii. the Diego Martin Highway extension is now fully operational; and the all-important **34** metre-span walkover and canopy with

staircase near Cuthbert Road will bring major safety benefits;

- iv. the Valencia By-Pass now under construction will be completed in **November 2014**.

The new roadway will be used by motorists to bypass the town centre and will also eliminate the excessive traffic pileups which currently exist along the Eastern Main Road in the vicinity of Valencia Junction; and

- v. the over-pass at Southern Main Road and the Churchill Roosevelt Highway will commence construction in **2015**.

The removal of the traffic lights from Port of Spain to the University of the West Indies will extend the freeway and in the process reduce traffic congestion.

Madam Deputy Speaker, the roll-out of a modern network of roads and highways connecting the country is being appropriately sequenced. We have already completed the designs for **3** new highways:

- i. the Princes Town-Mayaro Highway;
- ii. the San Fernando-Princes Town Highway; and
- iii. the Wallerfield-Manzanilla Highway.

We are considering, through a public-private-partnership arrangement, an alternative access route to Chaguaramas to facilitate the increasing development activity in the north-west peninsula which has already seen the commissioning of the Chaguaramas Boardwalk and the Diego Martin Extension Highway and the soon-to-be constructed Fishing Facility and Health Centre in Carenage.

OFFICE ACCOMMODATION

Madam Deputy Speaker, the outfitting of the Government Campus Plaza which commenced this year will add another dimension to the vibrancy of the capital city of Port of Spain. On completion, our public servants will now be accommodated in state-of-the-art facilities with acceptable and appropriate office space. The sequencing will be as follows:

- **October 2014, next month**, the Customs and Excise Division of the Ministry of Finance and the Economy;
- **March 2015** the Immigration Division of the Ministry of National Security;
- **August 2015** the Board of Inland Revenue Division of the Ministry of Finance and the Economy;
- **September 2015** the Ministry of Legal Affairs; and
- **September 2015** the Ministry of Education.

Madam Deputy Speaker, the Government is collaborating with the Urban Development Corporation of Trinidad and Tobago with a view to outfitting all remaining buildings for occupation in **2016**.

Furthermore, the Government is now exploring all options available to it for ensuring that all government-owned buildings are not only fully utilised and meet the demand for government services but also the residual or unused buildings are offered for sale or lease.

5. BUILDING AN INCLUSIVE SOCIETY

Madam Deputy Speaker, I turn now to our policy initiatives for building a more inclusive society. This Government has identified 6 policy-driven institutional components which are critical and inter-dependent for making our society more inclusive and for fostering growth which is sustainable. Our policies are aimed at delivering greater equality of incomes through greater equality of opportunities.

For this reason the focus of the Government is on growth-enhancing investment and social expenditures in 6 key areas; education, health, housing, a social safety net, transport and sporting activities.

EDUCATION

Mr. Speaker, the first component in our commitment to a more inclusive society is the education system. We are advancing our public policy agenda of greater equity in our society and the building of a competitive economy. The Government will continue to provide quality and advanced skills training to meet the demands of a middle-income society.

EARLY CHILDHOOD CARE AND EDUCATION (ECCE)

Madam Deputy Speaker, we expect to achieve universal early childhood care and education by 2015. Our childhood centres established directly by Government and by public-private-partnerships are providing our 3 to 4 year-old children with quality teaching and learning and in the process are facilitating their easy transition to primary education.

PRIMARY AND SECONDARY

This country has just experienced its best year's results in 3 of our major examinations: the Secondary Entrance Assessment, the Caribbean Secondary Education Certificate and the Caribbean Advanced Proficiency Examination; but more needs to be done to build on this success. In order to improve the levels of literacy and numeracy, we have deployed literacy and numeracy coaches to 118 schools and have trained 2,700 teachers who can now develop literacy and numeracy skills in students.

We are integrating information and communication technology throughout the entire education system. All students in Forms 1-5 will have laptops by September 2014 and we are ensuring that the demands of the society for skilled and technical services are met through the increase in the number of secondary schools offering the Caribbean Vocational Qualifications.

TERTIARY

Madam Deputy Speaker, in order to uphold excellence in our tertiary education system and to ensure that skills development meets the needs of our society, a wide range of initiatives and programmes are being implemented:

- the Government Assistance for Tuition Expenses programme is benefitting approximately 67,000 participants; all public and private higher education institutions are now being held accountable for the programme and the soon-to-be-introduced National Qualifications and Credit Framework will strengthen the quality of the system;

Madam Deputy Speaker, let me assure this Honourable House that this Administration will keep the GATE programme secure and sustainable.

- the grace period of **6** months relating to the repayment of loans under the Student Loan Revolving Fund will be extended;
- the University of the West Indies, Penal-Debe Campus is in an advanced stage of completion with dedicated faculties for law, science and technology, food and agriculture and social sciences;
- the University of the West Indies, School of Dentistry is being expanded;
- the University of the West Indies, Open Campus is being constructed at Chaguanas;
- the College of Science, Technology and Applied Arts of Trinidad and Tobago is expanding its nursing facility at El Dorado;
- the Metal Industries Company Institute of Technology has already established **4** Technology centres in Tobago, in O'Meara, in Diego Martin and in Penal;
- a Drilling Academy has been established at St. Madeline with an expanded facility at Forest Reserve to provide training in downstream activities such as production and refinery operations, environmental remediation and green technologies;
- a Technology Campus is being established at La Horquetta and the facilities at La Brea and Point Fortin are being expanded;
- an Automotive Training Institute, a Workforce Development Centre and a Centre of Excellence in Cosmetology are being established at Woodford Lodge;
- the Business Education and Training Campus in Carapichaima-Waterloo which is now focusing on agri-production will be expanded to a Digital academy to support training in film, television, animation and multi-media; and

- an Aviation campus is being constructed at Camden Field in Couva: leadership is being provided by the University of Trinidad and Tobago.

Madam Deputy Speaker, we have surpassed the international benchmark established for student participation rates for tertiary education. In **2010**, the student participation rate in the tertiary sector was **42.0 percent**. This Government has now achieved a rate of **65.2 percent** which also exceeds our target of 60 percent.

HEALTH

Madam Deputy Speaker, the second component in our commitment to a more inclusive society is our focus on providing quality health care and medical services to our national community. Individual responsibility for his or her well-being represents a critical aspect of our overall healthcare. It is imperative that our citizens monitor and manage actively their own health regimes thereby reducing the demand on the country's health system.

Notwithstanding this reason, we have focused our attention on creating client-centred experiences and solutions which respect the needs, abilities and uniqueness of those members of our national community who require quality health care.

Our core principle is anchored on the rights of patients and clients to experience respectful and professional care in a considerate and supportive environment. In pursuit of this broad agenda, at the core of which is service quality, the Government is improving the delivery of health care in Trinidad and Tobago. To this end, and in order to alleviate the chronic bed shortage at the San Fernando General Hospital, we converted the newly-constructed Administrative Complex in San Fernando into the **216**-bed San Fernando Teaching Hospital. The facility became fully operational in the last year and is delivering quality healthcare to the burgesses of San Fernando and our citizens in the surrounding areas.

Madam Deputy Speaker, our health service delivery model has been moving apace since the last year:

- a *Children's Hospital and Multi-Training Facility* in Couva is under construction and when completed will focus on ensuring not only that the medical needs of our children are fully-addressed in an **80**-bed facility but also that **300** medical and nursing students are trained at the University of the West Indies' School of Medicine, Nursing and Pharmacology.

With its location close to our gas-based industries in Point Lisas, the facility will also contain a **150**-bed centralised medical facility for adults with an associated *Burns Unit*;

- the *National Oncology Centre* which will provide diagnostic imaging and radiation therapy services is currently under construction and will be fully commissioned in **2015**;

This specialist institution will add another component to the national strategy for addressing the specific needs of cancer patients;

- a National Diabetic Retinopathy Screening and Treatment Service is being phased-in over a **4** year period at a cost of **\$85.0 million**. This diabetic care service is building on a pilot screening programme which has been in place since **October 2013** and is already improving the quality of life of persons with diabetes through better control.
- Approximately **130,000** citizens is estimated in our population suffer from diabetes with **11.0** percent having urgent sight-threatening complications with compromised vision or blindness;
- **4** other new state-of-the-art hospitals are on the drawing board: Penal Hospital and Rehabilitation Centre, Sangre Grande Hospital, Point Fortin Hospital and the Arima Hospital; and
- the external patient programme is providing immediate relief to our citizens who have been waiting for surgical procedures for a minimum of 3 months in our public health care facilities: in particular, cataract, joint-replacement, CT and MRI.

Madam Deputy Speaker, the Government is also rehabilitating and repairing many other health

facilities and medical centres at Arima, Couva, Palo Seco, Sangre Grande, Maracas-St. Joseph, Carenage and Toco. In addition, we have extended the opening hours of these facilities and in several areas on a 24/7 basis.

Moreover, in order that the short-term demands for medical services are met and in the context of the shortage of doctors and nurses, Government has been recruiting foreign health care professionals, in particular, nurses and doctors for the public health institutions.

HOUSING

Madam Deputy Speaker, a third component in our commitment to a more inclusive society is the provision over the next decade of comfortable and affordable homes for those in the low- and medium-income groups. We are overcoming the inadequate supply of houses and the difficulties of our citizens in obtaining mortgage financing and we are improving the maintenance of our housing stock. Ultimately, our goal is the establishment of sustainable communities throughout Trinidad and Tobago.

The Government has embarked on a programme of activities to construct new homes in light of the more than **160,000** outstanding applications from our citizens. We are also rehabilitating and maintaining the existing housing stock. We are committed to meeting the public demand for housing over the course of the next decade and we will do so through an all-encompassing plan of action which focuses on construction, rehabilitation, provision of land and subsidies for home-improvement:

- **3,000** new housing units are being built with resources from the public sector investment programme and local borrowing; more than **1,000** have already been completed at Egypt Village, Princes Town, Union Hall and Victoria Keys;
- high-rise apartment buildings will be refurbished and retro-fitted in fiscal **2015**; the buildings are at

Pleasantville, Laventille, Morvant and Gasparillo; **56** other tenanted buildings with **656** units are being refurbished; these buildings are at Charford Court, Maloney, Paradise Heights, Beverly Hills, Dorata Street, Lisas Gardens, Pleasantville, Irving Street, Clifton Street, Ramsaran Street and Lady Hailes Avenue;

- **110** new home-improvement and construction-matching subsidies to eligible low-income families are being provided under the Neighbourhood Upgrading Programme with a **US\$40.0 million** Inter-American Development Bank loan; furthermore, more than **1,200** beneficiaries have received from the Government home-improvement grants at a cost of **\$9.3 million**;
- the regularisation of unplanned settlements is improving the living conditions of low-income persons at selected squatter sites, **30** of which are at varying levels of infrastructure development, including at St Mary's Village, Moruga; Base Road, Arena; and Calvary Hill, Arima;
- the Land for the Landless Programme is providing residential lots at subsidised rates to low-income persons at **10** sites, including Felicity II, Glenroy II, Princes Town and Beaucarro, Freeport;
- the lease issuance exercise for more than **8,800** former employees of Caroni (1975) Limited is continuing; approximately **1,700** leases have already been distributed and with the scaled-up resourcing of the Estate Management Business Development Company Limited, the lease issuance exercise will be expedited in the context of the delivery of approved residential estates in **2015**. These leases can now be sold in the open market; and
- the **2.0 percent** mortgage programme is being improved and is being supplemented with a **5.0 percent** mortgage programme.

As we advance our programme to meet our housing needs, we will expand the mortgage loan programme to meet the needs of middle-income individuals. Multi-family units to increase the housing output per site will be increasingly employed.

For this purpose we will amend the Housing Act to make regulations as required under the Income Tax Act to grant effective **January 1, 2013** the tax incentives to housing developers as outlined in my **2014** Budget Statement.

TRANSPORT

Madam Deputy Speaker, the fourth component is our commitment to provide an efficient, reliable and affordable transportation system for our citizens as well as to support the system with comfortable and state-of-the-art facilities. We are procuring on a phased-basis, **100** new CNG-powered buses. We envisage that not only will ridership be increased but the number of routes will be expanded. We have also improved the efficiency of the sea bridge between Trinidad and Tobago. The newly-acquired ferry is not only faster but also accommodates more passengers and cargo.

With the coming into force of the Motor Vehicles and Road Traffic Act the long-awaited Motor Vehicle Authority, will be put in place on or before **March 31, 2015**. The Head Office of the Authority will be located in Frederick Settlement, Caroni and will ensure that our citizens will have easy access to all licensing-office related services.

In addition, **13** access centres will be located throughout Trinidad and Tobago - all to be readied by **September 2015**.

SOCIAL SAFETY-NET SERVICES

Madam Deputy Speaker, the fifth component is our social safety net. We propose to rationalise our social programmes to ensure that they are fully-synergised. The World Bank Group will undertake a detailed review of the performance of these programmes and make recommendations on the way forward. The Group will assess their effectiveness and will determine a framework for minimising overlap in both scope and scale.

In the interim, we are improving the delivery of the social safety-net services as we move to protect the most vulnerable in our society.

We are now deepening the application of our social interventions:

- a National Development Centre for the differently-abled at Carlsen Field has now been completed and will be commissioned before **December 31, 2014**; a fleet of **24** buses of which **3** are in Tobago are catering to the transportation needs of our elderly and differently-abled citizens;
- the Public Assistance Grant has been extended to the head of the household where such a person has to support a child under the age of **18**, who is certified to be disabled; **1,300** persons are now benefitting from the expansion of the grant;
- the Unemployment Relief Programme has been restructured with an increased focus on social interventions in communities targeting unemployed single parents, persons with disabilities and those living under the poverty line: by **September 30, 2014**, **1,000** projects in communities will be completed involving more than **600** contractors employing approximately **3,600** persons on the building of drainage infrastructure, jogging tracks and play parks for children, the rehabilitation of roadways, pavements and sidewalks and the construction of retaining walls;
- We intend also, as far as URP goes, to equalise wages between men and women.
- **two** programmes: the Servol Adolescent and the Parental Outreach which have proven to be extremely successful in building cohesiveness among families will receive increased allocations; and
- subject to working out the qualifying requirements, a new programme will provide financial assistance for 1 year only for any child born to under-privileged parents during the course of the next fiscal year.

Madam Deputy Speaker, I propose to increase the benefits now available to several of our disadvantaged groups. Indeed, the use of these strong social protection and innovative systems and strategies has been instrumental in reducing poverty levels and in building the middle-class.

The Human Development Report prepared by the United Nations Development Programme categorises this country as one of high human development and ranks it **36th** out of **185** countries.

NATIONAL SPORTS

Madam Deputy Speaker, the sixth component in our thrust to a more inclusive society is sport development. We have made significant progress in establishing an enabling framework, comprising infrastructure, management and coaching, talent building, welfare of elite athletes and sport tourism.

We are building on the existing infrastructure:

- the technical framework to support the development of football throughout the country has been put in place at an annual cost of **\$36.2 million**;
- the 5 multi-purpose stadia have been or are now being upgraded; and
- community sporting groups and national governing bodies are continuing to receive financial assistance. This funding programme has facilitated increased participation in various sporting disciplines and provided opportunities for successful participation in events on the international stage.

We shall establish the *Trinidad and Tobago National Games* with the inaugural games taking place early in **2015**. We are developing a critical mass of athletes and **5** disciplines are being targeted: football, basketball, cricket, netball and athletics. Within this general framework we shall continue to fund elite athletes so that they can attain excellence at the highest levels of competition.

In addition to this improved sporting infrastructure, we are developing 3 major state-of-the-art national sporting facilities, all of which are at an advanced stage of completion.

We shall be in a position to leverage these facilities to attract international events at the National Aquatic Centre, the National Tennis Centre and

at the National Cycle Centre. In doing so, Trinidad and Tobago will be marketed as a preferred sport training destination.

Madam Deputy Speaker, the Government is challenging the energies of our young people in this area and looks forward to the future success of our athletes in all international sporting competitions.

6. LABOUR

Madam Deputy Speaker, this Government has been committed to the promotion of employment practices which are fair and equitable to all workers. While we have concluded and brought up-to-date the majority of our industrial agreements within the state sector, the long delays in settling such agreements warrant a refocus on the methodology for reaching industrial agreements. The private sector has similar experiences. To this end, the Government will strengthen the existing mechanism for fostering multi-partite collaboration and social dialogue.

This will foster consensus building and democratic involvement among the main stakeholders in the world of work. The Social Dialogue Task Force which was established in 2013 and chaired by the

Minister of Labour and Small and Micro Enterprise Development, will now be tasked with a mandate to provide regular reports to address the complex social and economic challenges facing the country, including the keeping of the labour negotiations current and the reduction in the likelihood of lost value through industrial action. The Government will consult with academia on its involvement in the process and will ensure that the dedicated secretariat will have professional and competent staff resources.

Madam Deputy Speaker, as part of this process and in keeping with the recommendations of the Minimum Wages Board I now propose to raise the minimum wage.

7. SECURITY AND PUBLIC ORDER

Madam Deputy Speaker, the Government places at the top of its agenda the security of life and property for the national community. The current crime epidemic continues to be addressed through a range of well-resourced multi-faceted initiatives; but undoubtedly productivity is still being impaired and doing business in Trinidad and Tobago has to take this cost into account.

While the level of homicides continues to be worrying, there has been some success in non-violent serious crime with declines registered in key areas, in particular burglaries, break-ins and general larceny. Internal security is being strengthened:

- the police presence has been expanded throughout the country, particularly in hotspot areas where army patrols are also present; more mobile patrols and foot patrols are in place;
 - additional police personnel, including more than **1,000** police officers and **1,400** special reserve police officers have been recruited; capacity building is taking place, in particular in the areas of evidence-based policing and crime scene investigation techniques. Approximately **560** police personnel have benefitted from this training;
 - eight state-of-the-art police stations with computerised technology have been constructed throughout Trinidad and Tobago, namely Arima, Piarco, Maloney, Cumuto, La Brea, Oropouche, Brasso and Moruga;
 - rapid response units within various police divisions have been strengthened with more than **330** police vehicles equipped with GPS tracking systems. Response times have now improved; and
- the newly-established Community Comfort Patrol is bringing a much-needed security presence in residential areas and housing estates. This collaboration between the Ministry of National Security and the enforcement officers from private security companies is adding another dimension to our quest to improve security within our communities.

Madam Speaker, coordinated national joint operations and proactive operational planning for national security, disaster and emergency crises are being facilitated by the National Operations Centre – a strategic platform for inter-agency operations.

This robust integrated nationwide system for coordination and communication at strategic, operational and tactical levels is not only contributing to the reduction in serious crime but is facilitating regional and international cooperation in the fight against trans-national organised crime.

Border security has become increasingly critical due to the country's location which exposes it to the growing threat of transnational crime and drug trafficking. The Trinidad and Tobago Coast Guard has already added to its platform a number of harbour patrol vessels and plans are afoot to acquire for the Coast Guard coastal patrol vessels and interceptors. Expenditure on these acquisitions will be in excess of **\$1.0 billion**. These assets will effectively blockade the Gulf of Paria against the illegal shipment of narcotics, arms and ammunition and human trafficking. The protection of our internal and external waters will be improved.

Madam Deputy Speaker, this high-risk responsibility by our protective services personnel cannot

be discharged without the incidence of some casualties. This Government proposes to establish a Fund from which could be drawn **\$1.0 million** which will be payable to the estate of the deceased

for assistance to families arising out of death of a member of the State protective services killed in the line of duty.

8. REFORM AGENDA

PROCUREMENT

Madam Deputy Speaker, we are putting in place through legislation another confidence-inducing mechanism for ensuring the efficiency of resource use through our public sector procurement.

The proposed Office of Procurement Regulation with its Procurement Regulator will ensure that all public sector contracting be now subject to the values, principles and best standards of practice of public sector procurement.

The title of the *Public Procurement and Disposal of Public Property Bill 2014* is reflective of the public policy regarding this legislation which will provide for public procurement and the disposal of public property in accordance with the principles of good governance, namely accountability, integrity, transparency and value for money as well as the establishment of the Office of Procurement Regulation. We are expediting the process of preparing the regulations to make this legislation effective once it is approved by this Honourable House.

CONSTITUTIONAL REFORM

Madam Deputy Speaker, we have been strengthening our Parliamentary procedures. We have already implemented new Standing Orders and established a Finance Committee under the Chairmanship of the Speaker of the House with responsibility for Budget oversight. The work of the Committee will be open to the public for the first time in our nation's history.

A Joint Select Committee on Campaign Finance Reform has also been established. With our recent amendments to the Constitution, provision is now made for term-limits for Prime Ministers, the right to recall parliamentarians and run-off elections. We shall take steps to ensure the appropriate resourcing of the offices of our **41** parliamentarians so that they all have the capacity to represent effectively their constituents.

I propose to allocate **\$410.0 million** for the Constituency Development Fund for the upcoming fiscal year; but the Fund will only be operationalised subsequent to the establishment of the legislation, associated regulations and the implementation of the appropriate control environment.

TAX ADMINISTRATION

Madam Deputy Speaker, we are continuing our focus on modernising our tax administration through the application of technology and enhanced tax payer engagement to improve the efficiency of tax collection.

Over the past year, notwithstanding that some of our objectives for the year were affected by industrial action, we have completed the review of the recommendations of the consulting group hired to assist with the review of our taxation system, we have established a taxation committee which includes stakeholder groups from the business and accounting communities and we have resuscitated the Petroleum Pricing Committee.

With respect to non-financial assets, the mapping and valuation process has begun on fixed assets such as buildings, machinery and equipment, land, roads and sub-soil assets as well as contracts, leases and licenses. This exercise will provide further options for revenue generation and more effective asset management.

Madam Deputy Speaker, as we strengthen the tax administration, the Government proposes to offer a tax amnesty for tax penalties and interest for late filing of returns and late payment of income, corporation tax and Value-Added Tax, as well as business levy and environmental levy.

This amnesty will encourage tax payer compliance and the process will bring in revenue which will more than compensate for the revenue foregone.

I also propose to waive all penalties outstanding or chargeable on companies which have not filed their documents with the Registrar of Companies.

COMMISSION ON GAMBLING

Madam Deputy Speaker, gambling with the associated incidence of harmful effects has been on the rise in Trinidad and Tobago and this no doubt has been due to the limited regulatory environment. We had committed to bringing all forms of betting and gaming activities in Trinidad and Tobago within

a dedicated regulatory framework. A Cabinet-established Civil Society Committee has been holding extensive consultations with all industry stakeholders and there is now broad agreement on the elements of a regulatory regime.

The appropriate legislation and related regulations have now been developed and will be laid in Parliament in the next fiscal year. We envisage a gaming sector which will not only be responsible but which will also contribute substantially to our public revenues and to the expansion of the national economy with the associated creation of sustainable jobs.

The Trinidad and Tobago Members Club Association has agreed to the adoption of standard industry best practices within their business models focusing on timely financial recording and reporting and compliance with the guidelines of the Financial Intelligence Unit and the banks here in Trinidad and Tobago.

As an interim arrangement a new taxation and regulatory framework involving the tagging and taxation of gaming machines will be effective **January 1, 2015**.

That legislative environment was put in place this year.

PENSIONS

Madam Deputy Speaker, the Government is continuing its efforts to ensure national insurance coverage is provided to all eligible members of the national community. All earners of emolument incomes have long been covered. We are now moving to extend coverage to the approximately **11,300** self-employed persons. We propose to amend the National Insurance Act to effect this coverage.

Our senior citizens and retired public service officers remain among the vulnerable and at risk group in our society. As a Government with a demonstrable commitment to our citizens, we cannot be oblivious to the sterling contribution which these citizens

made to our country. I propose to increase these pensions.

Many of our citizens have long enjoyed pension arrangements provided by our public companies. These citizens have also been supplementing their pensions through registered annuities programmes and these programmes have also been available to the self-employed. I propose to increase the limits for contributions to registered annuities.

MUTUAL FUND MANAGEMENT

Madam Deputy Speaker, since the first mutual fund was established in 1982 by virtue of the *Unit Trust Corporation of Trinidad and Tobago Act 1981*, our mutual fund industry has witnessed meaningful and continuous growth. By **June 30, 2014, 60** active mutual funds managed by **14** market actors had been registered with the Securities and Exchange Commission; and those market actors are subject to regulation by the *Securities Act 2012* and the guidelines on Collective Investment Schemes issued by the Central Bank of Trinidad and Tobago.

The Government is now moving to bring the enabling legislation which established the Trinidad and Tobago Unit Trust Corporation in line with the guidelines relating to Collective Investment Schemes as well as with the provisions of the *Securities Act 2012* which regulates the securities industry of which mutual funds represents an important component. The new legislation will improve the flexibility of the Corporation to respond effectively to the highly competitive nature of the mutual funds market.

HERITAGE AND STABILISATION FUND

Madam Deputy Speaker, in accordance with the review requirements under the Trinidad and Tobago Heritage and Stabilisation Fund Act, legislation to update the governance and operational structure of the Heritage and Stabilisation Fund will be introduced in the new fiscal year.

9. TOBAGO HOUSE OF ASSEMBLY AND TOBAGO DEVELOPMENT

Madam Deputy Speaker, I now turn to Tobago. First of all, I wish to place on record that, consistent with the provisions of the Tobago House of Assembly Act, the required budget documents were transmitted by the Tobago House of Assembly within the timeframes specified under the Act.

I wish also to express my appreciation to the Chief Secretary of the Tobago House of Assembly, the Honourable Orville London, for his constructive proposals relating to the administration and development of Tobago – proposals which he shared with me during the course of a consultative meeting between the Tobago House of Assembly and the Ministry of Finance and the Economy. The useful insights of the Secretary of Finance and Enterprise Development, the Honourable Joel Jack, have also been helpful.

This meeting as has become customary among ourselves was conducted in an atmosphere of mutual understanding and respect.

This Government will continue to collaborate with the Tobago House of Assembly and the Ministry of Tobago Development as they boost development and change in Tobago. We are heartened by the continued recovery of its key sector: tourism. The island is witnessing increased visitor arrivals, both international and domestic, with the resulting improvement in hotel and guest house occupancy rates.

We welcome the increased tourism marketing efforts by the THA to attract not only foreign and domestic tourists but also to expand international airlift.

With domestic tourism rapidly expanding, Caribbean Airlines is strengthening its policies and systems with a view to ensuring a greater alignment between demand and supply on the domestic air-bridge. The diversification process in Tobago will continue through adequate allocations for the development of the Cove Eco-Industrial and Business Park and for

the Enterprise Assistance Loan and Venture Capital Fund.

The Tobago House of Assembly is collaborating with the Ministry of National Security to ensure that the rich tourism product of Tobago is enjoyed in a safe and secure environment. Manpower shortages in the Police Service are being addressed and 2 police stations are being constructed at Old Grange and Roxborough.

We are acutely aware of the developmental needs of Tobago and we will collaborate with the Tobago House of Assembly on its utilisation of public-private-partnerships for delivering key infrastructure and associated services.

An immediate project to broaden and to deepen the recreational choices for visitors to Tobago and to provide much-needed amenities for fisher-folk as well as boat owners, including power and sail yachts in Tobago and in Trinidad will be the establishment through a public-private-partnership of a world-class marina at Petit Trou Lagoon located within the Tobago Plantation site at Lowlands.

The Ministry of Finance and the Economy and the Tobago House of Assembly have agreed to meet at regular intervals to address any issues that might arise during the next fiscal year.

For fiscal **2015** the budgetary allocation for the Tobago House of Assembly is **\$2.609 billion**, of which **\$2.202 billion** will be for recurrent expenditure, **\$384 million** for capital expenditure, and **\$23.0 million** for the Unemployment Relief Programme.

Furthermore, under the various other heads of expenditure, Tobago will receive an additional amount. In total therefore Tobago will receive \$3.7 billion or the equivalent of 5.7 percent of the national budget. We remain committed to the recommendations of the Dispute Resolution Commission.

10. FISCAL AND OTHER MEASURES

Madam Deputy Speaker, I shall now present my budget proposals:

1. Manufacturing

To spur development in the non-energy sector, I propose with effect from **January 1, 2015** to:

- increase the rebate from **15.0 percent** to **20.0 percent** in the production expenditure rebate programme on use of local labour in particular in the film, fashion and music sub-sectors and also to increase the cap from **US\$3.0 million** to **US\$8.0 million** in the production expenditure rebate programme; and
- introduce legislative changes which will create a climate attractive to foreign direct investment in the maritime sector;

2. Mutual Fund Industry

I propose to amend the *Unit Trust Corporation of Trinidad and Tobago Act 1981* in key operational areas, in particular,

- the definition of securities will be modified to make it consistent with the definition of securities applicable to all market actors as stated in the *Securities Act 2012*;
- the definition of income allocated for distribution will now exclude realised and unrealised capital gains from the requirement to distribute not less than **90.0 percent** of such income;
- the **10.0 percent** concentration and control investment restriction governing unit schemes will now only be applicable to equity securities;

- the Corporation is now being endowed with the power to close, reopen, suspend and cease to sell units in or otherwise wind-up a unit scheme;
- the power of the Corporation to restrict its borrowing to a term not exceeding **90 days** is being modified to extend the payback period to **180 days**;
- the sharing of information with local and international regulatory authorities in accordance with any written law will now be clarified and authorised; and
- the removal of upper limits on unit prices other than the First Unit Scheme that is the TT Dollar Growth and Income Fund will allow the Corporation to issue additional or new schemes at such prices and with such limits on minimum and maximum subscriptions as the Corporation might deem appropriate for market conditions.

3. Heritage and Stabilisation Fund

I propose to amend the *Trinidad and Tobago Heritage and Stabilisation Fund Act 2007* Chapter 70:09 to provide for:

- creation of a legal entity by including a provision to establish the Heritage and Stabilisation Fund as a Body Corporate;
- legal protection of the Heritage and Stabilisation Fund Board members by the inclusion of a provision to allow for the indemnity of the Board of Governors of the Heritage and Stabilisation Fund;
- increase in the floor of the Fund from **US\$1.0 billion which existed in 2010** to **US\$4.0 billion**

which increases the amount below which withdrawals cannot be made;

- amendments to **Sections 13** and **14** to make explicit that the assessments of projected versus actual revenues for each quarter are to be conducted on a year-to-date aggregate basis; and
- extension of the timeframe for meeting withdrawal requests from **48** hours to **72** hours.

4. Tax Administration

Madam Deputy Speaker, I propose to offer an amnesty for tax penalties and interest for late filing of returns and late payment of income, corporation and Value-Added Taxes, business levy and environmental levy. The amnesty will apply to returns, penalties and interest on outstanding tax liabilities for years of income up to **2013**.

Accordingly, all individuals and corporations who have outstanding tax returns or outstanding tax liabilities and associated interest charges will have these interest and penalties waived if they comply by **March 31, 2015**. This measure will require amendments to the Income Tax Act, the Corporation Tax Act and the Value Added Tax Act. This measure takes place with immediate effect and will expire on **March 31, 2015**.

I also propose to waive all penalties outstanding or chargeable on the filing by corporations of documents with the Registrar of Companies. The proposed waiver will be applicable until **March 31, 2015**.

5. Capital Market: Tax-deductible Bonds

I propose to introduce a savings bond which will allow small investors and pensioners to purchase bonds in much smaller denominations, including **\$1,000** per bond. Purchases of bonds from the Government will be tax deductible up to **\$5,000** per annum for a period of **5** years.

6. Social Safety Net

I propose to expand the social safety net by modifying a number of benefits effective **October 1, 2014**:

- i. the disability grant will be increased by **\$300** per month. The new grant of **\$1,800** per month will cost an additional **\$86.8 million** and will impact **24,100** differently-abled individuals. In 2010, the disability grant was \$1,300;
- ii. the public assistance grant will be increased by **\$300** across all bands. The additional expenditure will be **\$89.3 million** and will impact **24,797** citizens. The represents an average of 20.0 percent increase across all bands since 2010;
- iii. the personal allowances for individuals aged **60** and over will be increased from **\$60,000** to **\$72,000** for the calculation of individual taxes; at a **cost of \$53.3 million** this measure will take effect from **January 1, 2015**;
- iv. the Servol Adolescent Programme and the Parent Outreach Programme will have their allocations increased by **12.0 percent**; and
- v. a baby care grant will provide financial assistance in an amount of **\$500** per month for **1 year** only for any child born to under privileged parents during the course of the next fiscal year.

7. Families of deceased Security Personnel

I propose to introduce a new Fund from which could be drawn the sum of **\$1.0 million** which will be placed in the estate of a member of the State protective services killed in the line of duty.

8. Fair-Share Programme

Effective **October 1, 2014**, I propose to increase the procurement value under the Fair-Share

Programme from **\$1.0 million** to **\$1.5 million**, to further boost the small business sector.

9. Pensions

I propose to continue the process of facilitating the ease of living for our senior citizens. With effect from **October 1, 2014**:

Senior Citizens

i. the senior citizens pension will be increased by **\$500** per month to \$3,500 per month and will cost an additional **\$200.0 million** and impact 84,720 senior citizens; the senior citizens pension will now be adjusted with the receipt of other pensions with a cap of **\$4,500**. In 2010, the senior citizens pension was \$1,950;

Public Officers

ii. the monthly pension for retired public officers will be increased by **\$500** per month with a minimum of **\$3,500** per month at an additional cost of **\$240.0 million** and will impact **35,000** retirees. In 2010, the minimum pension for retired public officers was \$1,950;

Self-Employed

I propose to bring the self-employed into the national insurance system with an amendment to the National Insurance Act. This proposal will be effective **January 1, 2015** and will impact initially **11,300** self-employed.

To that end:

- any self-employed person in the age group **57** and over at the commencement of coverage in the year **2015** will receive a one-off payment equivalent to three times their contribution.
- Anyone in the age group **50-56** at the commencement of this coverage who contributed fully in each year prior to retirement will be credited with additional contributions to allow them to receive the minimum monthly pension payments.

The Government will inject **\$12.9** million into the national insurance system to cover the cost of the additional contributions for those self-employed individuals; and

- the subsidisation for the payment of contributions by low-income self-employed persons, defined as persons who earn less than **\$3,000** per month by the National Insurance Board of Trinidad and Tobago, in an amount equivalent to two-thirds of the contributions due from eligible low-income self-employed persons.

The Government will inject a further **\$41.0 million** into the national insurance system to meet this liability over the next **5** years but with an injection of **\$4.0 million** for fiscal **2015**.

- the transition for the self-employed into the National Insurance system will be fully-funded for the first year only at an additional cost of **\$2.0 million**.

10. Agriculture

I propose to continue our focus on achieving food security and to that end and effective **January 1, 2015**:

- i. all fines related to praedial larceny will be increased by **50.0 percent**;
- ii. the cost of establishing approved facilities for agro-processing of approved commodities will be subject to a rebate of **50.0 percent** up to a maximum of **\$100,000**;
- iii. the cost of refurbishing approved facilities for agro-processing of approved commodities will be subject to a rebate of **50.0 percent** up to a maximum of **\$50,000**;
- iv. **40.0 percent** of the cost of Hazard Analysis and Critical Control Points for agro-processors will be refunded up to a maximum of **\$150,000**; and

I also propose to provide the Agricultural Development Bank with an allocation of **\$75.0 million**.

Registered Annuities

I propose effective **January 1, 2015**, to increase from **\$30,000** to **\$50,000** the limit for contributions to registered annuities. This will impact **15,000** citizens at a cost of **\$75.0 million**.

Caroni

I propose to that the balance remaining upon the termination of the Reserve Fund in May 2016 be distributed on a pro rata basis to all pensioners and deferred pensioners of Caroni (1975) Limited.

I am also putting in place a mechanism through which those beneficiaries who had not yet paid for their residential service lots could now do so through a commitment to Caroni of their portion of the residual balance.

11. Road Usage

I propose to increase fines by **50.0 percent**: for speeding, driving under the influence, driving without insurance, possessing fraudulent motor vehicle certificates, driving with expired driving license; and for individuals producing or selling fraudulent insurance certificates.

I propose to finally meet the outstanding reimbursements owed since 2005 to registered maxi-taxi owners for their payments of Motor Vehicle taxes and Value Added Tax.

12. Hybrid and Electric-powered Vehicles

I propose with effect from January 1, 2015 to exempt motor vehicle tax and VAT on new or used hybrid and electric-powered vehicles not older than 2 years for a period of 5 years for private or commercial use.

13. Housing

I propose to expand the existing **2.0 percent** mortgage programme by increasing qualifying property values from **\$625,000** to **\$850,000** and by increasing the combined monthly income of households from **\$8,000** to **\$10,000** and to supplement that programme by introducing a new **5.0 percent** mortgage programme for households with a combined monthly income of greater than **\$10,000** and less than **\$30,000**, towards accessing a mortgage greater than **\$850,000** but not exceeding **\$1.2 million**; this measure will benefit **26,100** applicants within the HDC framework and a similar amount in the private sector; and

I propose to increase the tax allowance from \$18,000 to \$25,000 per household per annum on mortgage interest paid in the year of income for first time home owners for **5** years, including those years utilised by existing beneficiaries.

14. Labour

Effective **January 1, 2015**, I propose to increase the minimum wage from the current **\$12.50 per hour** to **\$15.00 per hour**. In 2010, the minimum wage was **\$9.00 per hour** and this year represents **66 percent increase**.

11. ESTIMATES OF REVENUE AND EXPENDITURE: 2014-2015

Madam Deputy Speaker, I wish to direct my attention to our estimates of revenue and expenditure for fiscal **2015**. As is usual practice, we have estimated oil and gas prices on the basis of our interactions with relevant international organisations.

In respect of our revenue assumptions we are utilising a price of **US\$80.00** per barrel for oil and a gas price of **US\$2.75** per mmbtu. Following these price assumptions we are projecting the following for:

- Total revenue : \$60.351 billion
- Oil revenue : \$21.223 billion
- Non-oil revenue : \$39.128 billion
- Total expenditure net of capital repayments and sinking fund contributions : .664 billion

Madam Deputy Speaker, for fiscal **2015**, the Government envisages a fiscal deficit of **2.3 percent** of Gross Domestic Product, down from the **3.6 percent** of Gross Domestic Product in the FY **2014** Budget and in keeping with our commitment to reduce the deficit by one percent per year.

We are making the appropriate capital investments to drive modernisation but this is being done in the context of the consolidation of our fiscal position. We are ensuring that the budget deficit does not undermine monetary stability nor crowd-out the private sector.

Madam Deputy Speaker, pursuant to our public policy agenda I have made appropriate allocations to the various Ministries as follows:

- Education and Training : \$10.126 billion
- National Security : \$ 6.994 billion
- Health : \$ 5.545 billion
- Public Utilities : \$ 3.932 billion
- Housing : \$ 2.877 billion
- Local Government : \$ 2.649 billion
- Works and Infrastructure : \$ 2.542 billion
- Transport : \$ 1.984 billion
- Agriculture : \$ 1.328 billion

12. CONCLUSION

Madam Deputy Speaker, in **2010**, the people of Trinidad and Tobago elected the People's Partnership under the dynamic leadership of the Honourable Kamla Persad-Bissessar. The people elected us because they wanted a government which had greater conviction in its strategies and programmes for the future of our country. We developed a coherent framework of what we wanted to achieve. Since that time, we have consolidated the economic, social, political and financial stability of our country as reflected in all our macro-economic data.

We created a vibrant economic environment which inspires confidence among domestic and foreign investors. We are now in a recovery phase generating quality jobs. We will continue to sustain that recovery by focusing on long-term fiscal consolidation, debt-sustainability and by implementing major infrastructure projects.

The proposed procurement reform legislation represents a key underpinning for establishing transparency and accountability. This framework of action will raise our capacity to progress as a nation and will help in safeguarding our financial and economic stability.

Madam Deputy Speaker, the Republic of Trinidad and Tobago is a mature democracy. We are strengthening this democracy as we put in place a set of constitutional principles relating to the terms of office of Prime Ministers, to the recall of parliamentarians and to run-off elections. We are ensuring that the country's prosperity is equitably distributed among all our citizens. We are also ensuring that our citizens continue to thrive in an environment of safety and security.

As we broaden and deepen our major economic sectors, commercial opportunities are emerging

whether they are in downstream oil and gas or in ICT or in financial services. We are assisting our young people to invest in their skills and in their future.

We are assisting our low-and middle-income families to acquire comfortable and affordable housing and we are putting in place mechanisms and facilities to allow our citizenry to access timely quality healthcare and medical services.

Madam Deputy Speaker, while the restoration of financial and economic stability was high on our agenda, we did not refrain from making substantive efforts to modernise our country and to create an inclusive society. We have delivered the commitments made in **May 2010** and we have done so within a coherent and consistent framework and in the context of fiscal prudence. Let me cite some of those achievements:

- the San Fernando - Point Fortin highway is being phased in; the Golconda-Debe segment is already in use and the Mosquito Creek-Penal segment will be available in **2015**;
- new and modern hospitals are now under construction;
- Since 2010, 83 new schools have been built;
- Since 2010, 4,500 repair and maintenance projects have been undertaken on our nation's schools;
- At present, 67 schools are under construction;
- the Fair-Share programme has been increased by 50.0 percent since 2010;
- the soon-to-be commissioned National Aquatic Centre, the National Cycle track and the National Tennis complex will catalyse competitive sporting teams and sport tourism;

- the airlift to Trinidad and Tobago is being expanded, building on the services now being provided by Condor Airlines and Apollo Airlines to Tobago and Jet Blue to Port of Spain;
- domestic food inflation is now running at a rate of **3.5 percent** in the first **6** months of **2014**, the lowest in **21** years;
- new Procurement legislation will bring to public sector contracts confidence-inducing fair, efficient and transparent procedures;
- the number of serious crimes has been significantly reduced;
- the *Childrens' Life Fund* is fully operational and is providing timely and needy assistance to all applicants;
- *75,000 laptops* have been provided and laptops will continue to be provided to all incoming students to secondary schools;
- *emergency relief assistance* has been provided to **750** households affected by severe weather conditions, including flooding;
- dialysis treatment is now virtually free to the public through the public and private health-care institutions;
- cardiac services, including open-heart surgeries have been delivered to **114** patients in the first **9** months of fiscal **2014**;
- surgical services, including cataract and CT/MRI scans are now being provided to patients who are on the listed services for a minimum of **3** months; in the first month of the programme, **June 2014**, **105** surgeries have been performed;
- The number of rig days in the energy sector has increased from 1,132 in 2010 to 2,485 in 2013;
- The student participation rate in tertiary education has increased from 42 percent in 2010 to 65 percent in 2014. We have surpassed our target of 60.0 percent;
- The minimum wage which was \$9.00 per hour in 2010 has been increased to \$15.00 per hour; and
- The VAT backlog owed to businesses which amounted to over \$5.0 billion in 2010 has been substantially reduced and we anticipate that the entire amount now outstanding will be settled by the end of the new fiscal year.

Madam Deputy Speaker, the welfare of our State is being safeguarded and we are convinced that this Budget will continue to consolidate our vision of a stronger, fairer and smarter Trinidad and Tobago.

Madam Deputy Speaker, I commend this Budget to this Honourable House and I beg to move.