



The Government of the Republic of Trinidad and Tobago

Budget Statement 2020

**STABILITY, STRENGTH AND GROWTH**

Presented by the Honourable Colm Imbert, Minister of Finance

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## **2020 Budget Statement**

### **STABILITY, STRENGTH AND GROWTH**

#### **Introduction**

Madam Speaker, four (4) years ago our Prime Minister, Dr. the Honourable Keith Rowley, afforded me the opportunity to present to this Honourable House the first Budget of this People's National Movement Administration. Since then, I have had the distinct privilege to present four (4) Budget Statements which gave us the opportunity to share with the citizens of Trinidad and Tobago the manner in which the assets of the country are being managed. This 2020 Budget is the fifth Budget of this PNM Administration.

Madam Speaker, for the past four (4) years this Administration has been leading a transformational effort to rebuild our economy and to restore a system of good values and faith in our public institutions. We recognize that while our current resources are inadequate to meet all of the urgent needs and demands of our citizens, we are confident that collectively and with appropriate sacrifice we are achieving the desired results and are putting our country on a path of economic growth and human development.

Madam Speaker, this country has demonstrated time and time again that when it is under pressure, it rallies and overcomes its problems, however insurmountable they may appear. In this context, former British Prime Minister, Winston Churchill is credited for having said, “*never let a good crisis go to waste*”. Churchill was using the phrase in a wartime context but what he meant was that a crisis can bring out the best in us. Our Government can truly testify to this.

We met a serious crisis when we took Office in September 2015 – a crisis spawned by a combination of external and domestic factors. The sudden collapse of global oil and gas prices in the period 2014-2015 was a major exogenous shock which triggered a sudden and drastic decline in Government revenue. This could only have had a domino effect throughout the economy. The management of the economy also had to take into account the negative consequences of some irresponsible and reckless economic policies pursued by the previous administration over the period **2010 to 2015**, the effects of which are still with us as we toil steadfastly to right the ship of state.

Madam Speaker, the assignment of the new Government that assumed office in September 2015 was and is clear. We were and are required to stabilize a dangerously slipping country and provide the country with an honest, clean and transparent Administration; revitalize an economy after several years of economic stagnation; and repair the fiscal accounts, which were seriously damaged by wasteful expenditure even as revenues deteriorated as a result of adverse commodity price shocks. We were also mandated by the people of Trinidad and Tobago to re-establish confidence and trust in the management of the country's business.

Madam Speaker, the journey was as challenging as it was rewarding. We have shown by our plans, our deeds and action-oriented programmes that our mandate has been appropriately discharged. In fact, corruption is no longer a feature of public transactions as it was prior to September 2015.

Madam Speaker, the theme for the 2020 Budget is “***Stability, Strength and Growth.***”

Madam Speaker, before I begin with the details of the Budget, I wish to acknowledge the representations made to the Ministry of Finance by the major stakeholders in the society, including the business and labour organizations. As usual, I have found their recommendations to be particularly relevant to our circumstances and many of them have assisted us in preparing our budget agenda. Once again, the public officials in the Ministry of Finance and other ministries and agencies, whose responsibility and deep sense of public duty remain key attributes of our technocratic structure, have risen to the task of budget preparation. I take this opportunity to commend them.

Madam Speaker, the combined efforts of my colleagues and the public officials in the various Ministries have once again produced technically-sound reviews and assessments of the domestic economy as well as our upcoming plans and programmes. These are all incorporated in **eleven (11)** comprehensive documents which I have today laid in Parliament.

Members will find them extremely helpful in informing their interventions in the parliamentary debate on this 2020 Budget.



Madam Speaker, our adherence to the *National Development Strategy* as outlined in our *Vision 2030* document is driving the economy on its recovery path and we are making great strides. The **nine (9)** areas of public economic policy require repetition:

- i. Expanding exports and increasing foreign exchange earnings and employment;
- ii. Suppressing crime;
- iii. Reversing non-progressive values, attitudes and behaviours such as low productivity and poor work ethos;
- iv. Undertaking constitutional and institutional reform;
- v. Addressing the impact of shale gas on our market and lower gas reserves and production;
- vi. Discouraging the culture of irresponsibility and dampening unreasonable expectations;
- vii. Ensuring effective and efficient public service delivery and implementation of development interventions and measurement of results; and
- viii. Protecting and sustainably using our environmental resources.

These are essential attributes of our development strategy and we are already witnessing some benefits from the sustained interactive process of development. On this foundation, the economy is being rebalanced, with revenue and expenditure levels significantly lower than they were in **2015**; and strengthened with appropriate reforms and policies. This has resulted in unemployment remaining at low levels, thus maintaining social and economic stability and inclusiveness.

## **Global Economy**

Madam Speaker, as a small, open and developing economy, Trinidad and Tobago cannot escape the price changes and developments in the global economy whether positive or negative. In **2017** economic activity was accelerating in almost all regions of the world. However, by the second half of **2018**, this broad-based upswing in growth which had lasted nearly **2 years** began to decelerate. A great deal has changed: US-China trade tensions are escalating; Brexit uncertainty is mystifyingly continuing and rising geopolitical tensions have been keeping energy prices in a volatile state.

Credit conditions have been tightened and policies in the larger advanced countries are under stress.

Madam Speaker, these factors have all contributed to a significantly-weakened global expansion, **especially in the second half of 2018**. The World Bank in its June 2019 Global Economic Prospects has estimated softer global growth in **2018**, i.e. **3.0 percent** from an original projection of **3.8 percent** - reflecting subdued global growth in the second half of **2018**.

This downward revision has continued in **2019** with an estimate of **2.6 percent**. In its January 2019 publication, the World Bank had this to say: *“The outlook for the global economy has darkened. Global financing conditions have tightened, industrial production has moderated, trade tensions remain elevated, and some large emerging market and developing economies have experienced significant financial market stress.”*

The World Bank is estimating that global growth will pick up slowly by 2021 to **2.8 percent**.

However, as the quote above illustrates, there are significant downside risks to the global growth projections and this will continue to impact economic conditions in Trinidad and Tobago. I share these realities with this House, Madam Speaker, so that we will all understand the economic turbulence of today's world, since Trinidad and Tobago has not escaped the negative impact of this global slowdown.

### **Domestic Economy**

Early evidence in **2019** suggests that the slowdown in the world economy has impacted our economic recovery. The Central Statistical Office (CSO), the official authority on annual GDP data in Trinidad and Tobago, is now estimating flat growth in **2018**, with the economy stabilizing in the second half of the year. Notwithstanding this, growth estimates for the first quarter of **2019** show a rebound in the economy of **1.7 percent**. Taken over the last three years, the growth rates reflect an improving domestic economy, recovering from negative growth rates of **-6.3 percent** in 2016 and **-2.3 percent** in **2017**, now into positive territory.

As a small island energy exporting **democracy**, we have few equals in the world. However, it was inevitable that Trinidad and Tobago would have been impacted by the deceleration in global growth and the associated volatility in commodity prices. In fact, oil prices which averaged **US\$95** per barrel in the period **2011-2014** began a severe decline from mid-**2014** reaching a low of **US\$26** in **2017**.

While there has been a modest recovery in prices since **2017**, with oil prices reaching an average of **\$65** in 2018, oil prices dropped again in 2019, to an average of just **\$57** for the year so far.

Madam Speaker, it was in this fragile economic environment that the new Rowley Administration put in place in **2016** a strategy of development, including a carefully-sequenced programme of macro-economic adjustment and reform. Notably, the creation of credible and confidence-inducing conditions for eliciting savings and investments required the adoption of a ***stable exchange rate*** supported by an appropriate use of foreign exchange reserves as the country transitioned to a lower horizon of growth and prosperity in the context of lower revenue.

Madam Speaker, expenditure peaked in 2014 at a record **\$62.8 billion**. However, while expenditure reached this unsustainable level, revenues were seen to be declining as result of collapsing oil and gas prices and declining production of these commodities.

This decline continued until **2017** when revenues dropped to **\$36.1 billion**, after which revenues recovered and are now expected to reach **\$46.6 billion** in **2019**. This reality demanded an expenditure reduction of substantial proportion: from **\$62.8 billion** in **2014** to **\$50.5 billion** in **2019** or a **20 percent reduction**. That is **\$12 billion** less to spend to satisfy the expectations of our population. This disciplined fiscal stance is one of the commendable features of this Government's fiscal policy framework, and has successfully brought expenditure broadly in line with revenue potential.

The expenditure-reduction and revenue-enhancement programmes represented a challenging policy agenda. Implementation is never an easy exercise. 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 the public sector. We have now determined that through a managed adjustment programme, expenditure and revenue estimates should be in the range of **\$50 to \$53 billion**, even in a year with **three (3)** approaching elections.

Madam Speaker, we are a responsible Government, managing during a protracted period of widespread difficulty.

Madam Speaker, our *financial year 2019 budget estimates* reflected the results of our sustained and disciplined fiscal strategy embedded in our economic and transformational agenda. With an oil price assumption of **US\$65.00** per barrel and a gas price of **US\$2.75 MMBtu**, we had budgeted for revenue of **\$47.72 billion** and an expenditure of **\$51.77 billion** supported by deficit financing of **\$4.05 billion** or **2.4 percent** of GDP. At the mid-year review in May 2019, these figures were adjusted to **\$52.07 billion** in expenditure and **\$47.50 billion** in revenue, with a resultant overall fiscal deficit of **\$4.57 billion** or **2.8 percent** of GDP.

I am pleased to report that our revised 2019 fiscal accounts are moving in the direction of fiscal sustainability. The *revised estimates* for 2019 indicate that total expenditure for the year is now estimated at **\$50.50 billion**, a decrease of approximately **\$1.27 billion** from the originally budgeted expenditure of **\$51.77 billion** for **2019**. In addition, as a result of a further lowering of oil and gas prices, compensated for significantly by the recent success of the 2019 tax amnesty, which I will speak about later, revenue in 2019 is now projected to reach **\$46.56 billion**.

The overall fiscal deficit in fiscal **2019** will therefore be lowered to **\$3.94 billion** or **2.38 percent** of GDP compared with the originally anticipated deficit of **\$4.57 billion** or **2.85 percent** of GDP that was projected at the mid-year. That is the kind of performance you have come to expect from this Government.

Madam Speaker, the budget finances which were in crisis in 2015 are now more manageable, an objective which we established for ourselves in Office, without intervention from any external agency.



As I have said before, we did it our way. It is a clear indication of our prudent management of the fiscal accounts which is now establishing macro-economic stability.

Our record for promoting macroeconomic stability, strength and growth is illustrative. By way of example, we have achieved:

- ***a long period of exchange rate stability*** as well as stable and low interest rates, with regular injections of foreign exchange by the Government through the Central Bank, which have facilitated private sector investment decisions, development and growth. Indeed, over the period October 2018 to September 2019, sales of foreign exchange by authorized dealers to the public amounted to **US\$6.08 billion**, 11.4 percent higher than the **US\$5.46 billion** sold in the same period one year earlier;
- ***stabilisation of public sector debt levels within internationally recognized benchmarks***. In **September 2017**, the net public sector debt to GDP ratio levelled off at **62.1 percent** and has remained remarkably stable since then.

In fact, notwithstanding the significant budget deficit financing that was required over the last two years, and billions of dollars in loan guarantees for the old Petrotrin, our debt to GDP ratio stood at **62.0 percent** of GDP as of the end of **September 2019**, effectively unchanged from two years ago;

- *recovery in the current account of the balance of payments*, which has moved from a deficit in **2016** to surpluses in **2017, 2018** and **2019** averaging **5.0 percent** over the last three years;
- *increase in the Value of the Heritage and Stabilization Fund*. Despite two (2) withdrawals over the last four years from the Heritage and Stabilisation Fund, totalling **US\$637.0 million**, to support our economic adjustment programme, the Net Asset Value of the Fund is now **US\$6.25 billion**, or **US\$600.0 million more** than it was in September 2015;
- ***maintenance of significant financial buffers***. The total of our foreign reserves and assets in the HSF remain very substantial at **US\$13.25 billion at the end of September 2019**;
- ***maintenance of positive credit ratings*** by the international rating agencies, ensuring that the country remains attractive to investors;

- ***expansion of private sector credit***, from **\$51.99 billion** in **September 2015** to **\$59.57 billion** in **September 2018** - an increase of **\$7.58 billion** or **14.5 percent**. This expansion in credit is consistent with improving domestic economic conditions ***and increasing public confidence*** (despite unsubstantiated talk from some experts) and is being supported by the neutral monetary policy of the Central Bank;
- ***Rally of the Local Stock Exchange***. The domestic stock market posted a substantial improvement over the financial year ending September 2019. The Composite Price Index (CPI) increased by a notable **14.9 percent**, while total stock market capitalization gained **14.8 percent** to end **September 2019** at **\$136.1 billion**;
- ***Tight control of inflationary pressures***. In 2018, Headline Inflation reached its lowest level **since 1964**, slowing to **0.9 percent**, from 1.9 percent in 2017. This trend continued in 2019, with Headline Inflation at **1.2 percent** in **August 2019**. Due to our prudent fiscal and monetary policy, our inflation rate is now among the lowest in the world; and
- ***Boost in productivity***. The productivity of all workers in all manufacturing industries in Trinidad and Tobago, increased by **6.3 percent** in fiscal **2018**, from 1.8 percent in fiscal 2017. And during the January to March **2019** period, productivity expanded by **7.0 percent**.

## Medium Term Outlook

Madam Speaker, the macro-economic stability and revival of growth in Trinidad and Tobago under this PNM Government have been anchored on an economic reform programme designed within a medium-term framework.

In the context of the external volatility in oil and gas prices, we have found that the establishment of a consistent set of economic parameters and assumptions, including the main fiscal aggregates with the best professional estimates, has been critical to the tracking of progress in our plans and programmes. Indeed, in the case of adverse risks we have taken steps to align resources with priorities and to protect the integrity of the medium-term framework.

Following the decision of the Central Statistical Office to stop making provisional estimates of future growth, in accordance with international best practice, economic growth for the whole of the **2019** calendar year is projected at **0.9 percent**, using the latest World Bank estimate.

We are now tracking progress within a **2020- 2022** medium-term horizon in which *growth estimates* are forecasted for **2020, 2021** and **2022 at 1.9 percent, 4.1 percent and 3.6 percent respectively**. The return to growth reflects an improving global economic environment and an expansion in the production of oil and gas.

*Energy revenues* are expected to increase incrementally during the forecast period from **\$16.23 billion** in **2020** to **\$19.53 billion** in **2022** with the increase being driven by moderate increases in oil and gas prices and a greater degree of clarity and certainty in energy agreements with the up-streamers and down-streamers with the associated production uptakes; *non-energy sector revenue* will increase moderately in the context of growth revival moving from **\$30.2 billion** in **2020** to **\$32.8 billion** in **2022**.

Over the medium term *the fiscal balance* will continue to improve with a surplus being generated in **2022** as *revenue and expenditure* estimates become increasingly aligned.

Madam Speaker, over the medium-term, we expect that *public sector debt* will remain stabilized in the vicinity of **65 percent** of GDP; well within international standards (we are currently at **62 percent**); and *the current account of the balance of payments* will continue to improve over the forecast period, with a deceleration in the rate of reduction of foreign reserves as the foreign inflows from the energy sector and the non-energy sector continue to improve.

Madam Speaker, the medium-term framework tool has been guiding our on-going fiscal adjustment. We have been consolidating the framework with a clear, consistent and reliable forecasting process, including macro-fiscal and growth projections and debt dynamics. We now have a basis upon which fiscal performance is transparently assessed and projections and assumptions continuously refined and improved.

Importantly, we have lengthened the horizon of decision making beyond the budget year and there is now a connection between the annual budget and medium-term planning- thereby embedding *fiscal responsibility* and *fiscal sustainability* as medium-term anchors.

## **Building Institutions**

Madam Speaker, we are designing and constructing institutions to ensure that the economy remains resilient in the context of adverse spillovers from external shocks. We are doing this through a thorough and meticulous process: the Trinidad and Tobago Revenue Authority (TTRA) will strengthen tax administration by improving collection; the Gambling and Gaming Commission will provide a consistent flow of taxes as illegitimate gambling becomes regulated and property taxes will generate a steady flow of financing for regional governmental services. Let me share with this House the status of our work with respect to these institutions.

- **The Trinidad and Tobago Revenue Authority Bill**

Madam Speaker, for close to two (2) decades we have been seeking to establish the right governance model to achieve an appropriately high-level of tax payer compliance within the tax and customs administration.

The substantial and increasing differences between potential and actual revenues have been constraining our ability to put our fiscal finances on a sustainable basis. This tax gap has been estimated to be in the vicinity of approximately **\$5 billion** per year or approximately **10 percent** of public revenue. We can ill-afford to have our **two (2)** major tax-collecting agencies under-performing and under-resourced.

Madam Speaker, as a preliminary step we are strengthening the tax administration system consequent on the results of the *Tax Administration Diagnostic Assessment Tool* Report undertaken by the International Monetary Fund in **2017**. Another TADAT review is currently in progress, following up on improvements made since the 2017 Mission and we continue to address the range of weaknesses and deficiencies in the system identified in the 2017 Report.

We have spent time, effort and resources on the design of a viable model for efficient tax administration.



The policy framework informing the *Trinidad and Tobago Revenue Authority Bill*, which will soon be re-laid in Parliament, is consistent with the revenue authority model which is geared towards improving tax payer compliance and minimizing the tax gap. An autonomous Revenue Authority, unfettered by the strictures of bureaucracy, will have the flexibility to manage its affairs in a more businesslike way and to recruit and maintain high levels of staff and compensate them with better remuneration packages. It is designed to provide a significant increase in revenue collection to any Administration in Government.

Madam Speaker, the enabling revenue authority legislation has already been subject to a Report by the *Joint Select Committee* and this Administration expects that with the required majority parliamentary support, the Trinidad and Tobago Revenue Authority will become a reality and fully operational in Fiscal 2020. This new institution will build on the already-in-place institutional strengthening of the Board of Inland Revenue and will therefore facilitate a much more rapid balancing of our fiscal finances.

Madam Speaker, to illustrate the dire need for an improved revenue collection agency, I am pleased to report that the additional tax collection arising out of our three-and-a-half-month tax amnesty amounted to a welcome **\$2.382 billion**. Let me repeat that – **\$2.382 billion**! Almost five (5) times the original estimate of **\$500 million**.

This provides ample evidence of the need for the Revenue Authority. We were surprised but not entirely shocked at the **\$2.382 billion** in additional revenue collected in the 2019 tax amnesty, given our knowledge of the tax gap which currently exists.

Before I proceed, I wish to congratulate and thank the staff of the Inland Revenue Division and other revenue collection agencies who worked tirelessly over the last 3 and ½ months to make the collection in this year's tax amnesty the largest ever in the history of Trinidad and Tobago!

Indeed, the amazing success of this year's tax amnesty has consigned to the dustbin, the uninformed commentary and unfounded predictions of some of the experts, who confidently predicted that we would fail to meet our target of **\$500 million**.

- **Gambling (Gaming and Betting)**

Madam Speaker, the *Joint Select Committee of Parliament* has made significant progress with respect to its review of the *Gambling (Gaming and Betting) Bill 2016*. We remain concerned with the increasing incidence in the non-enforcement of the existing legal framework. We have been actively seeking to improve the rate of compliance with respect to the remittance of taxes for members' clubs and amusement gaming operators. We believe that the early passage of the relevant legislation together with the establishment of a Gambling Control Commission are critical necessities for bringing order to an unregulated gambling sector and for ensuring that the sector play a key and legitimate role in fostering economic growth, including the generation of foreign exchange and good quality jobs.

Madam Speaker, having completed the examination of the *Gambling (Gaming and Betting) Bill* in a Joint Select Committee of Parliament, all that is left to be done is a review by our international consultants of the Regulations, and final examination of same by a Joint Select Committee, to allow passage and implementation of the new law. This review is almost complete, and we expect, with bipartisan parliamentary support, that the proposed Gambling Control Commission could be established within the next three to six months, thereby bringing to an end an unregulated gambling sector.

- **The Property Tax**

Madam Speaker, although slowed down by aggressive litigation initiated by the other side, we have been building the infrastructure to inform the implementation of the Property Tax Act 2009, as amended. We continue to build capacity in the Valuation Division of the Ministry of Finance and trained assessors are now in the field generating a valuation roll.

Despite the legal constraints imposed on us by those opposed to this measure, the voluntary basis of the system has already delivered close to **60,000** valuation return forms for residential properties. This represents **15 percent** of residential households so far, as we move towards the prescribed level of compliance of **50 percent**, to create an *Assessment Roll*.

Madam Speaker, we at the Ministry of Finance will continue to work assiduously to accelerate this process with recently recruited additional field assessors, to achieve, as soon as we can, the 50 percent target of 200,000 households for the commencement of residential property taxation. It is to be noted that the collection of property tax for residential properties is a fundamental pillar of the Local Government Reform Process, so that Municipal Corporations can be assured of a sustainable revenue stream to finance their development programmes.

Constrained as we are by the litigation inspired by those opposite, however, it is not feasible to expect that the Assessment Roll for residential properties will be completed before 2020, after which assessment will start for other categories of property.

However, we trust that in 2020, there will be a speedy resolution of the outstanding court matter, currently under appeal, so that the process of assessment of properties can be accelerated.

- **Procurement**

Madam Speaker, the Office of the Procurement Regulator is now fully staffed with the establishment of a comprehensive database on public procurement, including information on tenders received and the award and value of contracts.

We are advised that the *Procurement Depository* will be accessible shortly and we have been advancing the capacity-building and technical work relating to the establishment of procurement units in relevant ministries and agencies as required by the procurement legislation. Procuring units across the state sector will soon be provided with guidance handbooks. Discussions and consultations with the Office of the Procurement Regulator have continued throughout 2019 and the Procurement Regulations are soon to be laid in Parliament.

Further, we have received recommendations from the Regulator regarding the appropriate treatment of public-private-partnerships and Government-to-Government arrangements, which we intend to adopt. Accordingly, with the soon-to-be proclaimed sections of the Procurement Act and the issuance of the associated Regulations, with an appropriate **six (6)** months transition period, as requested by the Regulator, we expect to be in a position to fully implement the new procurement arrangements in 2020.

- **National Investment Fund**

Madam Speaker, the National Investment Fund has been a resounding success. The three (3) fixed rate bond series: 4.5 percent for 5 years; 5.7 percent for 12 years and 6.6 percent for 20 years were heavily over-subscribed, eliciting **8,103** applications valued at **\$7.349 billion**, that is, **1.8 times** the **\$4.0 billion** offer.

Indeed, so attractive are the NIF Bonds that they are currently trading on the stock exchange at levels above par, ensuring a profit for those who for one reason or another wish to sell their bonds.

A far cry from the mischievous and unfounded categorization of NIF as a “*Ponzi Scheme*” by those opposite. With these additional instruments the capital market has been widened and strengthened with investors receiving a steady flow of income through the required semi-annual distributions of **\$112.0 million** in both **February and August 2019**. The companies that comprise the asset base of NIF are also doing well, and growing in value.

It is not to be overlooked that this NIF came about as a result of our hard work in recovering taxpayers’ money owed from the Clico bailout in 2009. Once again, the detractors said it couldn’t be done. We did it.

***NIF has thus delivered \$224 million in dividend income into the pockets of thousands of members of the public in a single year, which will continue for the next nineteen (19) years.*** NIF is a signature achievement of this PNM Government, giving back to taxpayers, as we promised, significant returns on public funds used in the bailout of Clico.



Madam Speaker, we will continue to use this vehicle as a mechanism for monetizing major state assets, including those assets transferred to the Government for re-payment of the cost of the CL Financial/CLICO bailout.

Barring unforeseen circumstances, I propose to introduce in fiscal 2020 a second National Investment Fund Bond Issue which will be based, among other things, on the proceeds from the sale of certain shares held by CLICO that are currently valued at **\$2.6 billion**. We will maintain the current ratio of 2:1 relating to the assets and the corporate bonds issued by the first National Investment Fund.

- **CL Financial/ CLICO**

Madam Speaker, a full decade after the collapse of CL Financial and the Colonial Life Insurance Company (Trinidad and Tobago) Limited (CL Financial/ CLICO) and approximately **\$23.0 billion** later, we are finally reaching a conclusion.

Upon our assumption of Office in September 2015, we found the CL Financial/ CLICO arrangement in disarray with the shareholders and Government in conflict and without any clear sight of a resolution.

Further, in 2011, an arbitration caused by the then Government's arbitrary transfer of shares in Methanol Holdings Trinidad Limited to Clico without first offering the shares to the minority shareholder, concluded with the sale of the asset at a price significantly lower than market – losing **\$3 billion** in value in the process.

In addition, following **17** extensions of the original 2009 Shareholder's Agreement, without any clear repayment plan, we had to act quickly when the former shareholders made a grab for CL Financial. In the interest of taxpayers, who had pumped billions of dollars into the Clico bailout, we had no alternative but to apply to the High Court to liquidate the company and on **September 15 2017**, the High Court ruled that the operations of CL Financial would be fully placed in the hands of liquidators appointed in **July 2017**.

This liquidation process is now ongoing in the context of an orderly settlement of the debt owed by CL Financial to the people of Trinidad and Tobago and we expect the exercise to be completed in 2020.

In parallel, the Deposit Insurance Corporation, the liquidator of CIB, after many false starts in the pre-2015 period, has almost completed its assignment, with a substantial proportion of the debt being settled, allowing substantial shareholdings in blue chip companies, such as Republic Bank, to be transferred to the State. Further, the Central Bank of Trinidad and Tobago recently announced the commencement of the final stages of the CLICO resolution with the sale of Clico's traditional insurance portfolio to a well-capitalized local insurance company.

Madam Speaker, as a result of decisive intervention by this Government, CLICO has now settled approximately **\$15 billion** of its debt to taxpayers. This excludes the funds which will be received from the sale of the traditional portfolio. We are now in the process of analyzing the remaining debt to be repaid by CLICO and CL Financial.

- **Value Added Tax**

Madam Speaker, the introduction of the value added tax regime some three decades ago represented a significant component in the modernization of our taxation system. We have found the value added tax regime to be suitably effective and efficient, given that it is much easier to track being levied at each step of production to the point of sale. Manufacturers are therefore required to be refunded with value added taxes as they emerge along the value-added chain.

Unfortunately, because of the huge arrears of VAT totaling **\$4.5 billion**, as at September 2015, the Board of Inland Revenue has simply been unable to refund those taxes on a regular and consistent basis and as such the Government continues to owe considerable sums of money to the manufacturing sector, among others. This has denied them regular cash flows to conduct their businesses. However, the Government simply does not have the free cash flow to address this very serious problem which has been allowed to grow and fester over the years.

Madam Speaker, this situation cannot be allowed to continue. It is not fair to all concerned and we have a solution to this long outstanding problem, which I will address in the fiscal measures.

## **Economic Resiliency**

- **San Fernando-Point Fortin Highway**

Madam Speaker, the 35-kilometer Solomon Hochoy Highway to Point Fortin project, which was in abandonment and in the hands of a bankrupt contractor, was restarted after we came into office, and is scheduled to be completed at the end of 2020, under this PNM Government. This long-awaited highway on which **\$5.1 billion** had been originally spent by the previous Government on land acquisition, utility relocation, construction and supervision will soon be completed at a further cost of **\$2.3 billion**.

When completed, this highway, with appropriate interchanges, will traverse the south-western areas of Trinidad providing connectivity to several major communities from San Fernando to Point Fortin, including Dumfries and Mon Desir, a segment from Mon Desir to Point Fortin via La Brea and a connection from Mon Desir back to Fyzabad.

Importantly, by the end of October 2020 the Mosquito Creek elevated roadway segment would be opened for vehicular traffic, thereby bringing to an end the perennial traffic nightmare and flooding in that area. It is noteworthy that under the previous Government, the work on Mosquito Creek failed to meet the required engineering specifications and that portion of the highway project was abandoned. We have solved that problem and this section of the highway is now being protected from the sea by andesite boulders supplied from the THA quarry in Tobago.

The existing lower road can now be reconstructed into an elevated 4 lane roadway. The new 2 lane segment would be accessed from the 2 main thoroughfares in the vicinity of Paria Suites and the Mon Desir interchange.

The major coastal protection work along the 2.5 kilometer sea wall will be completed by August 2020 – the same date for the opening of the new 4 lane highway in Mosquito Creek, built by this PNM Government.

Madam Speaker, the construction cost for this **35** kilometer highway is now approximately **\$7.4 billion** or **\$210 million** per kilometer. Suffice it to say, that this PNM Government has rescued that project from almost certain disaster, at a tremendous cost saving to the public, without a hint of the malfeasance of the past experience.

- **Valencia-Toco Roadway**

We are now changing the outlook for the Sangre Grande region which stretches from Valencia in the west to Matelot in the north. The **40** kilometer *Valencia to Toco Roadway upgrade* is now under construction.

When completed, it will vastly improve access to the entire eastern seaboard of Trinidad, bringing business opportunities, including residential and tourism investments and prosperity to the communities of Valencia, Sangre Grande, Matura, Salybia, Rampanalga, Cumana, San Souci, Toco, Grande Riviere and Matelot. We are advancing this project in phases with completion carded for **2021**.

- **Churchill Roosevelt Highway Extension to Manzanilla**

Madam Speaker, the **33 kilometer** Churchill Roosevelt Highway Extension to Manzanilla is also under construction. This project, like the Valencia Toco Roadway, will open up east Trinidad to increased economic and social development to an underserved area with great potential, encouraging and stimulating agriculture, tourism other growth activities in Cumuto, Manzanilla and Sangre Grande, and Mayaro to Guayaguayare.



- **Curepe Interchange**

Madam Speaker, the Curepe Interchange is being constructed at a cost of **\$221.6 million**, *less than half the projected cost* of the project under the previous Government.

We envisage full commissioning of this important project by **March 2020**. All motorists proceeding along the Churchill Roosevelt Highway, both east-bound and west-bound in the vicinity of north and south Valsayn, Curepe and St. Augustine, will now experience significantly less traffic congestion with the removal of traffic lights at Valpark, Valsayn and the Churchill Roosevelt Highway/Southern Main Road Intersection. Traffic lights along the Churchill Roosevelt Highway are being progressively removed under this PNM Government, continuing the work of previous PNM Governments, to allow for the free flow of traffic and to enhance road safety. Other flyovers and/or overpasses at UWI, Macoya, Trincity and the Golden Grove/Piarco Junction are already on the drawing board.

- **Licensing requirements**

Madam Speaker, we have been modernizing the licensing divisions in particularly at Port-of-Spain, Arima, St. James and San Fernando. These modernized offices with improved business atmospheres are expected to provide by end of **December 2019**, full 8- hour digitized services to the public.

When fully operational, the newly-installed technology will improve the way of doing business, including capture of traffic offences by the Trinidad and Tobago Police Service, faster online payment for ticket offences through the TT Post, access to licensing information, online certified copy requests and pick up, new cash register system for faster processing of payments by the public and automatic speed and red-light enforcement. In parallel with these improvements, this quantum leap in managing the nation's transport system would facilitate a dramatic reduction in the corruption in the system that we have been forced to live with for far too long.

We are putting in place by **March 2020** a *Secure Motor Vehicle Number Plate System* aimed at improving vehicle registration and removing all illegal license plates. We are starting this process in **March 2020** with a three-year period for the change-out of existing plates. We are also putting in place a parking meter system in Port-of-Spain and San Fernando in 2020.

Madam Speaker, we are supporting these initiatives by legislation through the proclamation by **December 2019** of the Motor Vehicle and Road Traffic Act 2017.

With this proclamation, we will be able to implement several far-reaching technological advances to enhance our ability to identify and to prosecute errant motorists, including the use of speed spot cameras, red-light cameras, law enforcement officers using hand-held devices to issue electronic tickets, to pay traffic tickets through TT Post and to utilize an online payment system with penalties for late payment tickets and demerit points.

We are freeing-up the courts of the burden of dealing with traffic ticket fines. I wish to caution that with the modernisation of the system, breaches of various traffic offenses can now lead to the suspension of driver's permits, fixed penalty ticketing, a system of demerit points and red light camera enforcement.

- **Public Transportation**

Madam Speaker, our public transportation service remains the backbone of transportation for our citizens, especially those in underserved and unserved communities.

In 2018, we purchased 18 buses and a further 25 will be on our roads by December 2019. Importantly, these buses will be accessible to disabled persons and will be powered by compressed natural gas consistent with our obligation to reduce carbon emissions. We are also putting in place a procurement framework to acquire an additional 300 buses, most of which will be accessible to disabled persons and with climate change requirements.

- **San Fernando Waterfront**

Madam Speaker, finally, the San Fernando Waterfront project is advancing with the process in train for securing a public-private-partnership arrangement which will be responsible for undertaking the work aimed at reviving the economic vitality of the city of San Fernando and environs. Upon completion at a cost of **\$1.0 billion**, the area will become the commercial core of the city of San Fernando with increased opportunities for income-generating activities as well as improved living conditions. The surrounding communities, including Hatters' Bay, Embacadere, Vistabella and Marabella will benefit from short-medium and long-term employment during the project lifecycle.

- **Coastal Protection**

Madam Speaker, coastal protection work in several areas are re-establishing coastal communities as models for sustainable development: at Quinam, the beach was reopened to the public in **December 2018**; at Manzanilla, the Cocos Bay stabilization works are at an advanced stage of completion and

so is the San Souci shoreline; the Cap de Ville shoreline will be completed; in **2020**, the construction of a breakwater system at the Magdalena Grand Golf and Beach Resort is expected to be completed as well as the Matelot-Grande Riviere works. In this regard, we are receiving technical assistance from the Development Bank of Latin America (CAF) in both Trinidad and in Tobago for rehabilitation of our coastlines affected by climate change.

- **Flood Alleviation**

Madam Speaker, we have put in place a comprehensive strategy for treating with drainage and flooding throughout the country. We are targeting **369** active desilting projects-surpassing our targets in **2017** and **2018**. By mid-**2019**, we had completed **219** projects in our recurrent maintenance strategy which is an essential component in our management of the draining capacity of the country. We have now in place **150** active desilting projects.

We are investing resources to protect communities which are most vulnerable to flooding, in particular in the Caroni district where existing embankments and berms are being rehabilitated.

Evidence of the work we have done was demonstrated by the fact that neither the Greenvale nor Oropune Housing Developments suffered flooding during the recent passage of Tropical Storm Karen.

In Port of Spain where drainage channels are not capturing water flow from the bottom of Charlotte Street, the Broadway Intersection and the area around the Lighthouse, a detention pond has been constructed. We are outfitting the detention pond with flap gates and pumps to control the flow and removal of water based on tide levels. This should go a long way to alleviating the perennial problem of flooding in our Capital City.

- **Police Stations**

Madam Speaker, the new Carenage Police Station will be commissioned in **September 2020**. The Shirvan Police Station in Tobago has been completed. The police administration building now under construction in St. Clair will be completed in **2020**.

- **Heritage Buildings**

Madam Speaker, we are nearing the final stages with the rehabilitation of our Magnificent Seven heritage buildings which are of significant importance to our history and legacy:

- *Stollmeyers' Castle* was opened to the public in 2018;
- *White Hall* has been restored and outfitted at a cost of **\$32.0 million**.

On **September 4 2019**, the Office of the Prime Minister returned to White Hall after an absence of **ten (10)** years;

- *The Red House* is nearing completion at a cost of **\$441.0 million** and upon commissioning, in January 2020, the traditional Seat of Parliament will return to St. Vincent Street from where it was relocated in **2011** to Tower D in the Port of Spain International Waterfront Centre. The eleven (11) floors of Tower D, which Parliament now occupies will be converted into a suite of civil courts; thereby, freeing-up space in the Hall of Justice which will now focus on overseeing criminal cases;
- *The comprehensive* restoration of *President's House* is nearing completion and this historic building will soon be occupied by Her Excellency, the President; and



- *Mille Fleurs* with restoration aided by engineers from Cuba is progressing satisfactorily.

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Additionally, Madam Speaker, the construction of an official Residence of the Prime Minister in Tobago is completed. Outfitting works are in progress and the building will be available for use by the end of this year.

## **Economic Activity**

- **Energy Sector**
  - **Petroleum Company of Trinidad and Tobago (Petrotrin)**

Madam Speaker, we have completed the first phase in our reform of Petrotrin. *Trinidad Petroleum Holdings Limited*, a holding company, will now be responsible for **three (3)** functional divisions and **one (1)** legacy subsidiary.

With the recent reform of the governance arrangements, we are ensuring that these companies with their respective business models discharge their mandates in an efficient and effective manner.

By 2018, the story of Petrotrin was **\$15 billion** in accumulated losses and projected losses of **\$2 billion** a year going forward. This situation was not only unsustainable, but posed a serious threat to the country's financial system. This Government thus did what had to be done. We closed the Refinery and restructured the Company.

Madam Speaker, the *Heritage Petroleum Company Limited*, a new exploration and production company, has already achieved profitability and is contributing to public revenue.

The company has succeeded in achieving growth in its quarterly production levels, both offshore and on land and has generated revenues of **\$3.287 billion** in its first three quarters of operation, leading the company to register a net profit of **\$543.5 million**. The company is consolidating our energy security and indeed our national security.

With increased work-over and drilling activity on-shore and in shallow water, the company is expected to ramp up production from a projected annual average of **35,000 bpd** in **2019** to just over **40,000 bpd** in **2022**.

The company has increased production from **31,760** barrels per day in **December 2018** to **33,549** barrels per day in **June 2019**. Inadequate investment in exploration, production and infrastructure for many years is now therefore being reversed. Facilitating this process of recovery is the recently-executed Memorandum of Understanding (MOU) between Heritage and Shell TT. This partnership will provide the technical and cash investment needed to develop Heritage's undeveloped offshore acreages and in the process put crude oil production on a path of sustained growth.

*Paria Fuel Trading Company*, another subsidiary, has been importing finished fuel products to meet national and regional needs as appropriate.

Madam Speaker, the *Guaracara Refining Company Limited* into which the refining assets of Petrotrin were placed is now in an advanced sale process with a broad-based Evaluation Team now negotiating with the preferred bidder Patriotic Energies and Technologies Company Limited, a company which is wholly-owned by the Oil Field Workers' Trade Union (OWTU). The negotiations would also involve acceptable agreements for national fuel security and supply through *Paria Fuel Trading Company*, given that the operator of the refinery will need access to Paria's terminal to bring crude into Trinidad and Tobago and re-export the finished products.

Madam Speaker, since it became public knowledge that Patriotic Energies and Technologies was selected as the preferred bidder by the Government, there have been many uninformed "experts" clamouring for the Government to be transparent about the selection process; and for the Government to come *straight and clean* about how the preferred bidder was selected. It is as if they are opposed to the very idea of a Trade Union getting involved in Industry and Commerce.

And all of this unwarranted scaremongering is after I made a clear statement on the matter to this Honourable House on **September 20 2019** and conducted a live press conference on the issue on **September 25 2019**.

Nevertheless, these are the **FACTS**. The selection process was as extensive as it was efficient. There was a **two (2)** stage process for the offer for sale or lease of the refinery and associated fuel trading facilities.

Madam Speaker, the first stage attracted **77** Expressions of Interests, of which **25** elected to sign non-disclosure agreements; of these **8** submitted non-binding offers. After technical and financial evaluations **5** bidders were identified for further evaluation:

- Beowulf Energy;
- Glencore Limited;
- Edgewood Holdings;
- Klesch; and
- Patriotic Energies and Technologies Company Limited.

At closure of the bid process on **August 20 2019**, three (3) of these five (5) companies, submitted compliant binding offers for the purchase or lease of the company:

- Beowulf Energy;
- Klesch; and
- Patriotic Energies and Technologies Company Limited.

Madam Speaker, the Evaluation Committee reviewed the proposals in the context of **12** specifically selected criteria which included *inter alia*: upfront consideration, financial capability, history of refining and marketing experience, refinery restart time, proposed crude slate, exclusivity period, lease/sale arrangements, Sale and Purchase Agreement comments, social and economic aspects, bidders' equity, an approximate time for the start of preparation for the Ultra-Low Sulphur Diesel Plant and union involvement.

The Evaluation Committee presented the three final bids to the Cabinet with a comparative matrix identifying the advantages and disadvantages of the three final bidders.

Based on the information presented, the Government took the decision that the proposals of Klesch and Beowulf Energy were not superior to that of Patriotic Energies and Technologies Company Limited which offered upfront cash of **US\$700.0 million** for the refinery assets.

Beowulf Energy offered no upfront cash consideration, but instead proposed a lease payment of **US\$42,000** per month over a **15 year** initial term and future **50:50** profit sharing contingent on Beowulf recovering its capital investment and achieving a **15.0 percent** internal rate of return; and Klesch offered only payments to the Government through taxes, meaning they essentially wanted the refinery for free.

Madam Speaker, on the basis of clear evidence that it had submitted the best proposal, both in the public interest and financially, the Government took the decision that Patriotic Energies and Technologies Company Limited should be deemed the ***preferred bidder*** for the Guaracara Refinery Company Limited and Paria Fuel Trading Company Limited. In this context, it is noteworthy that Patriotic's offer of **US\$700.0 million** for the purchase of the Refinery was by far the best.

However, in order to facilitate the successful restart of the refinery as soon as possible, the Government made a conscious decision to initially forego the upfront payment and substitute a payment structure which entails granting the company a **three (3)** year moratorium on all payments of principal and interest towards the purchase of the refinery and a further **ten (10) years** at a fair market interest rate to complete the payment. Again, it is noteworthy that the net present value of these payment terms far exceeds the value of offers made by the other two bidders.

Madam Speaker, Cabinet has requested the Evaluation Committee which has been reconstituted, to submit within a period of **45 days** a firm recommendation with respect to the conclusion of negotiations with Patriotic Energies and Technologies Limited with the conditions of the sale being:

- i. confirmation of its ability to finance the purchase and operation of the refinery;
- ii. establishment of a draft Sales and Purchases Agreement and various other commercial agreement, inclusive of crude handling, domestic fuel supply, natural gas supply, product off-take and transition support;



- iii. finalization of a business plan which addresses other key deliverables, inclusive of the provision of a guaranteed, reliable and seamless supply of refined petroleum products to Trinidad and Tobago and the Caribbean region ensuring the long-term viability of the refinery and reducing its carbon footprint;
- iv. requirement of any fiscal incentives or tax concessions required from the Government of Trinidad and Tobago;
- v. adoption of an approach to any historical environmental liabilities;
- vi. establishment of a refinery start-up plan which involves any necessary additional work, inclusive of the refinery refurbishment plan and the terminal start-up plan;
- vii. design of a plan for the supply of petroleum products during the transition to full operationalization by Patriotic Energies and Technologies Company Limited of the refinery, inclusive of the finalization of a Memorandum of Understanding with Trafigura PTE Limited;
- viii. design of a suitable staffing plan, inclusive of senior management;

- ix. indication of proof of qualification to engender the start-up and performance enhancement processes for the new business as well as the evaluation of growth opportunities which integrate information analytics and insight to solve client challenges at all points along the energy value chain; and
- x. approval from the Board of Directors of Patriotic Energies and Technologies Company Limited for the definitive terms and conditions of the proposed transaction.

Madam Speaker, this Government is happy that a company owned by the Oilfield Workers' Trade Union (OWTU) and more importantly, the **ONLY** local bidder, is the preferred bidder for the refinery and terminal assets. We remain confident that if the Union does its homework, and puts its shoulder to the wheel, this strategic and national asset could be brought into operation in the shortest possible time, but it is now up to the OWTU to transition from a "proposal" to "confirmation" of its ability to deliver what it has proposed.

The benefits of the restart of the refinery for the communities of Marabella, Pointe-a-Pierre, San Fernando and Gasparillo are obvious and we are enthused at the expected economic revitalization of these fence line communities. We look forward to working with Patriotic Energies and Technologies to bring about the objective of a different and successful operation.

However, we expect that Patriotic will take its assignment seriously and work assiduously to meet the Government's conditions and timelines for submission of additional information and supporting documentation and a workable plan to finance the necessary preparatory work and get the Refinery restarted.

And for those who wish to undermine this important paradigm shift with political red herrings and mischievous distractions, I wish to emphasize that this is ***still*** an ongoing process, which ***if successful*** will lead to the award of the contract to Patriotic for the purchase of the Refinery.

We wish the OWTU all the best in this endeavor and look forward to working with them in the national interest.

- **Natural Gas and Crude Oil**

Madam Speaker, oil and more recently gas revenues have always accounted for a substantial proportion of our total export revenue. The receipt of steady and reasonable levels of those revenues has been of substantial benefit to our citizens. We have utilized those revenues to develop and to support the diversification of our economy. We have done so by investing heavily in physical, social and economic infrastructure and this has generated through knock-on effects, the expansion of our *non-oil sector* and its diversified activities. With confidence in Trinidad and Tobago as an oil and gas province, investors are showing renewed interest in the oil and gas sector. A smooth transition to sustainable development in the future is assured.

Madam Speaker, with expiring contracts, a Cabinet appointed empowered negotiating team is at an advanced stage of negotiations with major energy companies. They have already secured better terms and conditions for our oil and gas output including:

- a new gas pricing regime with upstream companies and new gas supply contracts with some downstream companies have been put in place;
- liquefied natural gas (LNG) cargoes have been assigned to the National Gas Company (NGC) for the first time;
- a new pricing formula has been set for Train I as well as for re-gasification and shipping costs; and once gas can be found for this Train, the new formula will benefit the people of Trinidad and Tobago.
- the Southeast Coast Galeota License for bpTT has been extended, thereby allowing for the sanctioning of the Cassia compression project which is now maximizing low pressure gas reserves from currently producing fields; and

- the legacy royalty gas issue has been settled. bpTT made a payment of approximately **\$1.0 billion** in **2019** as settlement of the legacy issues of royalty gas and an initial payment to NGC on its domestic gas shortfall. Shell has also made a payment of **US\$282.0 million** in **2019** or **\$1.9 billion**, as settlement of royalty arrears and legacy payments.

At this stage, it would be remiss of me not to thank and congratulate the Honorable Prime Minister, Dr. Keith Rowley, for his foresight, perseverance and drive in conducting far-reaching and productive discussions in meetings with the leaders of the global oil and gas industry, all over the world, in Houston, London and Amsterdam, for the benefit of the country and people of Trinidad and Tobago. Because of his effort and the efforts of the Team, led by the Prime Minister, this country is now in a much better place with respect to revenues from petroleum and foreign direct investment in our oil and gas sector.

Madam Speaker, the Energy sector has had its challenges; but it is steadily turning around. We have created the right environment for accelerating investment in the sector.

Gas production which had reached a low point in **August 2016** averaging **2.76 bscf** per day for the month, is on the rise. We have had significant gas finds in our deep-water blocks and in the not too distant future commercial production will commence. As such, natural gas production has been increasing, reaching in **2018** an average of **3.63 billion standard cubic feet (bscf)** per day, an **8.0 percent** increase over the **2017** average of **3.36 bscf** per day.

Significantly, natural gas production has continued this upward trend and it is projected to reach an average of **3.8 bscf** per day in **2019**, thereby bringing natural gas supply closer to the peak demand of **3.9-4.0 bscf-** per day, the level of supply to keep our petrochemical plants and LNG trains at optimum operational efficiency. In **2017** and in the context of the Ryder Scott **2017** Reserves Audit, our natural gas reserves reversed the downward trend which began in **2003**. Proven reserves have increased from **9.92 tcf** in **2016** to **10.52 tcf** in **2017**, thereby extending the life of our natural gas reserve pool to **14.6 years**.

Madam Speaker, oil production had been on the decline; but after stabilizing in **2019**, production is projected to increase to **59,200 bpd** in **2020** as production from operating companies, including Heritage Petroleum Company Limited, has been expanding. Oil production is set to get a major boost from our east coast area and Gulf of Paria, in particular from the Ruby Field, which has been sanctioned for significant investment by BHP Billiton.

Madam Speaker, we have begun an audit of the country's crude oil reserves at the end of **2018**. The last audit which took place in **2011** showed that unrisks proved reserves of crude oil and concentrate were estimated at **243.0 million** barrels. We expect to receive the audit shortly.

As part of our strategy to keep Trinidad and Tobago as a strategic location for the natural gas business, we recently executed a Memorandum of Understanding (MOU) with Barbados to address hydrocarbon exploration within that country's maritime jurisdiction. Very importantly, this MOU could lead to an agreement and to a treaty for attracting foreign direct investment in new acreage and for monetizing such discovered gas deposits at our facilities.



- **Energy Conversion**

Madam Speaker, we are taking the lead to adopt and implement a sustainable energy road map for Trinidad and Tobago as we integrate energy conservation, energy efficiency and renewable energy as key pillars of a sustainable energy transition over the next **four (4)** years through the promotion of energy reduction in the residential sector; we are undertaking an energy audit of all buildings occupied by Ministries and State Agencies with a view to controlling lighting, air conditioning and computer usage at nights, public holidays and weekends. We are beginning the project with Tower C at the Waterfront; we are encouraging all high energy-intensity users in industry to establish their levels of greenhouse gas emissions and their level of efficiency of natural gas.

***We also intend to launch in 2020, a major programme for the replacement of all antiquated incandescent bulbs currently used in the 400,000 households in Trinidad and Tobago with modern energy-efficient LED bulbs.***

***This will be done by Government free of charge to households, as a public service, and will be a major boost to national energy conservation.***

Madam Speaker, we are reducing energy usage at 800 Government, primary and secondary schools. In addition, 30 primary and 30 secondary schools have been identified as part of Phase 1 for an energy auditing and retrofitting exercise. In addition, we will collaborate with the private sector, academia and international organizations to explore different applications of hydrogen within the local economy.

We are transitioning to more energy efficient vehicles; installing solar water heaters on all new housing developments under the Government Housing Programme and moving to convert the major city centres into smart cities and support the Tobago House of Assembly-led energy conservation and energy programmes and initiatives in Tobago. The Minister of Public Utilities will expand on these initiatives during the debate.

## Non-Energy Sector

Madam Speaker, in the context of our stabilizing efforts, the manufacturing sector returned to positive growth of **4.9 percent** in the first quarter of **2019** after a number of years of negative growth. We expect this sector to continue to grow at just under **2.0 percent** per annum as consumer confidence continues to improve, public sector construction activity gains traction and economic activity in the manufacturing sector strengthens.

- **Manufacturing**

Madam Speaker, the Government is supporting the manufacturing sector in the drive established by the Trinidad and Tobago Manufacturers Association to double manufacturing output over the period **2019-2024**. This sector has been streamlining its costs and has been seeking out new markets. We are facilitating this initiative through Government-led strategic trade missions and by building technical capacity programmes among exporters. We are creating an enabling environment for business to develop and to flourish.

We are also penetrating markets with trade agreements, including the soon-to-be executed Partial Scope Trade Agreement with Chile. Given the UK's impending exit from the European Union which is targeted for **October 31 2019**, we recently executed an *Economic Partnership Agreement (EPA)* with the United Kingdom to preserve our preferential trading relationship with that country.

- **Special Economic Zones**

Madam Speaker, we are putting in place a Revised Special Economic Zone regime with a view to expanding our non-energy sector. The new regime will replace the existing Free Zone regime. We are not only making the non-energy sector more competitive; but we are also ensuring that in the context of our new incentive framework, we are in compliance with international standards as set out by the OECD's Base Erosion and Profit Shifting (BEPS) Inclusive Framework and the EU's Code of Conduct Group. This more attractive investment climate will diversify the number and type of industries; but importantly, we will have the flexibility to locate these zones strategically with their activities in specific areas across the country.

## **Moruga Agro-Processing and Light Industrial Estate**

Madam Speaker, the *Moruga Agro-Processing and Light Industrial Estate* will be commissioned before the end of this year. We are in the process of tenanting the park, having already identified **ten (10)** potential investors interested in processing fruits and vegetables. This flagship project will provide sustainable employment opportunities for farmers and others in agriculture and related sectors. We are establishing this Moruga facility as a catalyst for expanding the agricultural sector and for generating exports of competitive agro-products.

- **Phoenix Park Industrial Estate in Couva**

Madam Speaker, the new *Phoenix Park Industrial Estate* in Couva is being developed under the *Belt and Road Initiative* pioneered by the People's Republic of China. The Government has already engaged a *Design-Build* contractor for the project.

With construction scheduled to begin shortly and commissioning in September 2020, the construction company has identified tenants for the industrial estate, including firms already operating in Central and South America in the areas of air conditioning, automotive, heavy machinery, building material, power transmission and furniture.

In a similar outreach, *Invest TT*, our national investment promotion agency, has identified other major investors, including in business process outsourcing, financial services and information and communication technology.

- **Small and Medium-sized Enterprises**

Madam Speaker, small-and-medium-sized businesses remain a central pillar in our *development strategy* for achieving sustained economic growth. We are particularly pleased that Development Finance Limited of Trinidad and Tobago has been able to secure a **US\$10.0 million** loan from the Caribbean Development Bank for on-lending to small- and medium-sized enterprises.

Madam Speaker, the focus of that lending on agricultural, industrial and tourism activities is well-advised. This direction is consistent with our own development agenda to increase viable investments to the productive SME sector, given its positive impact on the rate of economic growth, employment and income.

- **EXIMBANK Facility**

Madam Speaker, the *EXIMBANK Foreign Exchange Facility*, appropriately resourced by the Government has been meeting the foreign exchange requirements of the non-oil domestic manufacturers who have been achieving the qualifying criteria. The original allocation of US\$10 million has been fully utilized and we recently approved a second tranche of US\$10 million.

- **Creative Industries Sector**

Madam Speaker, Carifesta XIV hosted by Trinidad and Tobago underscored the strides we have made in the expansion of our creative industries.

Moreover, with the resourceful *Film TT* and *Music TT*, we are making efforts to widen and deepen the industry.

Trinidad and Tobago is becoming a preferred destination for film production in the region. International television and foreign film productions have been taking place. A *Locations Database* provided a user-friendly online catalogue of stunning and diverse film locations across Trinidad and Tobago and this is proving to be an enabler to market Trinidad and Tobago as a premier destination for film production.

Trinidad and Tobago is creating a pool of local artists through the Live Music Districts which have been held at 58 participating venues throughout Port of Spain and its environs. We have witnessed 537 performances and the Live Music District was featured as part of Carifesta XIV.



- **Industrial Estates**

Madam Speaker, we are making available undeveloped land to the private sector to facilitate and to promote industrial and economic development.

A range of undeveloped land spaces now owned by the Evolving TecKnologies and Enterprise Development Company Limited is now being transferred to the private sector through a competitive bidding process being managed by a local consulting firm.

In the context of the existing bids, the Evolving TecKnologies and Enterprise Development Company Limited is divesting the *Preysal Industrial Estate*: undeveloped land comprising **78.07 acres** at a price of **\$50.0 million**.

Negotiations will commence soon with other investors for: *Reform Industrial Estate*: a parcel of undeveloped land comprising **19.07 acres** at a price of **\$10.0 million**; *Connector Road Industrial Estate*: undeveloped land comprising of **85.34 acres** at a price of **\$60.0 million**; and *Frederick Settlement Extension Estate*: undeveloped land comprising **394.32 acres** at a price of **\$163.1 million**.

The investors will be responsible for developing these industrial estates by establishing new business concerns, in particular those which can penetrate new and existing export markets or relocating such manufacturing operations from the populated urbanized areas.

- **Toco Port**

Madam Speaker, while the highways in the east will encourage major industrial, residential and commercial investment initiatives in the Valencia to Matelot area, the Toco Port will facilitate a faster alternative sea route between Tobago and east Trinidad, accommodate safe berthing for the fishing vessels of the fisherfolk in that area and improve maritime security.

The environmental requirements are now being addressed and this is paving the way for the award of a *design-build-contract* in 2020. At a total cost of **\$750 million**, the Toco Port should be completed in **2022**.

- **Agriculture**

Madam Speaker, our Prime Minister is the first Prime Minister who has seen the benefit of having an Advisor on Agriculture in the Office of the Prime Minister.

As I emphasized last year, diversification of the agricultural sector remains a high priority for this Administration. We recognize that access to State Land, fixing historic land tenure problems and further incentivizing agro-processing, value added and direct support services to agriculture will motivate farmers and private sector investors. We have invested more than **\$10.0 million** in the upgrade of the IT systems of the Ministry of Agriculture, Land and Fisheries.

We have targeted three key areas to modernize the agricultural sector: improving internet availability across offices around the country; moving more than **80,000** land files into an Electronic Document Management System and further developing the database of information held in its Geographic Information System; and finally, launching a *Land Card* which gives state-land users card access to their electronic land files.

The Government-driven Moruga Agro-Processing and Light Industrial Park, is nearing completion and would soon move into a marketing phase for the shells available for outfitting and plots of land available for construction. At the same time, the National Agricultural Marketing and Development Company (NAMDEVCO), the agricultural marketing arm of the State, recently advertised for private sector partners for three packing house facilities in Tabaquite, Couva and Piarco. This Request for Proposals involves about 12 acres of State land and close to 50,000 square feet of enclosed floor space.

We have just approved a state land-lease for a private sector funded packing house in the agricultural hub of Orange Grove and we estimate that at this time over **\$100.0 million** in private capital is being invested in agriculture projects involving hatcheries, duck farming and processing, organic beef and lamb, rabbit production and packaging; and rice parboiling.

Madam Speaker, the Government's successful public-private-partnership for the transition of the *Aripo Livestock Station* to a private enterprise signals our continued commitment to reshaping the manner in which we have been approaching the sector.

The partner has now taken responsibility for the development of this **1146-**acre facility into a world class livestock operation to support the growth of the local livestock sector. The private investment is in the order of **\$30.0-\$40.0 million**. Over **100** Government employees at this Station have already moved into vacancies elsewhere in the Ministry and a few are still being redeployed.

Madam Speaker, after **27** years of drafting, redrafting, consultations and meetings, this country will see a *Fisheries Management Bill* being laid in Parliament shortly. This would replace the **103**-year-old legislation and modernize the long-term management of this country's fisheries resources. The Bill to introduce modern measures for animal health and welfare is already laid in Parliament and the Legislative Review Committee is currently working on the legislation to modernize the way Veterinary Surgeons function.

Madam Speaker, after years of discussions the Ministry of Agriculture, Land and Fisheries has recently placed its first order for coconut tissue from Mexico to provide local farmers with planting material for varieties which are new to Trinidad and Tobago. Our cocoa beans continue to win global awards. This year Trinidad and Tobago retained its Fine Flavour Cocoa status and the Cocoa Development Company has its first National Cocoa Quality Awards ceremony with the winner going into the global awards programme.

Madam Speaker, we have completed a national review of the legal and administrative arrangements for wildlife conservation, in particular hunting of wildlife and implemented a suite of legislative changes. We have completed a comprehensive plan for the management of our protected areas and forest resource management, including reforestation, regeneration of commercial forestry assets and forestry inventory management. We have also implemented policy changes to the sale and export of local forestry resources with a view to better resource management and the resuscitation of the local furniture sector.

- **Moruga Fishing Port**

Madam Speaker, the new modern fishing port in Moruga, with its berthing and landing facilities, is in the environmental certification stage with construction of the marine facility scheduled to begin in **2020**. The lives of the citizens of Moruga will be significantly improved, bearing in mind the large proportion of the Moruga population which depends on the fishing industry for their livelihood. An associated benefit with the Coast Guard base is the improvement of the maritime security of our southern coastline.

- **Tourism**

Madam Speaker, in 2017 we reformed the structure of arrangements for improving efficiency in the marketing of our tourism product. The Tobago Tourism Agency has been actively marketing Tobago as a destination of choice for leisure-based activities while Tourism Trinidad Destination Management Company Limited has been marketing Trinidad as a destination for meetings, conferences and exhibitions.

Collaboration between the entities provides opportunities for the **two (2)** experiences. We are already witnessing an increase in visitor arrivals in **2019**, with total arrivals projected to grow at a rate of **3 to 4 percent** in **2019** with sound long-term projections for growth.

Tourism investors are accessing our recently-introduced investment incentives for improving accommodation plant to first-class levels. **Five (5)** properties are accessing the incentives in the **1 - 5** guest room category and **ten (10)** properties in the **6 - 150** guest rooms category.



We are upgrading and improving the aesthetics of a number of sites, attractions and beaches throughout Trinidad and Tobago. In parallel, the *National Tourism Policy and Tourism Master Plan* are being realized to provide for a long-term development framework for the tourism sector to **2030.**

- **Magdalena Grand Beach & Golf Resort**

Madam Speaker, a reputable internationally-recognized brand manager has been identified as the operator for the Magdalena Grand Beach & Golf Resort. The vertically-integrated travel and hospitality conglomerate has shown confidence in Tobago as a destination poised for growth and expansion. This brand manager who focuses on packaged travel and resort and brand management will assume operatorship while the Government is undertaking the rehabilitation and outfitting works on the hotel.

Upon completion of those works, the hotel will be rebranded under the signature of the operator reflecting that our tourism product is consistent with international standards and will be able to maintain an inflow of tourist and business for the **198**-room hotel and by extension the economic development of Tobago.

- **International Airport Tobago**

Madam Speaker, the roll-out of the new terminal building at the ANR Robinson International Airport in Tobago will consolidate the tourism sector as a catalyst for economic transformation. It will accommodate increasing tourism arrivals, catalyze the upgrade of hotels and guest houses and stimulate investments in new hotel plans. The Development Bank of Latin America (CAF) is providing technical assistance for the project and financing, and the new Terminal is to be constructed by an *EPC Turnkey contractor* with associated works by sub-contractors.

***I am pleased to announce that we have received a satisfactory bid from an international contractor for the Tobago Airport Terminal project, and negotiations will commence shortly with the preferred bidder.***

In the meantime, the THA has recently received EMA approval to develop suitable lands for the relocation of persons affected by the construction of the new Terminal.

Barring unforeseen circumstances, therefore, construction on the new Airport Terminal in Tobago will commence in early 2020 and be completed within 12-18 months.

As part of this project, a new airport access road will be constructed to connect with the Claude Noel Highway at its intersection with Shirvan Road, thus providing easy access to and from the new airport terminal building and easing traffic congestion in the Bon Accord and Crown Point areas.

And that is not all, since while the construction of the new Terminal takes place, significant upgrade and modernisation work will be done on the existing terminal building at Crown Point.

This upgrade work will commence within the next few months and will provide much needed improvements for domestic and international passenger facilities in Tobago, as an interim solution.

- **Air Bridge**

Madam Speaker, Caribbean Airlines Limited (CAL) is managing the air bridge and through close monitoring it has been adjusting its schedule as required to facilitate seamless travel between Trinidad and Tobago.

Caribbean Airlines Limited (CAL) has been meeting the demand for travel on the air bridge having provided in **2018 1,053,910** seats with usage of **86.0 percent** or **962,302** seats. *In the period **January- August 2019** CAL has provided **782,086** seats with utilization at **695,817** seats or **89.0 percent**.*

- **Sea Bridge**

Madam Speaker, the sea bridge is being consolidated with the leasing for one (1) year of a new ferry the *Jean de La Valette* which has joined the *Galleons Passage*, the *TT Spirit* and the *Cabo Star* in the service of the sea bridge. In combination, these vessels in the period January-August 2019 have transported **360,734** passengers and **117,524** vehicles. In mid-**2020** the travel arrangements on the sea bridge will be rationalized with the arrival of **two (2)** new state-of-the-art fast ferries which are being constructed by Austal Ships Pty Limited and Incat Tasmania Pty Limited.

- **Human Capital**

- **Education**

Madam Speaker, we have a proud record in expanding educational opportunities in recognition of the right of each one of our citizens to a good quality education.

Every positive impact on education in the country since independence has been through an initiative of the People's National Movement. In the last four years we have invested more than **\$28.0 billion** in the education sector.

Since the early 2000s sustained public investment in early childhood care and education, vocational educational and skills training, primary, secondary and tertiary education has yielded high rates of enrollment and access across all education levels. Importantly, our expenditures on *tertiary education and skills and training* are more than double the average for regional countries and are advancing our goals of achieving a **60.0 percent** tertiary enrollment rate.

We are establishing the human resource base on which the structural transformation and diversification of the country are taking place. The Government Assistance for Tuition Expenses (GATE), recently reformed on efficiency grounds, is playing a key role in this objective.

Our efficiency drive across the education sector is deriving significant fiscal savings.

- the governance and administration of the education system is becoming much more effective;
- education is increasing in quality at all levels with programmes becoming relevant and responsible to meet sustainable and national development goals; and
- educational opportunities can be easily accessed by the full spectrum of learners with educational support services necessary to optimize the teaching and learning process.

We are also focusing on infrastructure. We are increasing the maintenance budget given the poor quality of some primary and secondary school buildings and we are reforming the infrastructure procurement processes so that they could yield greater efficiency gains.

We are also in the final stages of rolling out a comprehensive billion-dollar package of construction work designed to complete and commission twenty-seven (27) priority schools in the shortest possible time.

- **Housing**

Madam Speaker, access to adequate, affordable and decent housing has long represented a centerpiece of our public social policy. We have been creating a network of communities throughout the length and breadth of Trinidad and Tobago. These communities have been anchored on affordable and good quality housing.

Madam Speaker, **let me be clear**: the low-to-middle income recipients of HDC housing could not have afforded such housing had it not been for our multi-year investment in public housing; yet despite this sustained public thrust, supply of housing has not been able to keep pace with the increasing demand. There are now approximately **175,000** applicants who remain to be satisfied.

We have been addressing this acute social issue. We recognize that an adequate supply of housing units has been constrained by insufficient funding and the escalating cost of construction. We are overcoming those constraints.



*First of all*, we have been able to reduce the cost per square footage for housing units: from **\$1200** per square foot in the period **2011-2015** to approximately **\$600** per square foot at present. We will reduce this cost further in the future.

*Secondly*, we are putting the financing of housing units on a self-sustaining basis through an enhanced construction and sales programme. We are resourcing the HDC through the issue of a **\$1.0 billion 4.50 percent** fixed rate bond.

The bond will fulfill a dual purpose: our citizens are being encouraged to save and those lower- and middle-income resident citizens who do not now own a property are being encouraged to access affordable housing.

The proceeds of the bond will be used to finance the development, construction and sale of houses by the HDC.

Madam Speaker, we have amended the Government Savings Bond Act to provide for the introduction of savings bonds to be termed Housing Bonds - a new category to the existing Government Savings Bonds, National Tax-Free Savings Bonds, Tax-Free Savings Bonds and National Savings Bonds. The amendment will also ensure that the proceeds of the sale of the Housing Bond issued under the Act shall be applied solely for the purchase of housing by individuals from the HDC. The bonds so issued will be transferable.

In order to ensure appropriate headroom under the amended legislation, I have increased the limit under the Act from **\$2.0 billion** to **\$3.0 billion** and I propose to increase the limit in the future as appropriate.

Madam Speaker, we are ensuring that the Housing Development Corporation through a *variety of solutions* will be able to generate through its *Accelerated Housing Programme* **6,000** housing units by **December 2020** and thereafter **3000** units per annum.

Madam Speaker, I wish to share with this House some of the solutions being advanced by this Administration in our drive to provide affordable shelter and associated community facilities to low-and-middle-income persons:

- i. *previously-stalled housing projects* are being resumed;
- ii. the *Accelerated Housing Programme* will continue to generate a consistent flow of new housing units;
- iii. the *Aided-Self Help Housing Programme* is underway with qualified individuals now preparing to construct their own homes on residential service lots developed by HDC;
- iv. the *Housing and Village Improvement Programme*, an affordable and high-quality housing initiative, is on-going with the programme being extended to **100** families residing in Sangre Grande, St. Joseph and Marabella. This initiative recently won in **December 2018** the *Award for Service Excellence and Innovation in the Public Sector* provided by the President of the Inter-Development Bank; and
- v. *public-private-partnerships* are attracting both local and foreign investors to achieve our housing mandate and are bringing to the industry expertise, technology and finance; construction is actively in progress at **five (5)** housing sites.

However, all of these initiatives, laudable as they are, cannot make a serious dent in the demand for public housing. There are 175,000 applicants at the HDC. Even at a production rate of 3,000 new HDC houses per year, it will take decades to meet the public demand for housing. As MPs, on both sides of the House, we are all inundated on a weekly basis with demands for housing from our constituents. It is perhaps the most pressing issue that we have to deal with, since our population has been conditioned over the years to expect the Government to provide them with an HDC house at a discount price.

We have also found ourselves in a situation where with creeping upward movement, it now costs the Government almost **\$1 million** to build an HDC house and the population expects to be given this house for **\$500,000** or less. To compound the problem, many of the applicants for housing simply cannot qualify to purchase a HDC house, because they just do not have the means. In fact, because of hire purchase arrangements and other demands on their income, such as car loans, thousands of applicants can barely qualify for rental, or rent-to-own, rather than purchase of a Government constructed house.

Successive Governments have also created a culture whereby persons no longer seek to acquire land and build their own houses with their own resources, as was the norm in the past. We must therefore step out of the box, and initiate new solutions, if we are to address this burning issue in any meaningful way.

The Government has decided to initiate a new housing construction programme, whereby qualified small builders will now be given the opportunity to construct basic “no-frills” 3-bedroom houses on serviced lots, either on vacant lots in existing housing developments or in available Government land developments, using drawings and specifications produced by the HDC.

This programme will be offered to small and medium sized contractors at a fixed price of approximately **\$500,000** per house, and contracts will be awarded in batches of 5-10 houses. A feature of the programme is that small builders will not be burdened with the requirement to tender for these houses, but instead, will simply have to qualify to participate in the programme.

The HDC will be responsible for providing all required infrastructure for the construction of the houses, and payment terms will be geared to facilitate the cash flow needs of small businesses. We expect through this initiative, we can mobilize significant spare capacity in the construction sector, stimulate economic activity and create jobs, while at the same time meaningfully addressing the current shortage of housing. This new housing construction programme will be fully operational and available to small builders within the next 3 months.

In addition, the success of our village improvement programme where starter houses are being successfully built at a cost of **\$120,000**, with the participation of residents in the target areas, contributing part of the labour cost, has shown us that it is possible and feasible for our people to build their own homes at a fraction of the current cost of HDC houses. We therefore believe that once we provide the necessary environment for people to build their own homes at an affordable price, we can initiate a major private housing construction drive, and get more value for money.

We intend, therefore, to launch a new Housing Loan initiative, where low interest loans, guaranteed by Government, will be provided, up to **\$300,000**, to persons seeking to build their own homes. Details of this programme, which will be fully operational in early 2020 will be given in the Finance Act in December 2019.

- **Health and Healthcare**

Madam Speaker, our public health institutions continue to provide high-quality healthcare to our citizens. They also form an integral part of our medical education as these facilities are being increasingly utilized by regional tertiary institutions for teaching and training activities. Our citizens are benefitting from the quality of our healthcare services.

Madam Speaker, **248** *pharmacies* are now providing services under the *Chronic Diseases Assistance Programme (CDAP)*. The total stock of drug items has increased from **7.1 million** to **10.2 million**; *the renal dialysis programme* is providing specialist health services to **1317** patients at an annual cost of **\$72.0 million**; *the adult cardiac programme* has provided in

the current fiscal year to **April 2019** treatment and care to **1164** patients at a cost of **\$15.6 million**; *the Children's Life Fund* at cost of **\$7.6 million** has sent abroad **20** patients suffering from life threatening diseases during the current fiscal year to **June 2019**; and *maternal and neo-natal mortality rates* have been declining and have already achieved both global and regional targets established by the Pan American Health Organization and the World Bank Sustainable Development Goals.

Madam Speaker, infrastructural development of primary and secondary health institutions is ensuring that first-class healthcare is within the reach of our citizens, wherever they reside. Our hospital construction programme is well-advanced:

- **Arima Hospital**

The new *Arima Hospital* with **150** beds is being commissioned before the end of **2019**. At a cost of **\$1.6 billion**, the new hospital will provide access to state-of-the-art primary and secondary services in major areas: accident and emergency, obstetrics, chemotherapy, MRI, endoscopy, CT Scan, etc.



The services at this new hospital will benefit **250,000** persons in the surrounding communities, including Malabar, La Horquetta, Trincity, Bon Air and Oropune.

- **Point Fortin Hospital**

The *Point Fortin Hospital* with **100** beds will be commissioned in **January 2020**. This hospital, being built at a cost of **\$1.2 billion** with funding from an Austrian bank will provide a broadly similar suite of services as are being provided by the *Arima Hospital*, benefitting approximately **75,000** persons in surrounding communities, including Cedros, Icacos, Chatham and Siparia.

- **Sangre Grande Hospital**

The new *Sangre Grande Hospital* with **100** beds has started construction with a completion date scheduled for **November 2021**. Majority funding has been secured from an Austrian bank under a Government- to- Government arrangement with the Government of Austria.

This hospital will be built at the same cost of the Point Fortin Hospital and will provide state-of-the-art services to approximately **110,000** persons in surrounding rural communities, including Manzanilla, Toco, Cumuto, Matelot, Grande Riviere and Biche.

- **Port of Spain General Hospital: Central Block**

The *Port of Spain General Hospital: Central Block* now in design development will have **540** beds providing when completed in **January 2022** a range of services and housing facilities for central stores, biomedical and engineering, radiology, pharmacy and laboratory; this new and redesigned facility will continue to benefit the entire North-West of Trinidad with an estimated population of more than **400,000** persons.

- **Couva Medical and Multi-Training Facility**

The *Couva Medical and Multi-Training Facility* is a **230** bed hospital for **150** adults and **80** for pediatrics and women care.

The hospital which is now owned jointly by the University of the West Indies and the Government of Trinidad and Tobago will provide its services on a sequenced basis; initially with walk-in services for patient medication and therapy management; benefitting are the surrounding communities, including Couva and environs as far north as Freeport and as far south as Claxton Bay.

Apart from the pharmacy services, referred patients from the public health system are currently receiving diagnostic imaging services at the Couva facility.

While the facility is now being managed by the North-Central Regional Health Authority, the ownership company - the Couva Medical and Multi-Training Facility Limited- is in the process of securing a first-class and quality operator for the hospital which will begin to provide medical training services for the regional tertiary institutions; importantly the hospital would be a vehicle for medical tourism and teaching.

Further, Madam Speaker, the University of the West Indies has approached the Government to participate in an integrated offshore medical school programme which will involve the Penal Campus, the Couva Facility and the Mt. Hope Hospital. The Government is awaiting the written proposal for this programme from the UWI, which is expected shortly

Madam Speaker, the facility is positioned to be a *game changer* to the public health arena as medical staff and interns will be operating in a modern facility with the latest technology and with patients receiving cutting-edge healthcare in a comfortable environment.

The Government of Trinidad and Tobago is delivering on its commitment to operationalize the Couva Medical and Multi-Training Facility. We are doing this months ahead of the scheduled timeframe. This initiative is just **one (1)** element of the overall revolution in health which is taking place. This is founded on the provision of the best and most-advanced healthcare services to the population, while we also search for economic opportunities in health care delivery to the outside world.

- **The Roxborough Hospital**

Madam Speaker, we are establishing in Roxborough, a hospital at a cost of **\$60.0 million**; while smaller in size than those of our other hospitals it will be a fully functional medical facility, with commissioning scheduled for **2021**.

- **St. James Medical Complex**

The *St. James Medical Complex* has now been upgraded at a cost of **\$45.0 million** with a newly-outfitted *medical linear accelerator* making the complex a state-of-the-art cancer centre.

- **Diego Martin Health Centre**

Madam Speaker, we are constructing a brand new modern health centre at Diamond Vale in Diego Martin at a cost of **\$8.6 million**. The centre will be commissioned in **October 2020**.

- **Social Agenda**

Madam Speaker, we have in place a defined set of basic social security mechanisms which are providing adequate benefits to our children, the poor and vulnerable, the differently-abled and the elderly. I wish to share with this Honourable House the status of some of these programmes in the context of our efficiency drive:

- *public assistance grants* are being made to **25,502** deserving individuals. For fiscal 2019, **\$356.9 million** had been spent on the programme;
- *the food support programme* through recertification and with the introduction of a new debit card system is now benefitting **29,166** households. All beneficiaries received an increase of **\$100** per month in **January 2019** and for fiscal 2019, **\$150.8 million** had been expended on the programme;
- *general assistance grants* have been delivered to **1330** persons in dire need of temporary help, for example medical equipment, school supplies, education, children with disabilities, rent and burials. For fiscal 2019, **\$5.2 million** had been spent on this programme;

- *disaster relief*, including flood relief have been provided to **10,679** households allowing them to return to some measure of normalcy in their lives. For fiscal 2019, **\$138.4 million** had been spent on this programme;
- *senior citizens' pensions* are being delivered to **103,457** senior citizens, many of whom will have received pensions ranging from **\$500-\$3500** effective **January 2019**. The annual expenditure on senior citizens' pensions in fiscal 2019 was **\$3.9 billion**; and
- *disability assistance grants* are now being made to **24,720** persons both under and over the age of **18** years; for fiscal 2019, the expenditure on the programme was **\$565.7 million**.

Madam Speaker, this Administration remains steadfast in the development and implementation of viable social protection programmes which in fiscal 2019 were provided to **194,854** persons at a cost of **\$5.1 billion** or roughly **10.0 percent** of the national budget. We live in an ever-changing and dynamic socio-economic environment and we will take all action that is necessary to ensure that the citizens of this country are adequately equipped to overcome any challenge which might arise in their everyday lives.

- **Gender Issues**

Madam Speaker, women and children continue to be one of this country's most vulnerable groups. Currently, there are thousands of women who are unable to seek employment due to the high costs and lack of day care facilities for lower income families. In this context, I propose to introduce daycare centres to cater for children under three years old. The intent is to provide child care services for female-headed households who meet the stipulated criteria.

These daycare centres would be established in communities throughout Trinidad and Tobago and would provide employment opportunities for women. In addition, I propose to introduce shelters for homeless females who have been displaced due to family conflict, domestic violence, crime and other issues. Currently, there is the Shelter for Socially Displaced Persons; however, this facility is woefully inadequate and does not serve the originally intended function.



The proposed shelters for homeless females will be established by the Housing Development Corporation with the support of the business community in specific geographical locations. Persons will be assigned to the shelters after a comprehensive assessment on a 3 to 12-month basis. The shelter is intended to provide temporary relief to women who are homeless.

- **Sports**

Madam Speaker, as a platform for national unity, sport has no equal. We follow closely our national sporting teams in regional and international competitions. Good performances have been generating groundswells of patriotism and national fervour. This was the case on the occasion of the 2018 Commonwealth Games in Gold Coast, Australia. The recently-concluded 18<sup>th</sup> Pan America Games in Lima, Peru was no different as were the IAAF World Relays and the Paralympics; but importantly in these international competitions our performances have extended over a larger number of disciplines, including cycling, aquatics, athletics, sailing and boxing.

We wish to salute the members of the Trinidad and Tobago delegation which made us proud in Lima, Peru and to commend all those athletes who received gold, silver and bronze medals. I will also like to commend those athletes who represented our country at the recently concluded World Athletics Championships in Doha, Qatar.

We will ensure that the expansion of disciplines is appropriately supported with facilities and with appropriate training. We are in no doubt that our progress in the wider range of discipline would be showcased in the 2020 Summer Olympics in Tokyo, Japan.

Madam Speaker, we recognize that sport is a cost-effective antidote for addressing social issues: high crime levels, drug abuse, youth offenses, educational underachievement and lack of social inclusion. We are combatting these issues at community levels:

- the *Laventille Community Swimming Pool* is meeting the demand for aquatic sport in a major underprivileged community; other swimming pools are being upgraded at Cocoyea, Couva and Sangre Grande;

- the *Diego Martin Sporting Complex*, a multi-purpose multi-sport facility, is already being used by the surrounding communities, individuals, clubs and associations;
- the *Dwight Yorke Stadium in Tobago* is now a modern well-equipped facility meeting international standards; the other four (4) stadia, Larry Gomes, Ato Boldon, Manny Ramjohn and the Hasely Crawford are being rehabilitated; they will be ready to meet the needs of all athletes and the general public for recreational and competitive sport purposes;
- the Mahaica Oval is being upgraded while Skinner Park is being redeveloped at a cost of **\$200.0 million** and upon commissioning the facility, like the Hasely Crawford Stadium in Port of Spain, will have the capacity to host large sporting and cultural events with more sophisticated facilities for athletes and modern conveniences for the public;
- recreational grounds for activities such as football, cricket, basketball and netball are being upgraded in Grande Riviere, Aranguez, Paramin, Park Street, Pascal and Todds Road, Bourg Mulatress, North Eastern Recreational Ground and Marac;

- indoor sporting arenas are being improved at Maloney, Mayaro, Central Regional and the Southern Regional at Pleasantville;
- residential and non-residential youth facilities are being refurbished at California, Malick, Woodbrook, Persto Praesto and Chatham; and
- the Sevilla Club House and Dubisson Park, former Caroni sport facilities are being refurbished.

Madam Speaker, we look forward to hosting the upcoming *2021 Commonwealth Youth Games* and the *2022 Pan American Aquatic Championships* which will utilize most of our sporting infrastructure and provide an avenue to showcase the talent of our young citizens.

#### ○ **Review of Social Expenditure**

Madam Speaker, our public expenditure on education, health, and on the social protection sectors is consistent with our long-term development strategy as outlined in Vision 2030.

This notwithstanding, our analytical review of the expenditure profile provides ample evidence of redundant and unproductive spending. Our expenditure efficiency drive is already generating substantial allocative and technical efficiency gains.

In the education sector we are implementing a series of measures through: a reformed GATE programme and increased maintenance expenditure for primary and secondary schools. We have elevated Early Childhood Care Education as a major priority; invested in instruments to measure early learning outcomes and personnel to support quality; invested in practice-based teacher training; continued our efforts to track individual students across different schools and standardized examinations.

Madam Speaker, expenditure in the health sector is being screened through the implementation of changes in the procurement process for acquiring medicine and medical equipment by the Regional Health Authorities and the Ministry of Health. We are reorganizing the regional health services network so that fixed catchment population and human resources are assigned to health service areas served by practitioners.

Madam Speaker, the Government is implementing a more efficient formalization of contracts with doctors operating in public and private institutions as well as establishing policies for nursing retention.

The Government is strengthening the institutional capacity of the National Insurance Property Development Company Limited (NIPDEC) as well as designing new mechanisms to increase the volume of drugs and medical equipment procured through bulk purchasing with other CARICOM countries.

Madam Speaker, the social protection sector is now subject to considerable screening and scrutiny through the consolidation of the *Targeted Conditional Cash Transfer Programme* and the *Public Assistance Grant* into a single household targeting cash transfer programme while reducing the unit cost per programme. In this context there will be greater eligibility monitoring; the phasing out the overlapping components of various benefits; streamlining of fragmented service delivery systems ideally under the aegis of a single agency; targeting income support safety net transfers at the household level; and consolidating a number of mentoring programmes.

- **Water Production and Distribution**

Madam Speaker, the efficiency and effectiveness of water supply and sanitation networks to meet the needs of our citizens and businesses on a continuous basis has long been a challenge. Despite increasing investment to improve this essential public service delivery to the tune of more than **\$30.0 billion** over the last **ten (10)** years and for a country with a total area of **1981** square miles and a population of **1.3 million**, only **50.0 percent** of the population in north-west Trinidad receives a supply of water less than **three (3)** days per week.

Similarly, in south and central Trinidad, the delivery service is below par; but in the north-east of Trinidad the delivery service is superior with **70.0 percent** of the population receiving full and continuous service. We acknowledge that these levels of service are unacceptable and we plan to fix them.

Madam Speaker, we have been focusing on improving water supply in all areas of Trinidad and Tobago.

Our water structure is undergoing major upgrades. As an initial step, we are extending the water supply service to areas underserved and unserved and we are treating waste water to comply with environmental standards. This programme is comprehensive both in scope and in scale and I will leave the details of the holistic and cost effective approach in confronting water challenges to the Minister of Public Utilities in his contribution to the Budget debate.

Madam Speaker, we are working assiduously to improve the distribution of water to all segments of the population in the shortest possible time. We are replacing our aged pipeline network infrastructure. We are repairing the high incidence of leaks and addressing non-revenue water. We are building sufficient storage capacity and we will reduce the level of demand which is twice the international standard.



## Safety and Security

Madam Speaker, just over one year ago this Administration and the newly-appointed Commissioner of Police launched a comprehensive strategic plan to deal with crime and criminality in a decisive manner.

We have made major inroads in reducing the level of crime and criminality and addressing social disorder. The **July 2019** data show that with the exception of murder, major violent crime is running at a lower rate than it was in 2018 and this included robberies, motor vehicle larceny, kidnapping, rape, general larceny and possession of fire arms and ammunition; *but regrettably murder has been running at about the same rate as it was in 2018.*

Madam Speaker, it is ironic that while we have been spending for the past **five (5)** years over **\$6.0 billion** per annum on national security, approximately **3,000** misguided citizens continue to terrorize the population. A large proportion of this annual expenditure of **\$6.0 billion** could be better spent on healthcare, education, road infrastructure, housing, rural development and public utilities.

Madam Speaker, we agree that while there has been some improvement in the crime situation, its level remains too high and continues to pose threats to public safety. The crime situation is creating negative perceptions about Trinidad and Tobago, at home as well as abroad. It is creating a feeling of fear and a degree of insecurity.

Madam Speaker, let me emphasize. This Government is not prepared to tolerate the continuation of this high level of crime, including murder. Through our renewed police management structures, new and modern technology and various crime combatting initiatives, including legislation, for example gang legislation which is disrupting crime syndicates, we are ensuring that our citizens are able to lead normal lives. Further, we are building on the foundation launched in 2016 and strengthened in 2018.

In addition, we are initiating some new ventures. At the centre of this new architecture is the *Multi-Agency Task Force* which is a collaborative mechanism among the Police, Defence Force, Prison Services, Immigration and other intelligence services. Law enforcement operations are now intelligence-driven and we are benefitting from higher detection rates.

The *command and control structures* have improved operational efficiency by ensuring a *unity of effort* through the processing and monitoring of all information and the operational tasking of every patrol and every officer. In this manner, response times to emergencies have been significantly improved.

We are bolstering the strength of the police service by increasing the size of the regular in-take batches and ensuring that they are all exposed to the most current training policing strategies. The Government is now conceptualizing a state-of-the-art police training academy which will support the Cumuto facility. At this location we are developing the skills of officers to deal with crimes, including homicides, gang-related investigations, ballistics and fire arms training as well as crime-scene investigations.

Madam Speaker, in our drive to tackle crime and criminality, the Government has recognized that major demands are being placed on our *command and control systems*. They are being stretched to the utmost to ensure effective resource utilization and to perform the large number of operations.

*New technology and equipment* are being acquired to support this expanded operational plan. These include:

- *public order equipment*, including non-lethal weapons such as Tasers and pepper spray are being procured as the police service moves away from a *baton and bullet approach* to the utilization of Tasers as the preferred option in restraining non co-operative individuals;
- *mobile devices tracking systems* are being procured for vehicles:
  - **200** tablets for vehicles for immediate referencing of persons detained at roadblocks; and
  - **50** dashboard cameras and **300** body cameras for officers which will assist in monitoring the activities of officers with the aim to protect both the officer and the general public with respect to false accusations.
- *surveillance systems and drones* with drones providing a **24/7** eye-in-the-sky capability to all points in the country;
- *polygraph equipment* for use in the recruitment of police officers as well as on a random basis throughout the police service;
- *drug testing equipment* for our police service; and
- *information and technology upgrades* to support and strengthen police service capability.

Madam Speaker, with more than three quarters of the murders in the country being firearm-related, the Trinidad and Tobago Police Service is focusing on this type of violence for reducing murders and serious crime in the country.

With the police tactical units *addressing suppression*, the police community secretariat building community relations and the prisons services on rehabilitation, Government has established the Cure Violence Programme for an initial three-year period starting **January 1 2020** with technical assistance from the Inter-American Development Bank.

Madam Speaker, the Cure Violence Programme for which pilots will be implemented in sixteen (16) communities in East Port-of-Spain will target those highest at-risk of being perpetrators and victims of violent crimes. The programme will interact within the highest risk communities to reduce the membership of gangs and those vulnerable to gang involvement. This will be implemented through the well-established and evaluated Cure Violence Model which has been successfully tested in more than **twenty-two (22)** cities in the United States and **eight (8)** other countries, including Honduras, Mexico, South Africa and the United Kingdom.

The police service is being increasingly transformed. We have in place the *Trinidad and Tobago Police Service identification badges* and we will soon introduce new uniforms; an expanded canine unit is being fully integrated into anti-crime operations. More efficient and productive approaches to DNA testing are also being examined at this time.

Madam Speaker, we have also taken steps to strengthen the protection of our external borders. Security begins with and from our frontiers.

Without efficient and effective border control and protection, the security of our country will continue to be impacted by the flow of illegal drugs and associated weaponry. We are now also witnessing migratory flows from neighbouring countries which are experiencing difficult economic conditions.

To combat these undesirable developments, we are acquiring **two (2)** Cape Class patrol boats being built by the Australian firm, Austal Shipping Pty. In the second half of **2020**, these patrol boats will join the present coast guard fleet in its drive to combat the full range of maritime security threats faced by Trinidad and Tobago.

These **two (2)** vessels with a crew of up to **22 each**, will have a range of **4,000** nautical miles, **20-day** patrol cycle and **two (2)** high-speed rigid hull-inflatable boats for intercepting crime-related vessels.

Madam Speaker, we are continuing to upgrade and strengthen our prison and fire services. At the Golden Grove Prison, the remand facilities, the CCTV and alarm systems and the maximum-security prison are being significantly improved. The prison service has been provided with new vehicles and equipment to improve working conditions and assist the personnel in the prison service in carrying-out their duties.

The Government has already made available to the prison service 250 new firearms and 250 stab vests.

Madam Speaker, we are also improving the working conditions of fire officers with the securing of new fire equipment, fire retarding and firefighting uniforms and modernizing fire stations at Arouca, Penal and Roxborough.

The social and welfare associations in the prison and fire services have long been providing support mechanisms for their members and they will be provided with land to build their own wellness facilities.

## **Tobago Relations**

Madam Speaker, I wish to turn my attention to Tobago.

Madam Speaker, this Administration firmly believes that any investment in Tobago is an investment in national economic development.

We are resolutely committed to ensuring that Tobago's developmental momentum continues unabated.

Notwithstanding the national fiscal constraints within which Tobago, like the rest of the country has had to operate, we are proud of Tobago's developmental strides and advances over the past four (4) years. This has been buoyed by the sound and prudent management of the Tobago economy as reflected in their recent macroeconomic indicators.



Among the notable achievements of the Tobago House of Assembly over the last year are:

- the completion of the Roxborough Administrative Complex which will serve to decentralize a range of Assembly and government services to persons residing in Windward Tobago at a cost of **\$60.2 million**;
- the completion of Phase I of the rehabilitation of the Claude Noel Highway at a cost of **\$35.0 million**;
- the rebranding of destination Tobago resulting in the shortlisting of Tobago for four (4) major international awards for its recent marketing campaign;
- the **14.0 percent** increase in international arrivals for the period January to May 2019 relative to the comparative period for 2018;
- the successful negotiation of additional airlift out of Canada with Sun Wing Airlines resulting in a year-on-year increase in international arrivals to Tobago. This agreement has the potential to expand the hotel room stock by an additional 200 rooms;
- the completion of several roads under an expanded *Agricultural Access Roads Programme*, allowing farmers greater access to arable lands resulting in increased agricultural production;

- the provision of financial, technical assistance and market exposure to entrepreneurs at the Trade and Investment Convention (TIC) and several overseas trade missions, resulting in the exhibition and market penetration of indigenous products and services at national, regional and international trade shows and exhibitions; and
- the commencement of construction of the Roxborough Hospital with expected completion in **2021**.

Madam Speaker, with respect to the sea-bridge, the arrival of the luxurious Jean de la Valette in June of this year, the Galleons' Passage in 2018, together with the Cabo Star and the TT Spirit significantly improved the functional capacity on the sea-bridge.

In mid-2020, the passenger and cargo capacity of the sea-bridge will be further rationalized and enhanced with the arrival of two (2) brand new state-of-the-art fast ferries.

In relation to the domestic air-bridge, Caribbean Airlines Limited (CAL) for the period April to September 2019, provided approximately **99,792** additional seats to adequately service the air-bridge. This was facilitated through a wet lease arrangement between CAL and Danish Air Transport for two (2) aircraft.

Madam Speaker, as I mentioned earlier, negotiations towards the commencement of the construction of a new modern terminal building at the A. N. R. Robinson International Airport are at an advanced stage and repairs to the runway commenced last month.

The CAF Development Bank (CAF) is providing technical assistance and financing for the new Tobago airport project. Construction work is scheduled to commence in the near future, with completion in 2021.

I give the assurance that all residents adversely affected by this project will be treated fairly and receive equitable and just compensation.

Madam Speaker, as I mentioned earlier, an operator for the Magdalena Grand Beach and Golf Resort will soon be engaged.

Madam Speaker, you may recall that, in 2010, the Shirvan and Roxborough Police Stations were shovel ready, with signed contracts and financing in place for construction. These two projects, vital to the security of the people of Tobago, were shelved by the UNC Administration in 2010. I am now pleased to announce that the Shirvan Police Station, formerly the Old Grange Police Station, was formally opened in March 2019; and work continues apace on the Roxborough Police Station which is currently **87.0 percent** complete and is scheduled to be opened before the end of this year.

Construction work has also commenced on the Roxborough Fire Station which is scheduled for completion in **June 2020**.

Madam Speaker, please permit me to address an issue of major importance to Tobago and Tobagonians- the issue of internal self-government. The Tobago Self-Government Bill is before a Joint Select Committee of Parliament.

The Committee has submitted two (2) interim reports with another report expected shortly. This Bill is expected to be placed on the Order Paper shortly and be brought for debate in the first quarter of 2020. The passage of this Bill will serve to loosen significantly some of the financial and legal constraints to Tobago's development, bring greater predictability to the developmental planning process and confer upon the Assembly greater devolution of powers and provide Tobagonians with greater self-determination in their affairs.

Madam Speaker, for fiscal 2020, the budgetary allocation to the Tobago House of Assembly is **\$2.283 billion**. Disaggregated, **\$2.033 billion** is allocated for recurrent expenditure, **\$231.6 million** for capital expenditure and **\$18.0 million** for the Unemployment Relief Programme (URP). This allocation to the Assembly represents **4.3 percent** of the national budget and is consistent with the recommendations of the Dispute Resolution Commission (DRC).

Madam Speaker, I am also pleased to announce that for the first time since the formation of the Assembly in **1980**, the Minister of Finance has granted approval to the Assembly to utilize bond financing in the amount of **\$300.0 million** to fund critical developmental projects in Tobago based on the creditworthiness of the Tobago House of Assembly. ***This is a historic development for all Tobagonians.***

Additionally, discussions are at an advanced stage with respect to funding in the sum of **US \$16.0 million** to the Tobago House of Assembly from CAF to fund urgent coastal infrastructure projects to mitigate against coastal erosion, rising sea level and related climate change issues.

Madam Speaker, beyond the direct allocation to the Tobago House of Assembly, another **\$987.1 million** is allocated for expenditure in Tobago by various government ministries and statutory authorities in keeping with their legal obligations under the Sixth Schedule of the THA Act 40 of 1996.

Madam Speaker, I wish to reiterate that Tobago has been adequately provisioned for in this year's budget and it is the intention of this Administration to provide the necessary support in order to accelerate Tobago's developmental momentum. This will allow Tobago to increase its contribution to national economic development and the national economic diversification plan, thereby facilitating further improvement in the standard of living and the quality of life of Tobagonians and citizens resident in Tobago.

### **Estimates of Revenue and Expenditure: 2019-2020**

Madam Speaker, our revenue estimates depend critically on the establishment of credible assumptions of oil and gas prices. In **October 2018** oil prices surpassed **US\$80.00** per barrel, recording their highest level since **November 2014**. Since **October 2018** and in response to geopolitical events, prices fell sharply between **October 2018** and **November 2018**.

The **December 7 2018** decision by OPEC and non-OPEC countries, including Russia to cut their crude production led to a temporary rebound of oil prices to **US\$60.00**, but prices have since dropped again to **US\$52.80** as of yesterday.

Natural gas spot prices declined sharply following a volatile start of the 2018 winter because of changing weather conditions.

Natural gas prices thereafter moved in tandem with medium-term oil price futures and over a ten-month period ending **July 2019**, the Henry Hub price of natural gas averaged **US\$3.02** per thousand cubic feet although in July 2019, the price was trending at **US\$2.37** per standard cubic feet.

Madam Speaker, I propose that the budgeted revenue for 2020 be predicated on the same oil and gas prices assumptions established in the Mid-year Budget Review. I am therefore utilizing an oil price of **US\$60.00** and a gas price of **US\$3.00** per MMBtu.



Our assumed oil price is below the International Monetary Fund's oil price forecast of **US\$63.86** per barrel for **2020** and also lower than the current oil price forecasts made by the World Bank, United States Energy Information Administration (USEIA) and International Energy Agency (IEA).

For fiscal 2020, therefore:

- Total Revenue has been budgeted at **\$47.749 billion**, up from **\$46.559 billion** or **\$1.190 billion** from the estimated revised outturn in **2019**;
- Total Expenditure for fiscal 2020 has been budgeted at **\$53.036 billion**— an increase of **\$2.533 billion** over the fiscal 2019 outturn of **\$50.504 billion**; but significantly lower than the peak expenditure of **\$62.840 billion** achieved in 2014. This is a substantial reduction in expenditure from the 2014 peak level of **\$62.840 billion**, and is approximately **\$10 billion** or **16 percent less** than the unsustainable 2014 expenditure of the previous Government; and
- The fiscal deficit for 2020 is expected to increase marginally to **\$5.287 billion** or **3.1 percent** of Gross Domestic Product compared with a fiscal deficit of **\$3.945 billion** or **2.4 percent** of GDP in fiscal 2019, which was below the originally projected deficit of **\$4.050 billion**.

Madam Speaker based on these assumptions we are projecting:

	2020
Total revenue	<b>\$47.749 billion</b>
Oil revenue	<b>\$11.004 billion</b>
Non-oil revenue	<b>\$35.795 billion</b>
Capital revenue	<b>\$ 0.950 billion</b>
Total expenditure (net of capital	
Repayments and sinking fund contribution)	<b>\$53.036 billion</b>
Fiscal Deficit	<b>\$ 5.287 billion</b>

Madam Speaker, despite our fiscal constraints we are increasing our expenditure for 2020 moderately with a view to ensuring that the emerging growth momentum remain with associated and beneficial social and economic impacts on all aspects of our society. Of significance is that we have maintained the level of expenditure on our capital programmes of **\$5.287 billion**.

Madam Speaker, the major Fiscal 2020 allocations will be:

- Education and Training \$7.548 billion
- National Security \$6.440 billion
- Health \$6.084 billion
- Public Utilities \$3.047 billion
- Works and Transport \$2.956 billion
- Rural Development and Local Government \$2.469 billion
- Housing \$1.007 billion
- Agriculture \$0.708 billion

Madam Speaker, all available options for financing the fiscal deficit are being explored with our preferred source being the availability of non-debt creating financing. We will raise domestic financing on the capital market in a net amount equivalent to **\$3.811 billion** and external financing in a net amount of **\$1.476 billion**.

## **Fiscal and Other Measures**

- **Life Insurance Companies: Taxation Reform**

Madam Speaker, for some time the complexity of calculating the taxation of profits of life insurance companies has been occupying the attention of policy makers and stakeholders, including the Association of Trinidad and Tobago Insurance Companies (ATTIC).

The taxation of the long-term insurance business for an insurance company is calculated by the profits of the long-term insurance business derived from *the investment of its statutory fund*.

Madam Speaker, here in Trinidad and Tobago we have recently reformed the legislation under which life insurance companies operate and we have now completed the technical work relating to the taxation of life insurance companies in the light of the provision in the Insurance Act 2018 that the Statutory Fund be eliminated.

With the Statutory Fund no longer available as a tax basis, I propose to put in place a new methodology to replace the existing basis for taxation of life insurance companies. The new methodology will have a minimal marginal impact on the tax position of insurance companies. It will be simple and quickly implementable.

Madam Speaker, this measure will require amendments to the Corporation Tax Act.

- **Life Certificates for Pensioners**

Madam Speaker, the requirement to submit life certificates twice a year by government pensioners creates an undue burden both on pensioners and the Treasury. Generally, the pensioners fall into four (4) categories:

- (i) non-nationals who achieved citizenship while working in the public service and as such they did not possess a Trinidad and Tobago computerized birth certificate with an associated personal identification number (PIN);

- (ii) persons living abroad would not have their deaths registered in Trinidad and Tobago and as such their passing would not be known to the Treasury;
- (iii) persons who have a local address, but now reside abroad so that their deaths would not be registered in Trinidad and Tobago, and
- (iv) persons who were born in Trinidad and Tobago and possess computerized birth certificates and with associated personal identification numbers.

Madam Speaker, I propose to eliminate in the first instance the requirement for life certificates for the category of government pensioners who were born in Trinidad and Tobago and possess their computerized with birth certificates and associated personal identification numbers. The Treasury Division has already started this process and this measure has resulted in **26,743** or **82.5 percent** of government pensioners being no longer required to submit life certificates. The Treasury is now taking steps to obtain the personal identification number from the residual pensioners. This measure will be extended to include recipients of Senior Citizens' Pension.

I wish to point out that the total elimination of life certificates is not possible at this time as the new system involves the matching of personal identification numbers from Trinidad and Tobago national computerized birth certificates system to the Trinidad and Tobago Registry of Deaths. Accordingly, the first three categories I have outlined will be required to continue to complete the life certificates on a semi-annual basis. However, as we do this, appropriate legislation with suitable punishments will be enacted to identify and deal with specific offences of fraud involving these payments.

- **Immigration and Customs Forms**

Madam Speaker, in an effort to keep up with international best practice and the ever-changing world of technology, I propose to eliminate arrival forms at our airports. The new system will rely on advance passenger information using machine readable passports and other appropriate technology. This initiative will significantly reduce the lengthy lines at our airports as it is aimed to improve the efficiency of Immigration and Customs. This new policy will take effect in **2020**.

- **Light bulbs: Tariffs structure**

Madam Speaker, in order to support the transition to LED lighting, I propose to remove all taxes and duties on LED bulbs and appurtenances.

- **Solar Water Heating Equipment**

Madam Speaker, I propose to increase the solar water heating equipment tax credit from **25.0 percent** to **100.0 percent** of the cost of the Solar Water Heating Equipment up to a maximum of **\$10,000**. This initiative will benefit approximately **12,000 households** and will take effect from **January 1 2020**.

- **Energy: Exploration and Development**

Madam Speaker, the capital allowance for energy companies involved in exploration and development is currently **50.0 percent** for the first year, **30.0 percent** for the second year and **20.0 percent** for the third year.



I propose to provide a capital allowance for exploration and development for both tangible and intangible expenditure to be computed on a straight-line basis over five years, i.e. at 20 percent per year. This measure will result in significant additional revenue for the Government and will take effect on **January 1 2020.**

- **Energy: Loss Relief**

Madam Speaker, in order to increase our revenue derived from our natural resources from companies engaged in the oil and gas exploration and development, **I propose a reduction in the loss relief rate from 100.0 percent to 75.0 percent of taxable profit.** This measure will take effect on **January 1 2020.**

- **Energy: Investment Tax Credit**

Madam Speaker, **I propose to increase the Investment Tax Credit for energy companies from 20.0 percent to 25.0 percent** to stimulate further exploration and development-related investments in the Energy sector.

This increase will give companies the ability to claim **25.0 percent** of the expenditure on development activity for mature fields and enhanced oil recovery projects as a credit against their Supplemental Petroleum Tax Liability. This measure will take effect on **January 1 2020**.

- **On-the-Job Training**

Madam Speaker, I propose to increase the OJT Programme stipends by **10.0 percent** and to increase the intake for the programme to **8000** trainees. This measure will take effect on **December 1 2019**

- **Minimum Wage**

Madam Speaker, I propose to increase the minimum wage from **\$15.00** to **\$17.50** per hour. This measure will benefit approximately **194,000** persons in the workforce and will take effect from **December 1, 2019**.

## **Personal Allowance at Airports**

Madam Speaker, I propose to increase the value of personal goods that can be imported without incurring customs duties from **\$3,000** which was set in 2005 to **\$5,000**. This measure will take effect from **January 1, 2020**.

- **Creative Industries: Incentives**

Madam Speaker, I propose to increase the tax allowance from **\$3.0 million** to **\$6.0 million** for the corporate sponsorship of nationals in the local fashion industry; audio, visual or video productions for the purpose of local education or local entertainment; and local production companies in respect of their own productions as well as for companies which sponsor sporting activities or events or sportsmen and art and culture. This measure will take effect from **January 1, 2020**.

## Public Service Pension

Madam Speaker, I propose to review public service pensions with a view to indexing these pensions at an appropriate level. This review will be completed in fiscal 2020.

- **Cooperative Societies**

Madam Speaker, I propose to amend the Co-operative Societies' Act to increase the current limit of **\$5,000** imposed on the transfer of shares or interest payable to a nominated beneficiary upon death of a member to **\$50,000**. This measure will affect take effect from **January 1 2020**.

Madam Speaker, I also propose to take steps to put in place the appropriate machinery to provide for the payment of utility bills by co-operative societies and credit unions.

In addition, after extensive discussions with the Credit Union Moment, we propose to create a new independent authority to govern the co-operative sector.

This new entity will be the regulator of financial co-operatives and report to the Ministry of Finance. After the new entity is established, financial credit unions will now be able to offer banking or quasi-banking services, such as encashment of cheques and teller services. The Deposit Insurance Corporation will be required to maintain a fund to meet any emerging liabilities of the sector.

- **CEPEP**

Madam Speaker, I propose to increase the wages of CEPEP workers by **15.0 percent** and also to increase the fees paid to CEPEP contractors by **15.0 percent**. These measures will take effect from **December 1, 2019**.

- **Unemployment Relief Programme**

Madam Speaker, I propose to increase the wages of URP workers by **15.0 percent**. This measure will take effect from **December 1, 2019**.

- **Daily-paid Public Servants**

Madam Speaker, presently, when a daily-paid worker in the public service retires, a lump sum of money is received, but no pension. This burning issue has been discussed ad infinitum by successive Governments, including Governments who purport to be inextricably linked to and part and parcel of the labour movement, over the last 25 years, **with no result.**

***This PNM Government intends to solve this long outstanding problem, once and for all.***

***In order to provide economic relief and to offset the daily expenses of retired daily paid workers going forward, I now propose that daily-paid workers in the public service with an appropriate minimum length of service be eligible for the minimum public service pension of \$3,500.***

This will be a contributory pension plan, similar to the contributory health plan already in force for public sector workers. Further details of this measure will be given in the Finance Act in December 2019, and the new pension plan for daily paid workers will take effect in **2020.**

- **Styrofoam and Plastics**

Madam Speaker, in our pursuit to attain our stated goal of placing the environment at the centre of national development, I propose to eliminate the use of Styrofoam and single-use plastics within the national economy.

As an initial step, I propose to ban the importation of Styrofoam for use in the food service industry and to require manufacturers of food containers to introduce additives to make their products biodegradable. In order to encourage behavioural change, I propose to terminate the use of plastic water bottles in Government offices and substitute them with coolers with filters. This measure will take effect on **January 1, 2020**.

- **CARICOM Market: Exporters**

Madam Speaker, the existing *promotional expenses allowance* allows for a maximum of **150.0 percent** of the amount actually expended for the purpose of creating or promoting the expansion of foreign markets for the export of certain goods and services; however, this provision is not included for those countries within the CARICOM Region.

I propose to extend the promotional expenses allowance provision to first-time exporters into the CARICOM market.

- **Agriculture: Incentive Structure**

Madam Speaker, to further stimulate domestic agriculture, I propose to remove **ALL** taxes and **ALL** duties on **ALL** inputs and resources for farmers registered for agricultural purposes and make Agriculture in all its facets, including Processing of local agricultural products, ***a tax-free industry.***

- **Value Added Taxes: Refunds**

Madam Speaker, as stated previously, we inherited \$4.5 billion in VAT arrears when we assumed office in September 2015 and in the face of very difficult economic circumstances, we have struggled with this burden since then. I now propose to put in place an appropriate framework within which the value added tax was originally established, to allow for the refund of VAT on a current and consistent basis.



**For this purpose, I propose to offer \$3 billion, in the first instance, *in interest bearing Government bonds* to all eligible VAT-registered business to meet VAT arrears.**

Thereafter, I would ensure that VAT refunds are put on a current basis which would lead to regular cash flows for business investment, greater economic activity and the avoidance of the evasion of the value added taxes. The new VAT bonds will have a tenor of five (5) years and bear interest at a rate of 1.5 percent per annum. The bonds will be tradeable and transferable, to facilitate their use as collateral or to obtain cash, to stimulate business activity. Further details of this initiative will be provided in the Finance Act in December 2019.

## **Conclusion**

Madam Speaker, we have clearly demonstrated a capacity and competence in the management of our economy over the last **48** months. We inherited an economy in crisis with revenue on the decline, an unsustainable expenditure profile and losses in output.

As an oil and gas economy we are aware that volatility of output and revenues from large, sudden and unexpected changes in prices were not unexpected; but it was also the responsibility of the then UNC Administration to put in place a socio-economic framework adequate to the task of confronting and minimizing such volatility in revenues and in output losses. This was not done by the UNC Administration.

Madam Speaker, we understood the nature of the crisis. My first Budget on **October 5 2015** established the broad parameters of a macro-economic stability programme aimed at bringing a structurally-unsound economy into approximate balance. We have now achieved this objective through a combination of expenditure consolidation, revenue enhancement and appropriate financing. The fiscal finances have been repaired and we are on a path of self-sustaining growth.

Madam Speaker, we will remain steadfast in our resolve. We have seen the positive results from the confidence-inducing policies put in place from the first Budget Statement of this Administration. We will not be discouraged by the voices that play-down the gains that we have achieved.

Madam Speaker, we recognize that building national prosperity is not an exclusive domain of the Government. Our citizens must be involved. They cannot be mere spectators with strong opinions. We have brought them into the process for adjusting the economy to a new reality of lower oil and gas prices. Our exemplary record over the last **48 months** could now stand the test of public scrutiny.

We entered Office with plans and programmes outlined in our Manifesto. We strengthened and expanded these plans and programmes in the context of our appraisal of the existing economic and financial conditions. We conceptualized and implemented a range of activities, bearing in mind the short time horizon for the materialization of these activities.

Madam Speaker, our score card includes:

- prudent economic management has allowed us to repair our fiscal accounts through the process of a macro-economic stabilization programme;

- the high level of expenditure which peaked in **2014** at **\$62.84 billion** has been brought down to the level of **\$50.50 billion** in **2019**;
- the CL Financial/ CLICO fiasco has been resolved;
- *National Insurance and Old Age Pensions* were increased in **December 2015** and the cap on joint pensions received by retirees in respect of National Insurance and Old Age Pensions increased to **\$5000** and further increased in **2018** to a maximum of **\$6000**, benefiting more than **100,000** recipients;
- *Personal deductions for tax purposes* were effected in **2016**, when the tax exemption limit was increased from **\$60,000** to **\$72,000**. All persons earning **\$6000** per month or less are now exempt from tax;
- *Public Service Pensions* were reformed in **2019**, with public servants immediately upon retirement receiving **\$3500** per month. A total of **15,000** public servants are now benefiting from this reform;
- *the Social Safety Net* has been made efficient through applied screening and is benefitting **194,854** individuals who receive food cards, disability grants, public assistance grants and senior citizens pensions;

- *tertiary education* is being facilitated with the tax allowance for tertiary education expenses increased in 2019 from **\$60,000** to **\$72,000**;
- *the stamp duty threshold* for residential property was increased in 2019 from **\$850,000** to **\$1.5 million**;
- the Agriculture sector is now tax free;
- *the Petroleum Company of Trinidad and Tobago* was reformed in **2019** and is now making much more efficient the government role in the energy sector;
- *manufacturing* is being promoted by the foreign exchange facility which was put in place in **2019** at the EXIM Bank;
- *the maritime sector* is being strengthened with **foreign** yacht repair services becoming a VAT exempt service in **2017**, thereby making our yacht repair and yacht maintenance sector as competitive as possible;
- *the tourism sector* is being made much more competitive with the identification of a first-class vertically-integrated travel and hospitality conglomerate to manage and operate the Magdalena Grand Beach and Golf Resort in Tobago;

- *the sea bridge* has now been put on a sound and secure basis being serviced by the Galleons Passage, the TT Spirit, the Cabo Star, the Jean de la Valette and soon to be joined by two (2) fast ferries being built in Australia;
- **Healthcare** is being increasingly improved with the **2019** opening of the Couva Medical and Multi-Training Facility. Moreover, the surrounding communities of Sangre Grande, Arima, Point Fortin and Diego Martin will access state-of-the-art services when those hospitals are commissioned: Arima before the end of **2019**; Point Fortin in **January 2020**, Diego Martin (Health Facility) in **October 2020** and Sangre Grande in **November 2021**;
- the San Fernando – Point Fortin Highway would be completed in at the end of **2020** and by **August 2020**, motorists along the Mosquito Creek highway would begin to use the elevated roadway and no longer would be faced with perennial flooding and traffic nightmares;
- the Valencia – Toco Highway has moved from design to implementation phase;
- the Churchill Roosevelt Highway Extension to Manzanilla would be completed in **2022**;

- Walkovers are being constructed with Sea Lots already available and the water taxi pedestrian in Port of Spain and the walkover in Diego Martin soon to be commissioned;
- the Curepe interchange will be commissioned in the first quarter of **2020**;
- several police stations are being commissioned: the Shirvan Police Station is already operational, Roxborough will be completed in **December 2019**, St. Clair in **2020** and Carenage in **2020**;
- the coastlines are being protected from climate change with coastal protection works: Quinam Beach was reopened in **December 2018**, Cap de Ville and Magdalena Grand Golf and Beach Resort will be completed in **2020**;
- Heritage Buildings are being restored: Stollmeyers' Castle was opened in **2018**, White Hall was occupied on **September 4 2019** with the Red House and the President's House being completed and ready for occupation in **early 2020**;
- the Toco Port is in an advanced design stage;

- the Phoenix Park Industrial Estate in Couva is scheduled to be operational in September **2020**;
- the Moruga Fishing Port will have the landslip facility in 2021 and the marine facility in 2023;
- the Moruga Agro-Processing and Light Industrial Estate will be commissioned early in **2020**;
- the Magdalena Grand Beach and Golf Resort will soon be managed by a world-class operator;
- the Maracas Bay improvement project has been completed;
- the new Terminal at the A.N.R. Robinson International Airport in Tobago will be commissioned in **early 2021**;
- the National Investment Fund made its highly successful **\$4.0 billion** corporate bond issue in **2018**;
- the Office of the Procurement Regulator will become fully operational early in **2020**;
- border security is being strengthened with the addition to the coast guard fleet of **two (2)** Cape Class patrol boats which will arrive in **2020**;
- the Diego Martin Sporting Complex was opened in **2019**;
- the Carenage Fishing Facility was commissioned in **2018**;



- the San Fernando Waterfront is being completed in three (3) phases with Phase I being completed in **2021**; and
- 15 community centres are at an advanced stage of completion throughout the country.

Madam Speaker, we have achieved our Manifesto promises and we are ensuring that our citizens live and function in a generally conducive and attractive environment. We had 48 months to plan, design and initiate implementation for our programmes and policies and our records show that we have been highly successful by any standards of assessment:

- we are improving lives by rolling-out infrastructure;
- we are opening economic spaces through new highways and first-class roadways;
- we are providing affordable housing;
- we are delivering quality healthcare;
- we are ensuring that our children are able to take their rightful places in the society in a responsible manner through early childhood, primary, secondary and tertiary education opportunities;

- we are providing space for the private sector to play its leading role in our economic development; and
- we are providing support to the most vulnerable groups in the society.

Madam Speaker, this is the right policy and the right direction for building a secure and prosperous future for our citizens under conditions of economic stability, sustainability and growth dynamics.

In my last Budget Statement, I ended with the words of a well-known song, sung by Frank Sinatra, to illustrate the progress we have made, using our own carefully thought out adjustment measures, without foreign intervention.

I made the point then, that we had stabilized and put the economy on a growth path **“Our Way”**. Permit me now to utilise a quote from another maestro, Bob Marley - **“Some People Feel the Rain - Others Just Get Wet”**, which means that it is our experiences that mould us and the outcome depends on how we deal with difficulties. And so, to paraphrase the words of that immortal musical genius, we in the PNM will continue to **“Get Up and Stand Up for What is Right”**

Madam Speaker, I beg to move.