



Government of the Republic of Trinidad and Tobago

2019 MID YEAR BUDGET REVIEW

PRESENTED BY THE HONOURABLE COLM IMBERT,

MINISTER OF FINANCE

IN THE HOUSE OF REPRESENTATIVES

ON

MAY 13th, 2019

Madam Speaker, I rise to present the 2019 mid-year budget review in the context of both the global economic situation and our domestic economy, and to ask that this House adopt the Second Report of the Standing Finance Committee of the House of Representatives for the Fourth Session (2018/2019), Eleventh Parliament on the consideration of proposals for the Supplementation of Appropriation for the fiscal year 2019.

On the face of it, global economic growth appears robust. The world economy is projected to expand at a steady pace of 3 per cent in 2019 and 2020 and growth rates in many developed economies are close to their potential, while unemployment rates have fallen to historical lows. Among the developing economies, the Asian regions remain on a strong growth trajectory, while many commodity-exporting countries are continuing a gradual recovery. However, short-term risks are rising, with the potential to disrupt economic activity. These include escalating trade disputes and an undercurrent of geopolitical tensions. We in Trinidad and Tobago must therefore be ever mindful of the fact that we are a small commodity producing economy that is vulnerable to exogenous shocks.

However, as I will demonstrate, the present Government has weathered the oil price shock that began in 2014 and which has continued up to the present day. It is worth reminding the population that in mid-2014, oil prices were at a high of US\$100 per barrel. By the end of that year, however, oil prices had fallen to US\$57 per barrel. In 2015, the election year, oil prices averaged only US\$46 per barrel, dropping as low as \$33 per barrel. Government expenditure continued apace up to the election, however, as if there was no tomorrow.

By 2016, oil prices had dropped as low as US\$26 per barrel, averaging only US\$38 per barrel. While there has been a modest recovery in prices since 2016, we have not seen \$100 oil for the last 5 years, and prices are still volatile. Reduced oil prices have also had an effect on natural gas prices, which are far less than they were 12 years ago.

I make these points, Madame Speaker, to illustrate how far we have come since the oil price shock of 2014/2015, which resulted in a reduction in annual revenues from petroleum of **\$20 billion**, from \$28 billion in 2014 to \$8 billion in 2016. These figures are published in Appendix 20 of the 2018 Review of the Economy, for those who wish to know, and represent a **38% reduction** in Government revenue between 2014 and 2016.

There are few countries in the world that can withstand a 38% reduction in revenue and survive. But, through careful and prudent financial management by the Government, we have managed to stabilize our economy, keep people in jobs, keep the country running on an even keel and return our country to growth.

The pessimists and opposition voices inside and outside of the Parliament would have us believe that it is not so, but the facts and figures don't lie.

Domestic Economic Conditions

In my last Budget Statement in October 2018, I announced that the Central Statistical Office had estimated that the Trinidad and Tobago economy had grown in real terms by **1.9%** in **2018**, thus reversing the decline that started in 2014.

The news of an economic turnaround was met with cynicism by those opposed to us and by a number of perennially negative commentators who seem to only be comfortable only when things are going badly. Indeed, Madame Speaker, some of these commentators appear incapable of seeing anything good in a positive report and are always searching for something prejudicial to say. I have even heard it said that 1% growth is nothing to shout about, but you can be certain that if it was a 1% decline, they would be propagandizing loudly about an “*economic collapse*”!

However, since the last Budget Statement, we have had confirmation of our economic recovery from the major international agencies, such as the IMF, the United Nations Economic & Policy Analysis Division and the World Bank. Indeed, as recently as last Thursday, the IMF’s Communications Director confirmed in a live press conference that our economy began to improve in 2017 and returned to growth in 2018.

Allow me to illustrate these facts with ACTUAL data, Madame Speaker.

I have in my possession the quarterly GDP figures from our Central Statistical Office for 2017 and 2018. In the 2nd quarter of 2017, our GDP declined by 5.6%. In the 3rd quarter, it declined by 3.3% and in the 4th quarter, it declined by 1.9%.

You will observe that the decline in GDP was slowing down as the year progressed, hence the reason why the IMF said that our economy began to improve in 2017. Following this, in the 1st quarter of 2018, our GDP switched from negative to positive, growing by 0.9%. This was followed by growth of 2.1% in the 2nd quarter of 2018 and growth of 1.5% in the 3rd quarter of 2018.

This is actual data, not projections, and according to the CSO,

therefore, we have had 3 consecutive quarters of economic growth in 2018.

For those who may be sidetracked by the barrage of misinformation that comes from uniformed or biased commentators, 3 consecutive quarters of growth after a period of decline is a clear indication of an economic recovery.

We await the final figures for the 4th quarter of 2018 from the CSO, to confirm the actual growth figure for 2018.

Looking back at 2015, Madam Speaker, it was under those very difficult conditions, with a huge drop in revenue of almost 40%, that the new Government led by Prime Minister Dr. Keith Rowley, put in place a carefully sequenced programme of macroeconomic adjustment and reform. This established the framework and policy strategies for paving the way to a resumption of self-sustaining growth and prosperity. By **2018**, a disciplined fiscal stance had become ingrained as a feature of this Government's macroeconomic policy framework to bring expenditure broadly in line with revenue potential.

Madam Speaker, as you will appreciate, the expenditure-reduction and revenue-enhancement programmes represented a very challenging policy agenda. Yet, we kept the programme firmly on-track. We acted swiftly and decisively to adapt and to strengthen policies as events unfolded. We curtailed unproductive spending and embarked on continual improvement in the efficiency of operations of Government and the public sector more generally. Our *2019 budget estimates* reflected the results of our sustained efforts when we budgeted for an expenditure of **\$51.77 billion** with revenue

of **\$47.72 billion**, supported by public financing of **\$4.05 billion** or a deficit of **2.5 percent** of GDP, well within international norms.

Madam Speaker, the recovery of our economy in the face of a global slowdown was no doubt due to the disciplined fiscal strategy embedded in our economic transformation agenda. With the revival of growth now established and projected to stabilize around **2.0 percent** annually by **2021**, we are strengthening other supporting policies, strategies and reforms to ensure that growth over the long-term would be sustainable, bringing lasting employment and greater equality of incomes and opportunities.

In particular, we are ensuring that *natural gas production* will continue to be a major driver of economic growth. Largely because of the efforts of our energy sector negotiating teams, natural gas production increased in **2018** to an average of **3.63 billion** standard cubic feet per day, an **8 percent** increase over the **2017** average of **3.36** bcf per day. Further, gas production continues to increase and is expected to reach an average of **3.8** bcf per day in **2019**. Indeed, production is already averaging **3.81** bcf per day in the first quarter of **2019**.

You should note that this data is readily available on the Ministry of Energy website.

On this matter, I have taken note of alarmist newspaper articles about a recent announcement by BP that it may not be able to guarantee a continued gas supply for Train 1 of the Atlantic LNG plant. The unwarranted negativity that is evident in these publications follows a pattern that is endemic in some quarters. Allow me to clarify. The BP wells with less than satisfactory results are only two **(2)** in number and are infill wells in existing gas fields. Unlike exploration wells, infill wells are normally brought into production almost immediately. I am advised that one of these infill wells will go into production shortly, although with lower volumes than anticipated, leaving just one unproductive well. ***All this drama over one unproductive well is totally unnecessary!!***

However, in February 2019, just three months ago, gas production almost reached 4.0 bcf per day, the highest production since March 2015!

Accordingly, notwithstanding recent events, the Ministry of Energy, after consultation with the major oil and gas companies, has advised **that gas production is still expected to average 3.8 bcf per day in 2018.**

It is noteworthy that when BHP Billiton announced the discovery of a significant gas find in 2018, and another encouraging gas find as recently as April 2019, and the company made it clear that it intended to make a **huge** financial investment in Trinidad and Tobago, we did hear one peep out of the naysayers. Clearly, they are allergic to good news.

Further, *oil production* is projected to stabilize in **2019** and thereafter trend steadily upwards from the current **60,000** barrels per day in **2019** to over **80,000** barrels per day by **2023**. This projected expansion is partly due to the

performance of the newly established oil production company, **Heritage Petroleum**, which has begun to ramp up its exploration and production activities, as well as the planned activities of other local oil producers

We also envisage that barring unforeseen circumstances, the resumption of refining operations at Point a Pierre could take place by **December 2019**, since a number of strong proposals for the reopening refinery are expected. Also, the Caribbean Gas Chemical Methanol to Dimethyl Ether Plant is expected to come on stream later this year.

The expansion in the energy sector has already had a knock-on effect on the non-oil sector which had been sluggish for some time. I wish to commend the recent commitment by the Trinidad and Tobago Manufacturers Association (TTMA) to convert Trinidad and Tobago into a model of production for the region by doubling manufacturing output through local and foreign investment. We are supporting this comprehensive manufacturing strategy as we strive to eliminate waste and corruption, improve the national work ethic and the processes for doing business.

Further, Madam Speaker, *under the Belt and Road Initiative pioneered by China*, the China Harbour Engineering Company is moving to modernize the communities of the south-west peninsula with a proposed new dry-dock and shipbuilding/ ship repair facility in La Brea. Market assessment and feasibility studies have been completed and I am advised that if all goes well the public-private-partnership arrangement to implement this important project would be in place in the near future. At the same time, the Beijing Construction Engineering Group executed a contract in **February 2019** for the design and

construction of the new Phoenix Park Industrial Estate in Couva. Both projects will generate high-value jobs during the construction and operational phases.

The Moruga Agro-Processing and Light Industrial Park will also soon transit from the design stage to the construction stage.

Our model of economic adjustment has thus minimized the negative impact on the citizens of the country. Inflation remains at very low levels, at **1 percent** in **2018**, the lowest in decades. Our active and enlightened social agenda is geared to averting marginalization and alleviating poverty. Our *well-targeted social safety net* is protecting the vulnerable from the short-term costs and dislocation of adjustment:

- eligible former employees of PETROTRIN will soon benefit from a land distribution programme, involving ownership of residential lots and access to agricultural sites with associated financial support;
- vulnerable persons in the society are being increasingly supported with effective social policies. The social safety net base for our retirees, our working families, our senior citizens and major vulnerable groups has increased by more than **5,000** since **September 2015** from **156,000** to over **161,000** persons. Through improvements in efficiency and delivery, we have distributed over **1,000** additional food cards to deserving households and an additional 2,500 public assistance grants. We have also increased

the number of persons in receipt of senior citizens' pensions by **1,600**, while significantly increasing the cap on pensions.

Madam Speaker, we have invested in people through our education, health and housing programmes:

- the *Government Assistance for Tuition Expenses Programme (GATE)* a revolutionary programme of the PNM, launched in 2004, and the *Higher Education Loan Programme (HELP)*, together with free universal education at both the primary and secondary schools are generating a cadre of human resources to meet the requirements of our growing economy;
- *our hospital development strategy* will provide access to quality healthcare for our citizens throughout Trinidad and Tobago: the *Arima Hospital* is more than **75 percent** completed; the *Point Fortin Hospital* is more than **60 percent** completed; the proposed new *Sangre Grande Hospital* and the reconstruction of the *Port of Spain General Hospital Central Block* are at early stages of work commencement, while the delivery of health care at the *Couva Hospital* will also commence shortly;
- *affordable quality housing* is being provided to address the supply of housing units to meet the demand of over **175,000** applicants. We are completing previously stalled projects, with almost **1,000** units already delivered. We are also initiating new projects to provide safe and affordable housing units for our eligible citizens:

- under the *Aided Self-Help Housing Programme* - **700** qualifying individuals are now preparing to construct their own homes on residential service lots developed by the Housing Development Corporation (HDC);
- under the *Housing and Village Improvement Programme* - **57** homes are being reconstructed or improved in the first village identified for attention: Samuel Cooper Road in Moruga; and
- under the *public-private-partnership arrangement* - **201** units are in construction in Cunupia, **72** units in Fyzabad, **160** in Mt Hope, **98** in Trestrail Arima, **58** in Malabar, Arima, **53** in Corinth, **102** in Harmony Hall, Marabella, **86** in Preau Village, Moruga, **210** in South Quay, Port-of-Spain, **65** in Gomez Trace, Moruga and **504** in Curepe.

The involvement of the private sector is being consolidated with the well-timed and **commendable** decision of Republic Bank to secure a **US\$75 million** loan from the International Finance Corporation - the private sector arm of the World Bank Group - to assist in home construction, especially for middle-income households.

*We are now ensuring that our housing construction programme, including the public-private-partnership arrangement, is put on a self-sustaining basis, given our objective to complete **6,000** units by **2020** and to roll out **3,000** per annum thereafter. The proceeds of our first issue of housing bonds, at the attractive rate of **4.5% per annum over***

5 years, due within the next two months, would be utilized to immediately accelerate the housing construction programme, with the proceeds from mortgages issued by the Trinidad and Tobago Mortgage Finance Company (TTMF) being utilized to finance on an ongoing basis development and sale of houses.

Key attributes of the housing bonds would include:

- the bonds would be offered to individuals in the first instance;
- the bonds would be underwritten so that any bonds not subscribed by individuals would be placed with institutional investors on the secondary market after the close of the bond issue;
- initial investors with a minimum of **\$5,000 investment** will receive priority for a housing unit, once that investor meets the eligibility criteria of the HDC. With over 75,000 qualified persons on the HDC list, we expect to be able to assist a significant number of persons through this mechanism.

Madam Speaker, our economic resilience has also been anchored on wide-ranging infrastructure activity, including the expansion of the road network system, coastal protection and advances in the delivery of air and sea services to Tobago and port development:

- the *San Fernando to Point Fortin Highway*. This important project has been rescued from the brink of disaster that we found it in in 2015, with the main contractor in bankruptcy. Through astute management, we were able to recover \$1 billion from the funds for the project and construction works are now well underway, with completion scheduled for **December 2020**;
- the *Churchill Roosevelt Highway Extension to Sangre Grande* is being constructed in phases with completion scheduled for January 2020;
- the *Valencia-Toco Highway* is now at an advanced stage of design completion and environmental impact assessment;
- the *Moruga Main Road* is being comprehensively rehabilitated with scheduled completion in 2020;
- *coastal protection works* in several areas are re-establishing coastal communities;
- preparation for the construction of a new modern airport terminal building in Tobago is well advanced. The Andean Development Bank of Latin America is providing technical assistance for the project and the main terminal is being constructed by a *design-build-finance contractor* with associated works by sub-contractors with public financing. Construction work is scheduled to commence in **December 2019**, with practical completion by early **2021**.

Caribbean Airlines is managing the Airbridge carefully and through close monitoring has been adjusting its schedule as required to facilitate smooth travel between Trinidad and Tobago. In 2018, CAL provided **1,053,910** seats to and from Tobago with usage of **86 percent** or **962,302** seats. In the first 3 months of CAL has provided **250,071** seats with utilization of **223,991** seats or **90 percent**. CAL has also become profitable in 2018. Indeed, after years of billion-dollar losses under the previous Government, Caribbean Airlines under this Government has moved from perennial loss making to sustainable profitability

- the Seabridge is being consolidated with the arrival **shortly** of the new modern fast ferry *Jean de La Valette* which has been leased to for a **one-year** period, providing additional capacity for 800 passengers and 230 cars. This fast ferry would join the *Galleons Passage* and the *TT Spirit* and provide the necessary surplus capacity to allow proper maintenance of the existing vessels. In mid-**2020** the arrangements on the sea bridge would be further upgraded and rationalized with the arrival of **two** brand new state-of-the-art fast ferries, now under construction for Trinidad and Tobago by Austal Ships Pty Limited and Incat Tasmania Pty Limited.
- ***Before I leave Tobago, I am pleased to announce that as Minister of Finance, I intend to grant approval in the very near future to the Tobago House of Assembly to raise loan financing on the local market in the sum of \$300 million for a number of***

development projects, including health and sporting facilities, housing, roads and bridges, coastal protection and the THA's innovative "Intelligent Island" ICT project.

Madam Speaker, we have now completed **three- and one-half years** of carefully management of the national economy. We have repaired our fiscal accounts and appropriately addressed the collapse in Government revenues. We have also returned the economy to growth and expect to stabilize growth at approximately **2.0%** annually by **2021**.

It was these considerations which led the Government in its 2019 Budget Statement to programme revenue and expenditure estimates of **\$47.72 billion** and **\$51.77 billion** respectively with a deficit of **\$4.05 billion** or **2.5%** of GDP.

- *fiscal consolidation* also remains an ongoing project with the strengthening of tax administration with the soon to be established *Trinidad and Tobago Revenue Authority* and the *Gambling and Gaming Commission*. I can report today that the Joint Select Committee meetings for these two groundbreaking institutions have been concluded and the reports of the Committees with the amended legislation will soon be laid in this House for debate and passage. (the Revenue Authority Bill JSC Report was actually laid today)
- *public sector debt* which had been rising in the context of unavoidable fiscal deficits has now been stabilized at **62%** of GDP in 2018 – well within international benchmarks.

- in the context of the carefully targeted adjustment effort, import demand has been restrained with imports falling to **US\$5.24 billion** in 2018, while exports have remained higher than imports: at **US\$8.33 billion** in 2018. As a result, the country is now running a significant ***balance of payments surplus***, a reversal of the 2016 situation, when our balance of payments was negative.
- our foreign reserves have been impacted over the last 3 years, as a result of this Government's policy decision to defend our exchange rate so as to minimize inflation and avoid the adverse impact of a currency shock on the cost of living. However, with over **8 months import cover**, our official gross foreign reserves far exceed typical benchmarks of reserve adequacy. Further, with the emerging expansion of the energy sector our reserves are sustainable well into the foreseeable future. Indeed, when the official Central Bank figures are examined, we see that the decline in foreign reserves has slowed considerably, falling only US\$150 million between September 2018 and March 2019
- *financial buffers* remain substantial: on **May 3rd, 2019**, assets the Heritage and Stabilization Fund (HSF) **hit an all-time high of US\$6.1 billion**, while foreign exchange reserves at the Central Bank currently amount to a healthy **US\$7.3 billion**, or a combined amount of **US\$13.4 billion**. There is also available within the local commercial banks an amount of **US\$2.5 billion** for commercial and individual transaction purposes

Simply put, sound and stable macroeconomic conditions, in particular low inflation and stable interest rates have laid the foundation on which savings and investment are being generated in an environment of certainty with improving prospects for growth.

Madam Speaker, the fiscal outturn for the first half of 2019 for the fiscal accounts points strongly in the direction of fiscal sustainability.

Our 2019 budget was predicated on an oil price of **US\$65** per barrel and a gas price of **US\$2.75** MMBtu. Current prices are not deviating significantly from these assumptions. However, global energy prices declined by **17%** over the period **October 2018 - February 2019**, which resulted in a loss of revenue, in particular royalties on oil and supplementary petroleum tax. Oil prices fell after recording a high of **US\$70** per barrel in **October 2018** to a low of **US\$49** per barrel in **December 2018**; but since then prices have recovered to an average of **US\$63** in **April 2019**. Gas prices are now hovering around **US\$2.65** per MMBtu; but over the period **October 2018 – April 2019**, the price was **US\$3.26** per MMBtu.

Mid-Year Fiscal Outturn

Madam Speaker, revenue in the first half of 2019 was **\$706 million** above the programmed revenue estimated in the context of the budgeted **\$47.72 billion** for the year. On the other hand, as a result of our tight cash flow situation, expenditure in the first half of 2019 was **\$2.55 billion** below the

programmed expenditure, in the context of the total budgeted for the year of **\$51.77 billion**. The originally estimated fiscal deficit for 2019 was **\$4.05 billion**; but for purposes of administration, with capital revenue programmed for the second half of the year, a deficit of **\$5.11 billion** was programmed for the first 6 months of the year.

However, the actual recorded deficit for the first half of 2019 was only \$1.85 billion!

This performance is another indication of our ability to manage the country's finances prudently and carefully.

Madam Speaker, the achievement of the stabilization objectives with revenue and expenditure now in broad alignment represents a solid foundation on which transformation and growth would now be anchored.

Revenue

Madam Speaker, the increase in Government's revenue of **\$ 706 million** in the first half of 2019 was mainly due to higher than anticipated receipts from: taxes on income and profits: **\$195 million**, taxes on international trade: **\$28 million**, non-tax revenue: **\$105 million** and capital revenue: **\$926 million**. These increases were partially offset by lower than anticipated receipts from taxes on goods and services of **\$578 million**.

Madam Speaker, the better than projected performance of taxes on income and profits was primarily due to higher receipts of **\$452 million** from other companies. However, this was offset by lower than projected receipts of **\$395 million** from oil companies, as a result of the 17% decline in oil prices in the first quarter of fiscal 2019.

Non-tax revenue also performed above expectations due in the main from equity profits from the Central Bank and state enterprises. Capital revenue was also higher than expected due to a number of transactions related to the repayment of debt owed by CLICO to the Government of Trinidad and Tobago.

Expenditure

Madam Speaker, recurrent expenditure for the first 6 months was lower than the anticipated, at **\$23.63 billion**, with reductions in expenditure in goods and services and interest payments amounting to **\$1.47 billion**.

Projected Fiscal Performance for 2019

Madam Speaker, we have recognized the importance of the achievement of sustainable growth, not only the overall fiscal position but the very nature of the expenditure being envisaged. As a result, we intend to direct resources into areas which would support not only the private sector in its business activities but also in enhancing growth and development, including:

- infrastructure rollout, including roads, highways, bridges and hospitals;
- discharging arrears to commercial suppliers and contractors as well as liquidating VAT refunds - with a view to improving business conditions.

Madam Speaker, as a result of our policy of maintaining key public sector investment, in particular in the areas of infrastructure as well as to put our tax relations with the commercial sector on a current basis, total expenditure has been revised upwards to **\$52.07 billion**, an increase of approximately **\$300 million** over the budgeted 2019 expenditure of **\$51.77 billion**. On the other hand, because of lower oil total revenue which was budgeted at **\$47.72 billion** is projected to fall by **\$221.0 million** to **\$47.50 billion** with a resultant overall fiscal deficit of **\$4.57 billion** compared with **\$4.05 billion** as budgeted. The oil price assumption used in the 2019 Budget Statement will therefore be adjusted to **US\$60** per barrel of oil, but with gas prices averaging **US\$ 3.26** per MMBtu over the period October 2018 – April 2019, the gas price assumption has been revised upwards to **US\$3.00** per MMBtu from **US\$2.75** used in the original 2019 budget.

Madam Speaker, we are also providing through supplementation a much needed **\$1.839 billion** for the envisaged expenditure in **18** areas:

- *the Judiciary* will receive **\$57.682 million** for the payment of salaries and arrears of salaries; for filling critical vacant positions; for arrears of rent for 19 locations and for the renewal of subscription for software at the Family Court;
- *the Service Commissions* will receive **\$3 million** for security services and for assessment of senior officials in the public sector;
- *the Office of the Prime Minister* will receive **\$12 million** to meet the operational costs of the Children’s Authority and for payment for children assigned to private community residences;

- *the Ministry of Finance* will receive **\$709 million** to reimburse the Infrastructure Development Fund, from which funds were used to finance the exit cost associated with the Petroleum Company of Trinidad and Tobago. This will ensure that adequate funding is available for our development programme for the balance of the year;
- *the Comptroller of Accounts* would receive **\$18 million** for pensions and gratuities for contract officers;
- *the Ministry of National Security* will receive **\$200 million** for CCTV camera services, for janitorial services, for the Civilian Conservation Corp programme and for the Strategic Services Agency;
- *the Ministry of Attorney General and Legal Affairs* will receive **\$50 million** for legal fees;
- *the Ministry of Education* will receive **\$50 million** for examination invigilators; for school feeding caterers; and for examination fees for students;
- *the Ministry of Labour and Small Enterprise Development* will receive **\$39.3 million** for the OJT programme;
- *the Ministry of Public Utilities* will receive **\$200 million** to meet outstanding payments to DESALCOTT for the supply of desalinated water;

- *the Ministry of Rural Development and Local Government* will receive **\$39 million** for salaries for municipal police officers; for the provision of water trucking services and rent at the municipal corporations;
- *the Ministry of Works and Transport* will receive **\$85.7 million** for daily-paid employees and for the charter-hire of a new high-speed passenger vessel for the Seabridge;
- *the Trinidad and Tobago Police Service* will receive **\$75 million** for salaries and allowances for police officers, for payment of utilities and rent and equipment acquisition.
- *The Ministry of Foreign and CARICOM Affairs* will receive **\$1.6 million** for minor equipment purchases;
- *The Ministry of Communications* will receive the sum of **\$10 million** for TTT for live broadcast productions;
- *The Ministry of Social Development and Family Services* will receive **\$227.5 million** to meet the increases in the senior citizens pensions as well as for flood victims;
- *The Public Sector Investment programme* is being increased for:
 - *the Personnel Department* in the sum of **\$2 million** to outfit a new building for the staff of the personnel department;

- *the Ministry of National Security in the sum of **\$7 million** to meet the maintenance cost of vessels utilized by the Trinidad and Tobago Coast Guard;*
- *the Ministry of Housing and Urban Development in the sum of **\$48 million** to pay contractors for the refurbishment of HDC apartments, for the Housing and Village Improvement Programme and for works in greater Port-of-Spain; and*
- *the Ministry of Foreign and CARICOM Affairs in the sum of **\$4.42 million** for refurbishing our Embassy in Washington and the High Commission in London.*

I now turn to Procurement

I am advised that the Office of Procurement Regulation (OPR) has now reached 95% of its required staffing. Further, the OPR has reported that its software application is being installed to facilitate the establishment of a comprehensive database of on public procurement, including information of tenders received, the award and value of contracts. Additionally, the Procurement Depository, required in accordance with Section 26 of the Act is expected to be accessible within the next three months.

The OPR has also advised that it will soon be able to roll out a number of handbooks for the guidance of procuring entities across the state sector.

The Procurement Regulations

Since my last Report to Parliament in February 2019, on the status of preparation of the Procurement Regulations, essential for implementation of the Act, further progress has been made. The OPR undertook a comprehensive review of the comments submitted by the Ministry of Finance and external Senior Counsel and reverted to the Ministry of Finance at the end of March 2019, having treated with most of the issues raised.

Detailed comments on the redrafted regulations will be submitted by the Ministry of Finance to the Procurement Regulator in the next few days.

Accordingly, I am advised that barring unforeseen circumstances, further proclamation of important Sections the Act can be achieved by August 2019. Following Proclamation, the Regulator proposes a three-day workshop for familiarizing procuring entities with the Regulations together with a six-month transition period to allow entities to fulfill their requirements.

Conclusion

Before I conclude, Madam Speaker, I have taken note of a number of recent articles and editorials in the newspapers about the Trinidad and Tobago economy which are not based on any facts, but rely simply on sweeping statements, unproven theories and hearsay.

These publications have common distinguishing features. They are all negative and defeatist, as if the authors have a fervent wish that we as a country must fail.

But notwithstanding this campaign of negativity, the data that is available from our Central Bank, our Central Statistical Office, the Ministry of Finance and the Ministry of Energy, **and in the public domain**, confirms the indisputable fact that we have recovered from the oil shock of 2014 to 2016 **and we have stabilized our economy.**

For those who may still be confused by the noise from the naysayers, allow me to place on the record some **hard facts**, as opposed to fiction.

In stark contrast to the mantra of doom and gloom, our local banks are enjoying unprecedented growth in income and profits.

Republic Bank, for example, has increased its annual profits after tax from \$1.17 billion in 2015 to \$1.32 billion in 2018, an increase of 13%, with its total assets moving from \$66 billion to \$70 billion.

Not to be left behind, First Citizens Bank has increased its profits after tax from \$630 million in 2015 to \$674 million in 2018, an increase of 7%. FCB's total assets also increased from \$37.5 billion to \$42 billion over the period.

All of this information is readily available on the websites of these banks.

Turning now to consumer credit, the net credit to the private sector by banks and lending institutions, ***a well-established indicator of private sector investment and consumer confidence***, has grown from \$51 billion in December 2015 to \$58 billion in December 2018, an increase of \$7 billion or 14% over the period.

If we look at prices year on year, retail prices have increased by only 0.8% between March 2018 and March 2019, while food inflation has been contained at just 2% year on year. These are some of the lowest inflation

rates for Trinidad and Tobago for decades, a direct result of our fiscal and monetary policy.

Another indicator, life insurance, reveals that the total life insurance contracts in Trinidad and Tobago have grown from \$3.8 billion in 2015 to \$4.4 billion in 2018. Other indicators of the health of our insurance industry, such as total assets, annuities, deposits, mutual funds, all show significant growth over the last 3 years

The total money supply in circulation in Trinidad and Tobago has also increased from \$85 billion to \$89 billion over the last 3 years

Mortgage lending for home ownership has increased significantly since 2015

Vehicle sales continue to charge along at per year at an average rate of over 25,000 new registrations per year, with the total number of vehicles now well over the one million mark!

All of this data is available on the Central Bank website and with all of these positive developments over the last 3 ½ years, the dogged persistence and pessimism of the cynics is baffling.

The reality is Madam Speaker that we have established a foundation on which we can now adopt expansionary initiatives, and this success has not occurred by chance. Accordingly, at this time, we see no need whatsoever to impose any additional burdens on our citizens.

In this context, in view of the soon to be established Revenue Authority and the need to allow the new entity to start with a clean slate, I wish to announce that there will be a 3-month tax amnesty in this year, starting in mid-June 2019 and extending to mid-September 2019. This amnesty

will extend to ALL forms of taxation and appropriate legislation to give effect to this measure will be introduced in this House within the next few weeks.

Taxpayers are urged to take advantage of this amnesty, file their outstanding returns, and pay their back taxes, because once the new Revenue Authority comes on stream, future amnesties are unlikely.

Our success, Madam Speaker is the result of a vision conceptualized while we were out of office and resolutely and consistently implemented while in office. This road has not been easy; but I dare say that no other road would have brought us such success. I have not heard anything meaningful articulated in any other place. In particular, we recognize the growth of real incomes is among our principal objectives because it is the only means of securing rising living standards on a sustained basis. We are now changing gears to achieve this objective and to put this economy on a clear *path to progress and prosperity*.

Madam Speaker, I wish now to commend to this House the Report of the Standing Finance Committee and the supplementation of 2019 Appropriation in the sum of **\$1,839,189,300**.

I thank you and I beg to move.