



**Government of the Republic of Trinidad and Tobago**

**2020 SUPPLEMENTARY APPROPRIATION  
AND MID YEAR REVIEW**

**STATEMENT BY THE MINISTER OF FINANCE  
HONOURABLE COLM IMBERT, MP  
HOUSE OF REPRESENTATIVES**

**JUNE 12, 2020**

Madam Speaker, I rise to present the 2020 Supplementary Appropriation and Mid-Year Budget Review. I am presenting this review in the context of the extra-ordinary circumstances brought about by the Novel Coronavirus or Covid-19 Pandemic and the sensitive framework for the re-opening the economy. We have been witnessing the devastating human and economic toll which the Coronavirus is leaving in its wake as it spreads around the world. With over **7** million infections, and tragically, a high mortality rate of now over **400,000**, this virus is very different to previous pandemics. This a worldwide health crisis. The world has changed beyond recognition. To protect citizens, the global economy has been put on hold. Businesses have been shuttered and freedom of movement has been severely curtailed. The health crisis is now intertwined with an economic crisis.

Madam Speaker, the outlook for the global economy has turned negative in 2020, now estimated at negative **3** percent. The International Monetary Fund (IMF) is projecting a global recession in 2020, worse than what occurred during the **2009** global financial crisis, but economic recovery is expected in 2021. To get there, the IMF is pointing to the critical need for countries to prioritize containment and strengthen health systems, supporting the extra-ordinary fiscal actions already undertaken by many countries. In a baseline scenario which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is expected to grow by **5.8 percent** in 2021 as economic activity normalizes helped by policy support.

However, there is extreme uncertainty about the global growth forecast. The economic fallout is affected by factors which interact in ways which are hard to predict, such as the spread of the virus, the intensity and efficacy of containment efforts, the extent of supply disruptions, the repercussions of the dramatic tightening of global financial market conditions, shifts in spending patterns, behavioural changes, such as people avoiding shopping malls and public transportation, social distancing and confidence effects.

## **THE GLOBAL CONTEXT**

Madam Speaker, Trinidad and Tobago has not escaped the health and economic impacts of the COVID-19 crisis. We were already experiencing a decline in natural gas prices and since September 2019, there has been a 40 percent decline in natural gas prices. This decline has resulted from weak demand, the restarting of nuclear power plants in Japan and the increasing availability of liquified natural gas (LNG) from non-traditional exporters.

In parallel, and in the context of depressed demand conditions resulting from the global economic shutdown, oil prices collapsed, and at one point in March 2020, WTI entered negative territory. Since then, Brent has rallied to over **US\$40.00** per barrel. Clearly, the compliance by oil producers with their committed production cuts is paying dividends; but projected price increases will depend increasingly on the course of the virus and the associated demand conditions.

Madam Speaker, consequent on the declaration by the World Health Organization (WHO) of the coronavirus being a Pandemic, this PNM Administration under the astute leadership of Dr. the Honourable Keith Rowley, recognized early that the high transmissibility of the virus could lead to the possibility of citizens being infected, and loss of life. The health and safety of our citizens thus became the centerpiece of our public policy. We also understood that the economy would be affected by the pernicious effects of the virus. All available resources and expertise were therefore mobilized to design and implement a comprehensive response, to overcome the potential health and economic crisis.

Accordingly, since the arrival to our shores of the virus in **March 2020**, we have been able to contain community spread through effective and carefully thought out public health regulations, border controls, stay-at-home orders, self-distancing procedures and good hygiene practices. Since March, we have recorded only **117** cases, most of which were imported, and our testing and treatment programme to identify, isolate and treat where necessary infected citizens is ongoing. More importantly, our testing capability is now more than adequate to meet our needs.

Our approach has also been to ensure a systematic resumption of economic activity, which is now taking place in a measured and safe manner, and in so doing, this Government will protect the lives of our citizens at all cost and

will not be reckless with human life. We are thus reopening the economy based on the best available scientific and medical advice.

Madam Speaker, during this pandemic whatever the health sector needs, the health sector will receive. Substantial budgetary resources have been directed to the health sector, and this has been aided by external financial support. Additional medical personnel have been hired; medical equipment and personal protective equipment (PPE) have been sourced, hospitals and medical facilities have been, and are being, upgraded and commissioned where necessary; and specific sites are dedicated to treating infected people. Step-down convalescing facilities are in place. We have created a health system parallel to the traditional health facilities to respond specifically to the pandemic, which has been and continues to be an extremely effective approach.

Allow me now to share with members of this Honourable House the principal elements in our comprehensive package of policies which have been put in place to address the unprecedented humanitarian, public health and economic challenges posed by the pandemic.

While the full effects and duration of the virus are still uncertain, our strategic initiatives have been swift and decisive as we stopped the spread of the disease and minimized its economic consequences; and we did all this in the context of erosion of our oil and gas tax revenue base. Our fiscal and

monetary response has provided a bridge to support businesses and individuals, to help to ensure that the recovery will be as robust as possible.

Madam Speaker, at this time I would like to express our sympathy to all the families and communities which have been affected by this Pandemic. I would also like to commend our devoted and hardworking health care personnel, medical practitioners and essential workers for their collective responsibility for ensuring the containment of this pandemic. They are all doing a tremendous job and they deserve our eternal gratitude.

Madam Speaker, early on, as we sought to mitigate the health impact of the pandemic on our citizens, we recognized that economic activity would be curtailed and that particular economic sectors would be seriously affected including *tourism, hospitality, manufacturing, trade, distribution, construction, personal and professional services and arts, entertainment and recreation*.

We thus responded quickly and decisively with a broad set of policy measures aimed at assisting the poor and vulnerable, protecting businesses, jobs and incomes, maintaining financial resilience and sustaining economic activity.

Accordingly, a targeted and sizable financial support programme is providing a safety net for the most vulnerable households and businesses:

- **25,000** existing beneficiaries under the food support programme have received additional funding;
- **50,000** individuals who have been retrenched or who have had their incomes reduced have become additional beneficiaries under the food support programme.
- **20,000** households have become beneficiaries under the food support programme - being households which receive meals from the School Feeding Programme;
- **42,000** current beneficiaries of the Public Assistance and Disability Assistance Grant Programmes have had their income support increased;
- **47,000** individuals who lost their jobs or had their incomes reduced have received salary relief or income support grants;
- Almost **3,000** citizens who have not yet received their Senior Citizens pension are receiving **\$1,500** in food support;
- Almost **500** individuals who have not yet received their disability assistance grants are receiving **\$1,000** in food support;
- **1,400** families in direct need have been provided with hampers during the stay-at-home period;
- **30,000** families in direct need are receiving food vouchers; and
- Up to **10,000** families are receiving, or will receive, rental assistance

Madam Speaker, in this creative social agenda,

- the *Ministry of Social Development* is currently processing applications for Income Support Grants of up to **\$1,500** per month per household,

for persons who are outside of the *National Insurance Scheme (NIS)* and *Board of Inland Revenue (BIR)* systems who have lost their jobs or incomes as a result of Covid-19 measures, that is, persons in the informal economy. **25,000 such grants have been paid so far.** *Rent Relief Grants* of up to **\$2,400** per month are also available. These and other social support measures will cost up to **\$400 million** for the period up to **July 2020**;

- the Government has expanded the reach of its food support programmes by enlisting the assistance of our churches and religious bodies. Grants totaling **\$10 million** per month for three months, May, June and July have been made available to religious bodies in proportion to the size of their congregations to allow them to distribute food to the poor and to the needy in accordance with their existing procedures and programmes;
- the *Ministry of Rural Development and Local Government* is distributing **\$30 million** for food support within the **14** Municipal Regions in Trinidad. This programme began in **May 2020** and will end in **July 2020**. Emphasis on those food support programmes will be placed on the supply of fresh produce, as well as on traditional processed foods;
- the *Ministry of Works and Transport* is providing a one-time fuel relief grant in an amount of \$2,000 to **5,000** active maxi-taxi owners in Trinidad and Tobago; as well as a one-time fuel relief grant in the sum of \$750 to be made available to approximately 15,000 registered owners of active axis; at a total cost of over \$21 million
- the *Ministry of Finance* is now at an advanced stage of processing payments of Salary Relief Grants, designed for persons who are



registered for National Insurance and whose employment has been terminated or suspended without pay as a result of the public health regulations. These grants are up to **\$1,500** per month for up to **3** months. So far, ***over 22,000 persons have received these salary relief grants***, representing 70% of eligible applicants, at a cost of over \$32 million

Madam Speaker, I wish to point out that financial assistance is generally channeled to the working population in many countries utilizing tax and social security data. This is particularly true of the United States and Canada where all citizens have social security numbers or *Internal Revenue Service (IRS)* registrations. In Canada, registration with the *Canada Revenue Authority* is an essential requirement. Moreover, banking accounts are critical requirements.

Madam Speaker, as I have said before, it is a matter of concern that only **420,000** workers or **68 percent** of our labour force of **620,000** are registered for national insurance, with **200,000** individuals or **32 percent** of the labour force outside of the formal economic system. This must be corrected. ***However, unlike the USA and Canada, during this Pandemic we are helping everyone, whether they are registered in the NIS or BIR system or not.***

Madam Speaker, in addition to individual financial assistance, we are improving the cash flow for our business sector to maintain employment.

Payment of outstanding arrears of VAT refunds to businesses is being accelerated thereby easing the financial and economic burden on businesses during this strenuous time and facilitating in the process some measure of business continuity. Importantly, by this measure, we envisage the preservation of jobs at a time when most persons need them.

In March 2020, we issued over **3,800** VAT refund payments in cash to businesses with outstanding arrears of **\$250,000** per VAT period or less, at a cost of **\$260 million**. A few weeks later, we made the decision to pay out a further **\$200 million** in cash in VAT refunds to businesses owed between **\$250,000** and **\$500,000** per VAT period, bringing the total of VAT refunds paid out in cash within a period of 4 weeks to **\$460 million**. The remaining VAT arrears are being settled through the issuance of interest-bearing bonds. These fully tradeable bonds bear interest at a rate of **3.3 percent** over **3** years and are already being purchased by financial institutions from bondholders at par, that is, **100** cents on the dollar. At last count, we had issued almost **\$900 million** in VAT bonds in just two weeks, a tremendous achievement by our Inland Revenue Division.

Madam Speaker, we are also taking the opportunity to expedite income tax refunds to individuals. To date, **\$240 million** in income tax refunds has been paid to **25,095** individuals thus clearing off ALL outstanding individual income tax refunds. In just over two months, therefore, we have made accelerated tax refund payments in cash or bonds totaling **\$1.6 billion**, all designed to inject money into the economy, to keep people in jobs during this difficult

period. Accelerated payment of corporation tax refunds, via bonds or otherwise is also being seriously looked at.

Madam Speaker, we have provided the Credit Union Sector with **\$100 million** for soft loans to their members. With these funds, credit unions will now be able to provide affordable loans of up to **\$5,000** per month for 3 months or **\$15,000** in total to their members to carry them through this period. These loans will be priced at half the usual interest rate and will have very favorable repayment terms, with a suitable moratorium. Another **\$100 million** will be made available to the Credit Union Movement in due course, specifically for loans to SMEs.

We have also finalized a Government-guaranteed soft loan programme for small-and-medium enterprises in an amount of **\$300 million** to be administered by First Citizens Bank Limited. These businesses represent an integral part of our economy and make a valuable contribution to employment creation. The programme targets SMEs with annual gross revenues of between **\$1 million** and **\$20 million** and the funds being advanced are intended for salary payments, working capital and purchase of raw materials. ***These loans will be interest free with a moratorium of 2 years.*** For businesses with less than \$1 million in annual revenues, the National Entrepreneurship Development Company Limited (NEDCO) will be given the mandate to manage a grant facility which will be resourced with an allocation of **\$30 million**.

We have made also available to the EXIMBANK a **US\$25 million** per month for 3 months to fund established importers to bring in food, pharmaceuticals, sanitary products, PPE and other essential supplies during the period of Covid-19. This special forex window ensures that there are no shortages of these essential items.

Madam Speaker, we have also assisted our UWI students at Mona, Jamaica and Cave Hill, Barbados with grants for the purchase of food and we will assist our students at other regional universities in due course.

Madam Speaker, the Central Bank is working closely with us to help the economy navigate through these difficult circumstances.

- reserve requirements for the commercial banks have therefore been reduced by the Central Bank from **17 percent** to **14 percent**; and the repo rate from **5.0 percent** to **3.5 percent**. As a result, Commercial banks have reduced their prime lending rates from an average of **9.5 percent** to **7.5 percent**; the narrowing spread between lending rates and deposit rates will surely bring about improved efficiency within the banking system. It should be noted that whereas the reduction in the prime lending rate has an automatic beneficial effect on loans that have a variable interest rate, the commercial banks have advised that loan agreements with fixed interest rates require one-on-one consultation with the commercial banks, to discuss possible reductions;

- additional liquidity through a freeing up of **\$2.6 billion** previously held in reserve is facilitating the reduction in lending rates. Liquidity in the banking system is now at a record level of **\$10 billion**;
- the banks are also providing a moratorium on mortgages and instalment loan payments. Penalties are being waived on overdraft facilities on a month by month basis;
- credit cards now have reduced rates and increased credit limits;
- banks are being encouraged to reduce mortgage interest rates and discussions continue between the banks and the Ministry of Finance on this issue and interest rates generally;
- moneylenders have reduced interest rates and deferred payments;
- credit unions are being encouraged to exercise forbearance;
- the Trinidad and Tobago Mortgage Finance Limited (TTMF) and the Home Mortgage Bank (HMD) are deferring mortgage payments up to 3 months in the first instance
- the Housing Development Corporation (HDC) is deferring mortgage payments of up to two (2) months, which will be extended in the context of the evolving situation;
- import duty and VAT is being waived or remitted on certain medical and emergency supplies being imported to mitigate the COVID-19 pandemic.

Madam Speaker, let me turn to Tobago.

- we have provided the Tobago House of Assembly with **\$50 million** to fund the Tobago Regional Health Authority (TRHA) with its Covid-19-related expenses;
- we are providing **\$5 million** for channeling to the enterprise development programme to assist small businesses; and
- We are making available a Special Fund of **\$50 million** to provide grants to Tobago hoteliers for hotel upgrade and financial support, based on a plan developed by the Tobago House of Assembly.

To finance all of this, we will among other initiatives, tap the domestic capital market for such resources that are necessary. This will be facilitated by the recent amendment to the Development Loans Act which created substantial headroom for funding mechanisms. To that end, we have to date utilized just over **\$1 billion** of the **\$10 billion** available under the Development Loans Act ***and we have not borrowed \$20 billion as touted by the Opposition.*** Moreover, we have approached multilateral institutions and development banks to ensure that appropriate external financing is also available to meet the requirements of the expanded fiscal deficit in 2020 and 2021.

In the interim we have taken steps to allow for emergency drawdowns from the Heritage and Stabilization Fund (HSF), not exceeding **US\$1.5 billion** (TT**\$10 billion**) in any given financial year, for budgetary support in exceptional circumstances, such as the current pandemic. As a country, we have long recognized the importance of building up a foreign exchange buffer through our HSF which has a *net asset value* of close to **US\$6 billion**

as of today, June 12, 2020 - **US\$400 million** MORE than the value of the Fund when we assumed office in September 2015, despite withdrawals totaling US\$1.1 billion since 2015 and the recent volatility of the US stock market. At this juncture, I wish to announce that on May 15, 2020, the Government withdrew **US\$400 million** from the HSF for budgetary support ***and not \$10 billion as touted by the Opposition.***

Madam Speaker, there is no question that fiscal 2020 will be exceptionally difficult although the pandemic is expected to fade in the second half of the year allowing for the gradual lifting of the containment measures and a re-opening of the economy. In 2020, therefore, our objective has been to keep the economy moving, stimulate economic activity, provide financial assistance to individuals and businesses, and keep as many people employed as is possible, including ALL workers in the public sector.

Madam Speaker, we consider policy and delivery execution to be an essential requirement to ensure that our citizens are able to steer through this crisis and come out of it more resilient. On April 16, 2020, the Honourable Prime Minister established a 23-person Committee, chaired by the Prime Minister, and comprising Ministers and esteemed representatives from the business community, senior public servants, academia and non-governmental organizations, to develop and design a Road Map for Trinidad and Tobago Post-COVID.

Madam Speaker, the Government has received a first draft of that plan, the aim of which is to guide action in the immediate short-term as the country navigates a challenging period ahead in which a new normal and a high degree of uncertainty will prevail. I will say more about the Plan later.

### **I now turn to the MID-YEAR FISCAL OUTTURN**

Madam Speaker, this Mid-Year Review of the 2020 Budget is taking place at a time without modern precedent. The pandemic has severely impacted economic activity, which we are addressing with a robust fiscal stimulus and financial support programme.

- **Projected Fiscal Performance for 2020**

When all the priority areas are included and adjustments made in other areas, total expenditure for fiscal 2020 has been revised to \$53.107 billion – almost the same as the original budgeted expenditure of \$53.036 billion. Total revenue was originally projected at \$47.749 billion, predicated on an average oil price of US\$60 per barrel and a natural gas price of US\$3.00 per MMBtu. The original fiscal deficit was estimated at \$5.208 billion or 3.1 percent of GDP.



Madam Speaker, as stated on previous occasions, the adjustments included in the Supplementary Appropriation Bill, together with curtailment of expenditure within most Heads of Expenditure, as well as an anticipated decrease in total revenue of approximately \$9.200 billion, will result in a revised overall deficit of \$14.533 billion or 8.8 percent of GDP.

The Standing Finance Committee of the House of Representatives met on Wednesday June 10, 2020 and agreed to a Supplementary Appropriation of \$2,686,000,800 for the Financial Year 2020 in order to fund urgent and critical Recurrent and Capital needs to September 30, 2020.

This Supplementary Appropriation is being sought by way of the Finance (Supplementary Appropriation) (Financial Year 2020) Bill, 2020.

Details of the proposed changes were circulated to all Members of the Standing Finance Committee and discussed at its meeting held on Wednesday.

At this juncture, let me advise this Honourable House that the Supplementary Appropriation for fiscal 2020 of \$2,686,000,800 affects 15 Heads of Expenditure and comprises Recurrent Expenditure of \$2,518,374,800 and Development Programme Expenditure of \$167,626,000.

Funds for the Supplementary Appropriation will be sourced from overall savings in expenditure across all Ministries/Departments, and from borrowings.

Apart from the information in the Report of the Standing Finance Committee, which has been circulated to Members, details of the proposals contained in the Bill will be addressed by various Ministers of Government, and so, I will simply summarize at this stage. The Supplementary Appropriation of \$2,686,000,800 affects the following Heads of Expenditure:

Madam Speaker, firstly the Judiciary requires an additional sum \$99,648,000 to facilitate the payment of monthly rental for accommodations at 19 locations to the end of fiscal 2020, to pay salaries to contract officers for August and September, 2020 and to fill critical vacant contract positions within the Family Court, Criminal Division and District Criminal and Traffic Courts.

Funding is also needed by the Judiciary to meet outstanding payments for various miscellaneous expenses and to pay the National Maintenance Training and Security Company Limited (MTS) for the provision of janitorial and security services.

With respect to the Service Commissions Department the sum of \$2,142,000 is required to meet the payment of rental costs for several properties to September, 2020.

The Elections and Boundaries Commission requires the sum of \$43,000,000, to pay overtime to staff who are expected to work beyond normal working hours in preparation for General Elections in 2020 and also to pay officers employed on a short-term basis to carry out field work in communities prior to the elections.

Funding is also required by the EBC to meet the cost incurred as a result of recently filed petitions in relation to the 2015 Parliamentary Elections, and other expenditure associated with the impending General Elections 2020, such as the payment of travelling and subsistence to field officers; the purchase of materials and supplies and costs for postage, printing and advertising; training allowance to temporary officers working on election day, and rental accommodation for returning officers.

Madam Speaker, the Office of the Prime Minister requires the sum of \$47,220,000, in order to enable the National Security Council to meet operational expenditure to September 2020 and to facilitate the disbursement of \$30 million in funds to the major religious organizations to provide food support to citizens and permanent residents who have been adversely affected by the Covid-19 Pandemic.

The OPM is also being given additional funding to meet debt service payments.

The sum of \$105,000,000 is required by the Tobago House of Assembly.

The sum of \$50,000,000 is required to enable the Tobago Regional Health Authority to meet expenditure associated with the Covid-19 Pandemic, including training of healthcare workers and educating the public; establishment of primary health care facilities to meet the needs of persons in quarantine in self-isolation and manage patients who test positive for the Covid-19 virus; maintenance of a distinct Covid-19 Pandemic response service to prevent disruptions in the primary and secondary care service; and for the acquisition of Personal Protective Equipment (PPE) and other equipment as well as the hiring of additional staff.

Under the Public Sector Investment Programme the sum of \$50,000,000 is also required to enable the Tobago House of Assembly to administer the Tobago Tourism Accommodation Relief Programme, to give financial support to hotels and guesthouses in Tobago; and another \$5,000,000 to provide relief to entrepreneurs whose businesses have been impacted negatively by the Covid - 19 Pandemic.

Madam Speaker, the Ministry of Finance requires the sum of \$880,000,000.

The sum of \$180,000,000 is required to make payments to banks for various Covid-19 social support services, such as Food Cards, provided by the Ministry of Social Development and Family Services.

The sum of \$400,000,000 is required to enable the administration of a Salary Relief Grant to persons within the NIS System, to mitigate the financial challenges experienced by persons suffering loss of earnings as a result of the Pandemic.

Further the sum of \$200,000,000 is required to enable the Credit Union Facility Programme as a strategic response to the Pandemic.

Under the Public Sector Investment Programme the sum of \$100,000,000 is required to facilitate the award of contracts and the payment of project management fees to the National Infrastructure Development Company Limited (NIDCO) for the construction of the new Terminal and associated works at the ANR Robinson International Airport, Tobago.

Madam Speaker, the sum of \$177,824,135 is required by the Ministry of National Security, to effect payment of increments, overtime and allowances to officers of the Prison Service; for the upgrade and maintenance of the Coastal Radar System; to meet expenditure for the Counter Trafficking Unit and the Witness Protection Programme; as well as the rental of vehicles for covert operations.

Additional funding is also required to enable the Strategic Services Agency to make payments associated primarily with its CCTV Project and other works and projects

Within the overall sum, the sum of \$5,000,000 is required to enable the Office of Disaster Preparedness and Management (ODPM) to meet the cost of preparation for the 2020 hurricane season, including expenditure on Personal Protective Equipment (PPE), stores, vehicles, and implementation of the National Alert State System.

Madam Speaker, the sum of \$76,550,000 is required by the Ministry of the Attorney General and Legal Affairs; to meet the payment of salaries for additional contract; to pay outstanding fees to local and foreign Attorneys for the provision of services; to enable the Legal Aid and Advisory Council to pay external counsel fees; to meet expenditure for the newly established Public Defenders Department, and to effect the payment of arrears to permanent staff and contract officers on the approval of terms and conditions of employment.

Madam Speaker, with respect to the Ministry of Health, the sum of \$224,582,640 is required; to supplement the 2020 funding to facilitate payment to 11 new Intensive Care Nurses from Cuba; 20 Doctors attached to the Ministry of Health's Covid-19 Hotline; and other staff in response to the Covid-19 Pandemic.

Within the overall sum, \$184,669,990 is required to supplement the allocation to the 4 Regional Health Authorities to enable the response to the Covid-19 Pandemic. The funds are to meet the cost for consumables, infrastructure and equipment and the procurement of additional human resource services.

The sum of \$36,878,355 is required to facilitate the payment of interest on a number of loan facilities for pharmaceuticals and other medical supplies; the Redevelopment of the Central Block – Port of Spain General Hospital; and completion of the Arima Hospital.

Madam Speaker, the sum of \$21,405,000 is required to supplement the funding for the On the Job Training Programme (OJT) as a result of the 10 percent increase in stipends in 2020.

With regard to the Ministry of Rural Development and Local Government, the sum of \$116,700,000 is required; to cater for the 15 percent increase in wages to workers and fees to contractors within the Community Environment and Enhancement Programme (CEPEP) announced in the 2020 Budget Presentation; the sum of \$20,000,000 is required to supplement funding for emergency food support to needy households in response to the Covid-19 Pandemic; and the sum of \$40,000,000 is required to enable the Rural Development Company of Trinidad and Tobago (RDC) to continue the

National Reforestation and Watershed Rehabilitation Programme, recently transferred from the Ministry of Agriculture, Land and Fisheries.

Madam Speaker, the sum of \$244,484,504 is required by the Ministry of Works and Transport; for a fuel relief grant to 5,000 registered and/or active maxi taxi owners and 15,000 registered and/or active taxi owners in the context of the adverse effect of the Pandemic; for payments on a Bond which was secured for the implementation of the Programme for Upgrading Roads Efficiency (PURE); to enable the National Helicopter Services to meet its debt obligations in 2020; and for various expenses associated with the provision of the Inter-Island Ferry Service and the Coastal Water Taxi Service in 2020;

The sum of \$35,374,200 is required by the Ministry of Foreign and CARICOM Affairs for arrears of payments and current payments associated with the United Nations Peacekeeping Operations and the United Nations Regular Budget and Working Capital Fund

The sum of \$30,276,000 is required by the Ministry of Communications; to pay increments and acting allowances due to monthly-paid officers; to meet additional expenditure associated with the televising and information sharing sessions as a result of the Covid-19 Pandemic, provision of other services, works and supplies for that Ministry, as well as to pay outstanding bills and expenses for goods and services provided to the Government Printery, the National Archives and Library Services.



Under the Public Sector Investment Programme, the sum of \$12,626,000 is required to pay outstanding amounts for the upgrade of equipment at Trinidad and Tobago Television (TTT).

Madam Speaker,

With respect to the Ministry of Social Development and Family Services, the sum of \$581,794,321 is required; to enable the recruitment of additional staff to fill vacant positions within the Ministry; to provide additional financial support to Non-Governmental Organizations (NGO's) to enable meals (lunch and dinner) to be provided to the homeless during the Covid-19 Pandemic; to supplement the 2020 Senior Citizens Grant allocation to cater for existing beneficiaries and meet new expenditure associated with the increase in number of senior citizens accessing the Grant; and to supplement the 2020 Social Assistance Programmes allocation to provide additional support to existing beneficiaries and assist with income support to families which experienced loss of income as a result of the Covid-19 Pandemic.

Additional funding is also required for that Ministry for rental assistance to families where an income earner's employment was terminated or curtailed or income was reduced as a result of the Covid-19 Pandemic; to supplement the 2020 Disability Grant allocation to assist existing beneficiaries through a "top-up" and to cater for new beneficiaries, among other things.

Madam Speaker, the 2020 Budget projected an overall fiscal deficit of \$5,287.5 million. or 3.15 percent of GDP for the whole year. For the purposes of the administration of the Budget, an overall deficit of \$5,885.6 million. was projected for the period October 1, 2019 to March 31, 2020, which would have been reduced later on, as revenue came in. However, based on the actual revenue received and expenditure incurred, the Government realized a deficit of \$5,387.0 million. for the first six months of the fiscal year, approximately \$498.6 million. less than the projected outcome. This was as a result of lower than projected revenue collections and lower expenditure.

Members are asked to note that the Ministry of Finance in its mid-year review of the 2020 Budget was cognizant that certain areas require priority funding, especially with respect to the financial measures implemented with respect to the COVID-19 pandemic, in spite of the need to curtail overall spending. When all these priority areas are included and adjustments made in other areas, total expenditure has been revised to \$53,107.5 million; a small increase of approximately \$70.6 million. over the original budgeted expenditure.

Further, with the adjustments included in the Supplementary Appropriation Bill together with curtailment of expenditure within most Heads of

Expenditure, as well as the estimated decrease in total revenue in 2020 of \$9.2 billion, mainly due to much lower than projected oil and gas prices, now estimated at US\$25 for per barrel for oil and US\$1.80 per MMBtu for gas, as indicated earlier, the 2020 fiscal deficit is now estimated at \$14,533.4 million.

Madam Speaker, Honourable Members are asked to be cognizant of the fact that the majority of the Supplementary Appropriation for fiscal 2020 is in respect of Current Transfers and Subsidies. This is due largely to the occurrence of the Covid-19 Pandemic and the unavoidable related expenditure which ensued as a consequence.

Madam Speaker, I wish at this time to assure this Honourable House that this administration will continue in 2020 to manage the country's financial resources in a prudent manner.

Allow me now to summarize our policy response to the economic challenges created by the Pandemic. As with all other countries, Trinidad and Tobago has been hit by the Covid-induced sharp fall in activity and the oil and gas price shock. But we have been proactive and have taken immediate measures to protect the population and prevent irreversible damages to the economy. After the initial shock of 2020, we project a moderate rebound over the next 12 months, aided by the full use of short-term stimulative policies, which have been activated in support of the economy.

Such balance-sheet flexibility is a differentiating factor, as compared to many countries of the region and once the necessary stimulus has helped stabilize the economy, we plan to bring our debt levels back on their earlier trajectory by the year 2023. We will do this at a pace that balances the goal of avoiding a contractionary consolidation while minimizing financial risk. It is noteworthy that our HSF provides us with ample liquidity buffers.

Trinidad and Tobago's response to the Pandemics was swift and proactive.

Very early in the game, on January 30, 2020, we imposed restrictions on travelers from China, and other at-risk countries, as the first country in the western hemisphere to take this decision.

Following this was the creation of an Inter-Ministerial Committee reporting to the Prime Minister, the Ministers of Health and National Security, and the set-up of a parallel health care system, with necessary equipment, infrastructure and personnel.

A series of Public Health Restrictions then followed from March 19, 2020, which effectively contained the spread of the virus and prevented our health care system from being overwhelmed as occurred in so many other countries.

As a result, Trinidad and Tobago has been ranked by the prestigious Oxford University as Number 1 in the world in terms of its management of Covid-19 and its ability to exit the lockdown without undue risk to the population and economy.

We are now engaged in a purposeful, systematic and carefully planned reopening of the economy, starting with the food, beverage and hospitality

sectors, then the industrial, construction, manufacturing, retail and distribution and services sectors.

Churches are being allowed to resume activity, and restrictions on outdoor activities and public transportation are being gradually eased, and so on.

Partial reopening of our borders is occurring with the carefully supervised return of nationals from overseas, while maintaining strict quarantine and isolation arrangements to mitigate against the spread of imported cases

However, the combined shocks of the collapse in oil and gas prices and the disruption in economic activity both here and overseas have provoked major changes in our economic forecasts. Accordingly, we have revised our Baseline Scenario for Macroeconomic Projections, based on new energy prices assumptions of US\$45 for oil and US\$2.90 for MMBtu for gas, in 2021, in order to assess the actual impact on our economy, public finance and external situation.

Based on our fiscal stimulus programme, we now project a decline in GDP in 2020 of just 2.4%, rebounding to growth of 4.7% in 2021, with a continuing inflation rate of 1% or less, consistent with our policy of easing the burden of price adjustments on the population.

It is noteworthy that there are abundant resources to face gross funding needs over the next several years under the stressful conditions created by the Pandemic and there is ample financing available to cover the primary deficit and debt service.

Indeed, at this time, Trinidad and Tobago is unique among countries of the region in that there is no liquidity crunch given the variety of funding sources available in spite of the dislocation of global market, including over

\$20 billion in potential funding from multilateral agencies such as the IADB, CAF, World Bank, International and Local Banks, bilateral partners such as China and the Heritage and Stabilization Fund. And on top of all of this, we also have access to almost TT\$4 billion in low cost funding rapid financing instruments from the IMF, if at all necessary.

In order to maintain economic momentum, we expect a temporary increase in our debt to GDP ratio to just over 70%. But, when this Government returns to Government within the next few months, having weathered the economic storm created by the Pandemic, decisive and prudent action will allow to bring back net public sector debt to GDP to its pre-crisis level of 63% by 2023, owing to our medium-term fiscal responsibility approach and the recovery of the economy under the next PNM Government.

With respect to our Heritage and Stabilization Fund, despite withdrawals in 2016 and 2017, and most recently in May 2020, HSF assets have been on an upward trend in the recent years reaching a high of US\$6.5B in December 2020.

The value of the Fund's assets decreased to US\$5.7B by May 2020 following the Covid-19 outbreak and the crash of world stock markets, as well as the recent withdrawal, but the Fund continues to recover most of its losses, and as of today, 3 weeks later, stands at **US\$6.0B, US\$400 million more than when we assumed office in September 2015**. It is noteworthy that under this Government, over the last five years, the HSF assets increased from just over 24% of GDP to almost 28% of GDP.

Following an influx of foreign exchange from the HSF and international loans, our foreign reserves are now also quite healthy at almost **US\$7B**, or

**8 months** of import cover. Simply put, under this Government, and my team at the Ministry of Finance, we are in a good place.

This is why, after a grueling round of evaluations over the last month in the midst of the Pandemic by four international credit rating agencies, namely Standard and Poors, Moody's, Fitch and CariCRYS, we have maintained good credit ratings. This has reflected itself in the good performance of trades on the New York Stock Exchange of our 2016 US\$1B international bond, which continues to strengthen and improve in value, trading at strong yields.

It is because of this excellent economic performance that Trinidad and Tobago continues to be rated by the prestigious Economist Magazine as 15<sup>th</sup> in the world among 66 emerging economies in terms of our ability to withstand the adverse economic effects of Covid-19, scoring well in all 4 categories, such as public debt, foreign debt, cost of borrowing and reserve cover. ***Indeed, in terms of foreign reserves cover we have been deemed to be among the strongest emerging economies in the world.***

And, to be clear, this is not the PNM saying so, it is the Economist and Oxford University determining how well we have done.

In conclusion, Madam Speaker, our overall policy response has provided a measure of relief and stability to the national community. In a confidence-inducing framework the national economy is being kept alive and we are doing so in transparent manner. We are keeping the phased approach to the re-opening of the economy under constant evaluation and we will continue to adjust phases as we learn more from the medical experts.

The Covid-19 pandemic has posed the most serious threat ever to our social and economic well-being. However, this Administration has acted and will continue to act forcefully, aggressively and proactively, utilizing all tools at its disposal to provide critical support to the economy during this challenging time, to create the conditions for its recovery and diversification and to ensure that the recovery as it commences becomes sustainable and job-creating and be put on a trajectory of a new normal.

And Madam Speaker, consistent with our policy to seek the broadest possible consensus and advice from among some of the best minds in Trinidad and Tobago, the Economic Road Map prepared by the Committee of 23 is now providing ample guidance for us to take advantage of this window of opportunity. We are particularly pleased with the emphasis on both short-term and medium-and-long-term objectives of the Road Map.

The implementation of a targeted and sizeable support programme to provide a safety-net for the most vulnerable households and businesses is well advised and we will seek to expand the scope and focus of the social safety net, wherever feasible. We will reach out to the vulnerable individuals and communities to meet their basic needs and very importantly, we will correct existing inefficiencies in the delivery system and harness technology to improve delivery and targeting of beneficiaries. Civil Society Organizations will be accorded key roles in this exercise.

Madam Speaker, the preliminary Road Map Committee report focuses on 8 sectors which would be the foundation for a revitalized economy: agriculture, construction, energy, manufacturing, services, wholesale, retail and distribution, banking and insurance, small business and credit unions.



Tobago is accorded a special status. An enabling environment is critical to the transformation process.

The Road Map stresses that the agricultural sector should be geared to making the country a more food-secure nation. Productive capacity is recommended to be increased with a reduced dependence on specific imported foods and accessibility to domestic produce, creating in the process strong linkages along the food value and distribution chain. ***A significant agricultural stimulus package of \$500 million is proposed to launch this programme.***

The Road Map points to the need to revitalize the construction sector to create jobs and economic activity in the quickest possible time, with the commencement of a number of new projects injecting considerable funds into the economy. In parallel, new private-sector shovel-ready projects have been identified for immediate implementation, as well as urban revitalization of main city centres.

The Road Map also emphasizes the urgent need for revitalizing the energy sector and an assessment of the sustainability of the gas value chain to ensure a competitive, viable and sustainable investment environment in the energy sector.

Madam Speaker, with the support we are providing the manufacturing sector, in the view of the Road Map Committee should quickly emerge from the shock brought about by associated closures.

The tourism sector requires particular attention. The Road Map Committee recommends that a task force should develop a tourism recovery plan addressing priority areas, resource needs as well as appropriate solutions. In parallel, tourism-related construction incentives should be expanded as well as emergency support grants for micro-businesses and a liquidity support programme for viable small-and-medium-sized tourism related businesses.

Madam Speaker, the wholesale, retail and distribution sector are expected to undergo a transformation. This would require financial support for small-and-medium-enterprises and the banking and insurance sector is being called upon to assist businesses and individuals in the transition.

Tobago has also undergone a severe shock on account of the closure of the borders to visitors, closure of restaurants and bars and the sharp decline in inter-island traffic and will receive all of the support it requires, in terms of key construction projects, expansion of its enterprise development programme, support for the hotel and tourism sector, and so on.

Madam Speaker, this suite of policies is to be supported by a series of cogent, practical and compelling actions in the areas of ease of doing business, building institutional capacity, critical supporting infrastructure and national value systems.

Madam Speaker, I end by saying that I am firm in my view that no other Government could have managed the crisis created by Covid-19 in the way that we have. Our robust, sensible, proactive, efficient and comprehensive response to the virus has received worldwide acclamation and endorsement.

I am proud to be part of this Government that has been ranked as Number 1 in the world in terms of dealing with the multifarious demands and health, social and economic challenges caused by Covid-19, way above and beyond all of the countries of Europe, the USA and the Far East.

I thank you and I beg to move.